your retirement

RBS Group

The Royal Bank of Scotland Group Pension Fund

NatWest Market Pension Fund (Directors, Managers etc.)

This schedule compares the benefits you are currently entitled to with those you will be entitled to under the new schedule. Any changes are marked by a coloured row. You should read this document if you are a former Natwest Markets Pension Fund member and became a member of this Fund on 1 April 1999 and were a Director, Associate Director, Assistant Director, Manager, Executive or Executive Trainee (sometimes referred to as a Category A member). If you are a Fund member but do not think this applies to you, please contact Group Pension Services.

	Option 1 (retain current normal pension age of 60)	**Option 2** (change normal pension age to 65)	
		Benefits built up prior to change	**Benefits built up after change**
Definitions			
RBS*elect* charge	5% additional RBS*elect* charge.	Unchanged RBS*elect* charge.	
Normal Pension Age	60	65	
	Note: this is not the age at which you have to take your pension or stop working.		
Pensionable Salary	This is the Pensionable Salary that you are informed of annually. It is also shown on your personalised statement. Increases in Pensionable Salary are made only on 1 April each year, they reflect the percentage increase in your Salary Element over the prior year, subject to an annual limit of 2% or if less the increase in the Consumer Price Index over the 12 months to the previous 30 September.		
	Limit agreed annually as part of pay review.	The annual limit will form part of the Rules of the new schedule.	
Final Pensionable Salary	Highest average of Pensionable Salary in any 12 month period in the last 5 years before you leave Pensionable Service, retire or die (whichever occurs first).		
	If you are participating in a long term disability scheme within 12 months of leaving service, retirement or death, your Final Pensionable Salary may be adjusted.		
Pensionable Service/ Maximum Pension	Years and complete months of Pensionable Service while you are a member of the Fund.		
	2/3 Final Pensionable Salary (plus late retirement increases).	A maximum of 45 years.	

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RBS*elect*

<table>
<tr><th rowspan="2"></th><th rowspan="2">Option 1 (retain current normal pension age of 60)</th><th colspan="2">Option 2 (change normal pension age to 65)</th></tr>
<tr><th>Benefits built up prior to change</th><th>Benefits built up after change</th></tr>
<tr><td colspan="4">What happens when you draw your pension?[1]</td></tr>
<tr><td rowspan="3">Pension at age 60 (no consent is required)</td><td colspan="2">Over 30 years service: 2/3 x Final Pensionable Salary.

Under 30 years service:

1/30 x (2/3 x Final Pensionable Salary) x Pensionable Service .</td><td>1/60 x Final Pensionable Salary x Pensionable Service (subject to maximums describe above).</td></tr>
<tr><td>No reduction or increase.</td><td>No reduction or increase.</td><td>This will be reduced to reflect the fact it is being paid before age 65.</td></tr>
<tr><td>This is your 'Standard Pension'.</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Pension between age 60 and 65 (no consent is required)</td><td colspan="2">Your Standard Pension under option 1 (based on Final Pensionable Salary when you retire) plus.

1/60 x Final Pensionable Salary for each additional year of service up to a maximum of 5 years.</td><td>1/60 x Final Pensionable Salary x Pensionable Service (subject to maximums describe above).</td></tr>
<tr><td>No reduction or increase.</td><td>This will be increased to reflect the fact it is being paid after age 60, or date of change (if later).</td><td>No reduction or increase.</td></tr>
<tr><td rowspan="3">Pension at age 65 (no consent is required)</td><td colspan="2">Your Standard Pension under option 1 (based on Final Pensionable Salary when you retire) plus

1/60 x Final Pensionable Salary for each additional year of service up to a maximum of 5 years.</td><td>1/60 x Final Pensionable Salary x Pensionable Service (subject to maximums describe above).</td></tr>
<tr><td rowspan="2">No reduction or increase.</td><td>This will be increased to reflect the fact it is being paid after age 60, or date of change (if later).</td><td>No reduction or increase.</td></tr>
<tr><td colspan="2">These two parts of pension are your 'Standard Pension'.</td></tr>
<tr><td rowspan="2">Pension over age 65 (no consent is required)</td><td colspan="2">Your Standard Pension under option 1 (based on Final Pensionable Salary when you retire) plus

1/60 x Final Pensionable Salary for each additional year of service up to a maximum of 5 years.</td><td>1/60 x Final Pensionable Salary x Pensionable Service (subject to maximums describe above).</td></tr>
<tr><td>No reduction or increase.</td><td>This will be increased to reflect the fact it is being paid after age 60, or date of change (if later).</td><td>If you leave Pensionable Service after 65, this will be increased to reflect the fact it is being paid after age 65, or date of change (if later).</td></tr>
</table>

[1] Please note that under the new schedule the basis for increasing pension for late payment and reducing pension for early payment are decided between the Bank and the Trustees after considering actuarial advice. This may be different from your current schedules.

<table>
<tr><th rowspan="2"></th><th rowspan="2">Option 1 (retain current normal pension age of 60)</th><th colspan="2">Option 2 (change normal pension age to 65)</th></tr>
<tr><th>Benefits built up prior to change</th><th>Benefits built up after change</th></tr>
<tr><td rowspan="3">Retirement before age 60 (but after age 55) (Bank consent is required)</td><td>Your Pension will be calculated as N/NS x P.

N = the Pensionable Service completed.

NS=Pensionable Service if you had stayed to age 60.

P = Standard Pension calculated as if stayed in service to age 60 (based on Final Pensionable Salary at the date you actually retire)If you would have completed at least 40 years Pensionable Service at age 60 your pension will not be less than 1/60 x Final Pensionable Salary x actual completed Pensionable Service.</td><td>As under Option 1 except N = Pensionable Service completed prior to date of change.</td><td>The pension will be calculated in the same way as your Standard Pension (based on your Final Pensionable Salary and Pensionable Service when you retire).</td></tr>
<tr><td>This will normally be reduced to reflect the fact it is being paid before age 60.</td><td>This will normally be reduced to reflect the fact it is being paid before age 60.</td><td>This will normally be reduced to reflect the fact it is being paid before age 65.</td></tr>
<tr><td colspan="3">The Bank can waive the reduction. Its current policy is to do so in cases of Voluntary Redundancy (this policy is subject to change and could be withdrawn in future).</td></tr>
<tr><td rowspan="2">Lump sum on retirement</td><td colspan="3">You can choose to give up part of your pension for a lump sum. The amount is broadly 25% of the value of your pension and this is converted to a lump sum.</td></tr>
<tr><td>Converted on a basis set by the Trustee with advice of the Fund Actuary.</td><td colspan="2">Converted on a basis agreed between the Bank and the Trustee after considering actuarial advice.</td></tr>
</table>

<table>
<tr><th colspan="4">What happens if you retire on incapacity (ill-health) grounds?</th></tr>
<tr><td>Meaning of Incapacity</td><td>Bank satisfied that you are permanently incapacitated from further efficient service with the Bank. (Trustee only where completed maximum service in a long-term disability scheme).

For retirement before age 55 evidence from a medical practitioner is required.

Other requirements:

• You have left service.

• Consent of Bank needed.</td><td colspan="2">The Trustee receives evidence from a registered medical practitioner that you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment.

Other requirements:

• You have left service.

• You have been absent from employment for at least 5.5 years due to the Incapacity.

• As a result of the Incapacity you are prevented from taking up any employment with any employer.</td></tr>
<tr><td rowspan="2">Pension on Incapacity Retirement</td><td colspan="3">The pension will be calculated in the same way as your Standard Pension (based on your Final Pensionable Salary) but Pensionable Service will be calculated as if you had stayed in service to normal pension age.</td></tr>
<tr><td>Pensionable service calculated as if you stayed in service to 60.</td><td colspan="2">Pensionable service calculated as if you stayed in service to 65.</td></tr>
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	Option 1 (retain current normal pension age of 60)	**Option 2** (change normal pension age to 65)	
		Benefits built up prior to change	**Benefits built up after change**
Alternative calculation	There is no alternative to full incapacity pension. Although if you are over 55 you may be able to take early retirement with the consent of the Bank.	If you are able to take up another job, or if you have been absent from employment due to Incapacity for less than 5.5 years, the pension is calculated as your Standard Pension, based on Final Pensionable Salary and Pensionable Service when you retire. The Bank and the Trustee may (but need not) agree to pay a greater amount.	
Review	Your state of health may be reviewed at any time and your pension can be reduced or suspended as a result if it is believed you no longer meet the definition of Incapacity and/or the benefits payable on your death may be adjusted.		
	Review by the Bank.	Review by the Trustee.	
What happens if you opt out or stop working for RBS (referred to as 'leaving service')			
Pension	Your pension is calculated using the same formula as is used for early retirement (see above) based on your Final Pensionable Salary and Pensionable Service when you leave service.	As under Option 1 except Pensionable Service will be that completed prior to date of change.	Your pension is calculated in the same way as your Standard Pension, based on your Final Pensionable Salary and Pensionable Service when you leave service.
	The pension will then be 'revalued' (increased) until retirement (currently this increase is in line with Retail Price Index up to a maximum of 5% per annum compound).		
Transfer value	You have the right at any time until a year prior normal pension age to transfer your benefits to another pension scheme provided it meets technical requirements and is willing to accept them. The Trustee determines the amount which would be payable after considering actuarial advice.		
	Transfer up until age 59.	Transfer up until age 64.	
Retirement at age 60 (No consent required)	The pension will be calculated as set out above.		
	No reduction or increase.	**No** reduction or increase.	This will be **reduced** to reflect the fact it is being paid before age 65.
Retirement between age 60 and 65	The pension will be calculated as set out above.		
	Revaluation to age 60. This will be **increased** to reflect the fact it is being paid after age 60.	Revaluation to age 60. This will be **increased** to reflect the fact it is being paid after age 60.	This will be **reduced** to reflect the fact it is being paid before age 65.
Retirement before age 60 (after age 55) (Trustee consent required)	The pension will be calculated as set out above.		
	This will be **reduced** to reflect the fact it is being paid before age 60.	This will be **reduced** to reflect the fact it is being paid before age 60.	This will be **reduced** to reflect the fact it is being paid before age 65.
	You can retire from 55 with Bank consent if you are suffering from Incapacity.		
Retirement at age 65	The pension will be calculated as set out above.		
	Trustee consent is required Revaluation to age 60. This will be **increased** to reflect the fact it is being paid after age 60.	Revaluation to age 60. This will be **increased** to reflect the fact it is being paid after age 60.	**No** reduction or increase.

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<tr><td rowspan="2">Retirement after age 65 (Trustee consent required)</td><td colspan="3">The pension will be calculated as set out above.</td></tr>
<tr><td>Revaluation to age 60.

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This will be increased to reflect the fact it is being paid after age 65.</td></tr>
<tr><td></td><td colspan="3">When you retire, you will be able to choose to give up part of your pension for a lump sum as described above.</td></tr>
<tr><td colspan="4">Lump sum payable on death</td></tr>
<tr><td>Who will receive</td><td colspan="3">The lump sum is payable to one or more of your relatives, financial dependants or nominees as the Trustee decides.</td></tr>
<tr><td rowspan="2">Death in Service</td><td colspan="3">4 times your basic salary (or salary element of ValueAccount) at date of death. This is subject to an earnings cap which has been notified to you separately if it applies to you.

Note that the annual pensionable pay limit does not affect this benefit.</td></tr>
<tr><td colspan="3">Plus, if you have paid additional pension contributions to the Fund, a refund of those contributions.</td></tr>
<tr><td>Death within 5 years of retirement</td><td colspan="3">The balance of 5 years' instalments of pension. The pension is calculated as the pension you are receiving when you die and does not include any allowance for increases after your death.</td></tr>
<tr><td></td><td colspan="3">Lump sums can be converted to pension with the permission of the Trustee.</td></tr>
<tr><td colspan="4">Pensions payable on death</td></tr>
<tr><td rowspan="2">Who will receive...</td><td colspan="3">...a Spouse's pension?

If you die leaving a surviving legal spouse or registered civil partner, a pension will normally be paid to them. Alternately a pension may in certain circumstances be paid to a dependant or a Qualifying Partner. A Qualifying Partner is a person who (a) you have nominated for this purpose (or who the Trustee nevertheless decides to include) (b) has been cohabiting with you for at least 6 months when you die (c) is financially dependant on you when you die.

If you leave no surviving spouse/registered civil partner the Trustees will treat any Qualifying Partner as your spouse.</td></tr>
<tr><td colspan="2">The Trustee can, with Bank consent pay the pension to another dependant if you leave no surviving spouse, civil partner or Qualifying Partner.</td><td></td></tr>
<tr><td></td><td colspan="3">...a Child's pension?

A child's pension can be paid to a Qualifying Child. This means your own child, a child who you adopt or your stepchild (provided they are financially dependent on you) any child who would have qualified under the Markets Schedule; and any child who is dependent on you who the Trustee decides to include. However, the child must be under 18 (or under age 23 and in full time education or training). The Trustee can in exceptional circumstances (e.g. disability) continue to pay a pension to a child beyond age 23.</td></tr>
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<tr><td rowspan="4">Death in Service</td><td colspan="3">Before normal pension age: 50% of your Standard Pension (based on your Final Pensionable Salary) but Pensionable Service will be calculated as if you had stayed in service to normal pension age.</td></tr>
<tr><td>Pensionable service calculated as if you stayed in service to 60.</td><td colspan="2">Pensionable service calculated as if you stayed in service to 65.</td></tr>
<tr><td colspan="3">After normal pension age: 50% of your Standard Pension (calculated as if you had retired immediately before your death).</td></tr>
<tr><td>No reduction for marriage dates.</td><td colspan="2">The pension payable will be reduced if you married/entered into the civil partnership after reaching normal pension age and within 6 months of your death (and the Trustee can pay the balance to another of your financial dependants).</td></tr>
<tr><td rowspan="2">Death after retirement</td><td colspan="3">50% of the pension you are receiving at date of death, or if you gave up pension for lump sum, the pension you would have received if you had not done so.</td></tr>
<tr><td>No reduction for marriage dates.</td><td colspan="2">The pension will be reduced if you married/entered into the civil partnership after the earlier of (a) leaving Service and (b) reaching normal pension age and within 6 months of your death (and the Trustee can pay the balance to another of your financial dependants).</td></tr>
<tr><td rowspan="4">Death in deferment (after leaving service but before retirement)</td><td colspan="3">Before normal pension age: 50% of your pension including revaluation from leaving service to the date of death.</td></tr>
<tr><td colspan="3">After normal pension age: 50% of the pension you would have received if you had retired immediately before your death (increased for payment after normal pension age).</td></tr>
<tr><td>This will be increased to reflect the fact it is being paid after age 60.</td><td>This will be increased to reflect the fact it is being paid after age 60.</td><td>This will be increased to reflect the fact it is being paid after age 65.</td></tr>
<tr><td>No reduction for marriage dates.</td><td colspan="2">The pension payable will be reduced if you married/entered into the civil partnership after the earlier of (a) leaving service and (b) reaching normal pension age and within 6 months of your death (and the Trustee can pay the balance to another of your financial dependants).</td></tr>
<tr><td>Amount of children's pension:</td><td colspan="3">If there is more than one child the total amount will be divided among Qualifying Children as the Trustee decides. The total amount is as set out below:

A single Qualifying Child – total amount: 40% of Spouse's Pension (100% if no Spouse's Pension is payable).

Two Qualifying Children – total amount: 70% of Spouse's Pension (140% if no Spouse's Pension is payable).

Three or more Qualifying Children – total amount: 100% of the Spouse's Pension (200% if no Spouse's Pension is payable).</td></tr>
<tr><td></td><td colspan="3">The Trustee can allow a person entitled to a Spouse's Pension or a Qualifying Child to exchange their pension for a lump sum. A person entitled to a Spouse's Pension cannot exchange more than 25% of the Spouse's Pension in this way.</td></tr>
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<tr><td colspan="4">Other benefits</td></tr>
<tr><td rowspan="2">Increases to pensions in payment</td><td colspan="3">Guaranteed increases:

If you joined the Fund before 1 July 2005 (or were in employment with the RBS Group before that date and under age 20 on that date), your pension will increase each year by the lower of:

• The increase in an index agreed between the Bank and Trustee (currently Retail Price Index; and

• 5%.

Otherwise, your pension will increase in the same way but with a maximum of 2.5% in any year.</td></tr>
<tr><td colspan="3">Discretionary increases: The Trustee regularly reviews pensions in payment and can provide a greater increase.</td></tr>
<tr><td>Guaranteed minimum pensions</td><td colspan="3">If you have a ‘guaranteed minimum pension’ in respect of pensionable service prior to April 1997 it will be treated differently in some respects. Full details will be provided when you take your pension.</td></tr>
<tr><td rowspan="2">Amendment</td><td colspan="3">Your benefits can be amended at any time by agreement between National Westminster Bank plc (or any successor as ‘principal employer’ in relation to the Fund) and the Trustee. Your agreement would be needed to an amendment which reduces the benefits which you have already built up and pensions legislation also restricts the ability to change benefits which have been built up.</td></tr>
<tr><td colspan="3">In certain circumstances the agreement of 75% of members would be needed.</td></tr>
<tr><td>Money owed to members of the RBS Group</td><td colspan="3">If you owe money to a member of the RBS Group arising from your fraud or crime, the Bank is entitled to reduce your pension to take account of this.</td></tr>
</table>