

Navigator International

– Issue 3

A dynamic account aiming for growth,
whatever the conditions...

Innovation as standard



Contents

- 1 Navigator International
- 2 Navigator Overview
- 3 How does the RBS UK Navigator Index work?
- 7 The Navigator Index in action
- 8 Navigator International – your questions answered
- 10 Terms and Conditions

Navigator International

Most stock market related investments give you the opportunity to share in the growth of a particular market. If the market rises, so too does the value of your investment. Equally, if the market falls, so does the value of your investment.

Navigator International (the “**Account**”) is a five and a half year deposit designed to offer the potential for positive returns regardless of whether the UK market is rising or falling. The Account is linked to the RBS UK Navigator Index (the “**Index**”).

The Royal Bank of Scotland International Limited (the “**Bank**”) is offering the Account in two currencies: Sterling and US Dollar.

Your initial deposit (the “**Deposit**”) is 100% capital protected by the Bank if you hold it until maturity, but note that it may be at risk if the Bank fails or becomes insolvent, in which case you may lose some, or all, of your Deposit.

Your Account will be opened and maintained in the Isle of Man. As a result, you may be afforded the protection of the Isle of Man Depositors Compensation Scheme as set out in the Compensation of Depositors Regulations 2008.

As your Account is held in the Isle of Man, in the event of the Bank failing or becoming insolvent, you would not be afforded protection from the UK’s Financial Services Compensation Scheme.

Please consult with your financial advisor prior to opening the Account.

Risk factors

Insolvency risk (counterparty risk) – if the Bank fails or becomes insolvent, you may lose some, or all, of your Deposit.

Early closure of Account risk – if, as permitted at the Bank’s discretion, you close the Account before the Maturity Date, the return of your Deposit is not protected and will reflect investment conditions prevailing at the time. You will receive the Redemption Value less an administrative charge of £250 (or the equivalent in USD using the prevailing rate) which may be less than your Deposit.

Navigator Overview

The potential for growth in all market conditions

The Account aims to grow your money over a five and a half year term, while protecting your Deposit. The growth will depend on the performance of the Index over this period. The growth is calculated by comparing the Initial Level of the Index at the start of the Account with the Final Level. The Final Level is calculated on the Expiry Date and is the average level of the Index in the last 12 months of the Term.

Introduction to the RBS UK Navigator Index

The RBS UK Navigator Index provides exposure to the Market. The Market is the top 100 UK companies by Market Capitalisation (calculated by multiplying the number of shares of a company by its share price to give its size). The Index is designed to offer the potential for growth regardless of which direction the Market is moving. It also aims to protect against volatile price movements in the Market.

- When the trend of the Market is deemed to be rising and the Market *does* rise the trend is proved to be correct and the Index rises.
- Conversely, when the trend of the Market is deemed to be falling and the Market *does* fall the trend is proved to be correct and the Index rises.
- However, when the trend of the Market is deemed to be rising or falling and the Market does the opposite, the prediction is proved to be wrong and the Index falls.

As well as examining the direction of the trend, the Index also takes account of the strength of that trend and the volatility in the Market. The aim is to take advantage when the Market is trending strongly in either direction, whilst reducing exposure of the Index to weaker trends and volatile price fluctuations.

How does the **RBS UK Navigator Index** work?

The Index follows a 3-step process:

Step 1: Direction of the trend

At the beginning of each month, the Index compares the Current Level of the Market to its average level calculated over the previous 12 months. If the Current Level is above its 12-month average, the Market is deemed to be in a rising trend. The Index will take a long position on the Market for that month.

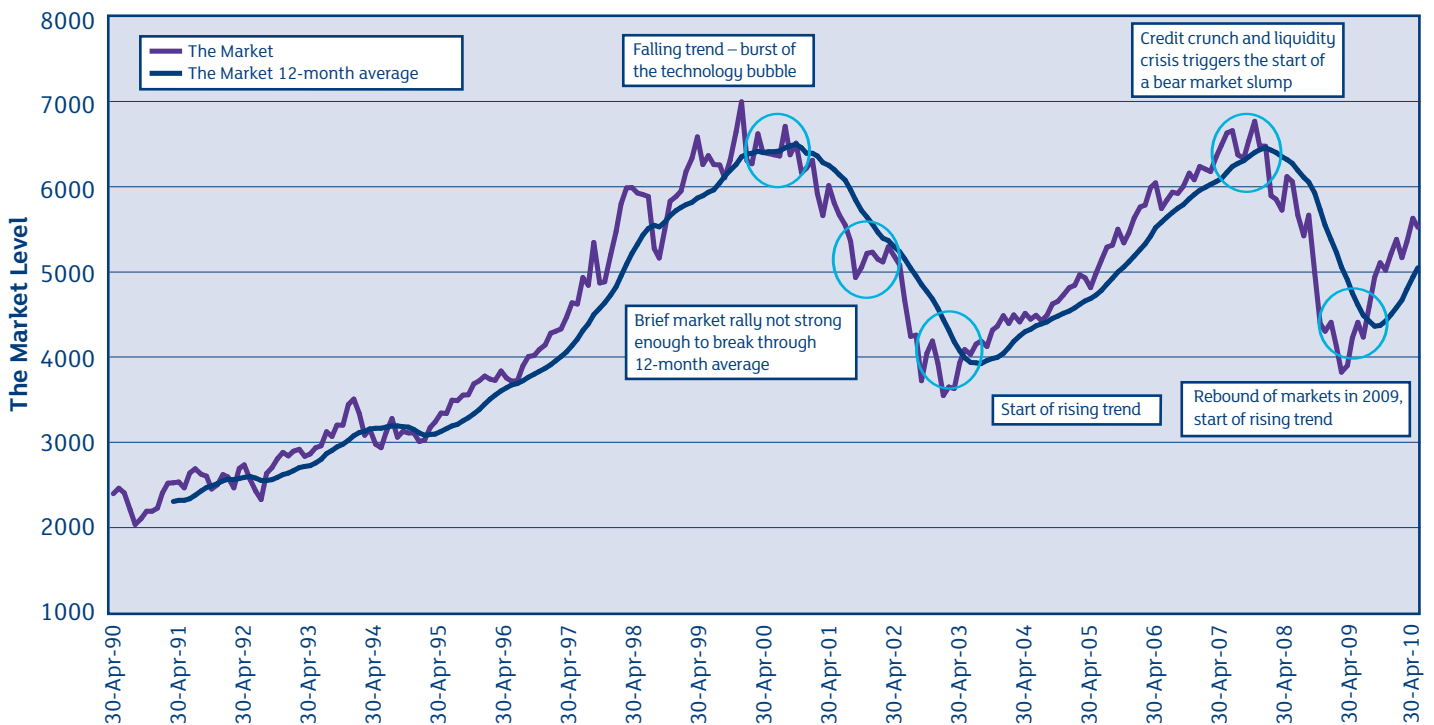
If the Current Level is below its 12-month average, the Market is deemed to be in a falling trend and the Index will take a short position on the Market for that month.

For example, if the 12 month period from and including January 2011 to and including December 2011 was observed, this would determine the position on the Market for the month of December 2011. This is determined on a rolling 12 month basis for each month in the Term of the Deposit. The graph below illustrates the direction of the trend of the Market against its 12-month average.

A long position (**'Long'**) aims to benefit from rises in the Market.

A short position (**'Short'**) aims to benefit from falls in the Market.

The Market vs The Market 12-month average



Source: Bloomberg, 14 May 2010.

Please note that historical economic conditions may differ from those that occur in the future. Past performance should not be considered an indication of how your Account may perform in the future.

Step 2: Strength of the trend

As well as examining the direction of the trend, the Index also takes account of the strength of the trend. The aim is to take advantage when the Market is trending strongly in either direction, but not to over-expose the Index to trends that are less well-established.

It does this by comparing the previous 3-month average of the Market to the previous 12-month average, which determines the strength of the trend.

The table below illustrates how the Index changes its strategy according to the direction and strength of the Market trend.

These two indicators combined can be described as the Market Direction Assessment.

Market Direction Assessment

Market Direction Assessment at the start of each month	Trend determined	Strategy
Current Level is equal to or above the 12-month average. 3-month average is equal to or above the 12-month average.	Strong positive	Long (1.25 times the movement of the Market)
Current Level is equal to or above the 12-month average. 3-month average is below the 12-month average.	Moderate positive	Long (0.75 times the movement of the Market)
Current Level is below the 12-month average. 3-month average is above the 12-month average.	Moderate negative	Short (0.75 times the movement of the Market)
Current Level is below the 12-month average. 3-month average is equal to or below the 12-month average.	Strong negative	Short (1.25 times the movement of the Market)

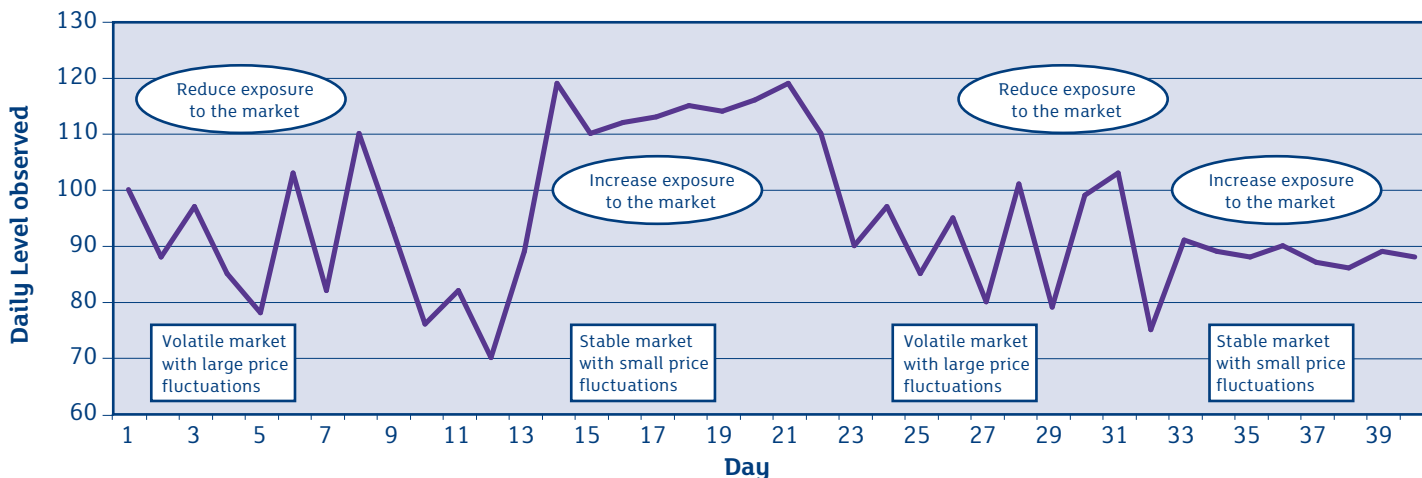
Note that if the trend determined for that month is strong positive and the Index strategy is providing 1.25 times the movement of the Market, this means that if the Market moves by 10 points, the Index will move by 12.5 points.

The Index strategy may be further changed following Step 3, the Dynamic Risk Assessment, described on the next page.

Step 3: Protecting against volatile markets – Dynamic Risk Assessment

Like many financial assets, shares in UK companies can experience large swings in their price levels. Volatility is one measure of these swings, and reflects the amount by which the price of a financial asset fluctuates from one period to the next. Volatility is often used to describe unpredictability and uncertainty.

An example of a volatile market vs stable market



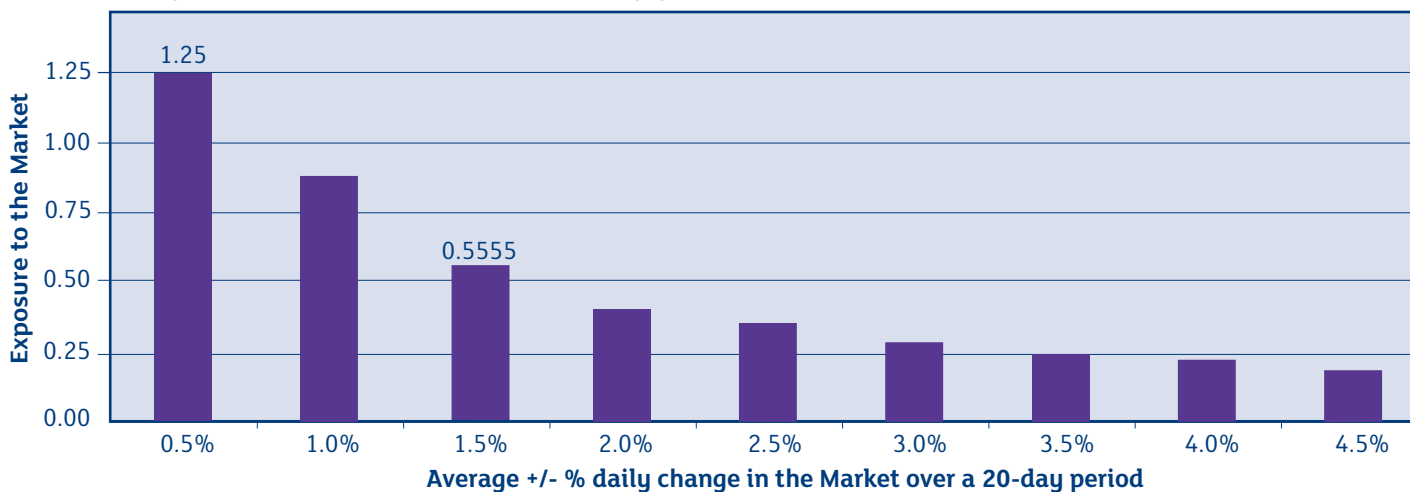
The volatility of the Market is monitored each day and the exposure of the Index to the Market is adjusted accordingly each day. For example, if the daily price movement of the Market deviates significantly from the average price movement of the Market over the last 20 days (i.e. volatility has increased), then the Index reduces the exposure to the Market, whether Long or Short, accordingly.

For example, if on any day the price movement of the Market is up or down by up to 0.5% compared to its movement over the last 20 days, this would be a low volatility market environment. If the Market Direction Assessment was showing a strong positive or negative market trend providing 1.25 times the movement of the Market, the Dynamic Risk Assessment would make no alteration and the exposure to the Market would be maintained at 1.25.

If, however, during the same strong positive or negative market trend the daily price movement of the Market compared to its average price movement over the last 20 days increased to being up or down by 1.5%, this would be a higher volatility market environment. In this case, the Dynamic Risk Assessment would automatically reduce the Index exposure to the Market from 1.25 to 0.5555 which is illustrated in the below chart.

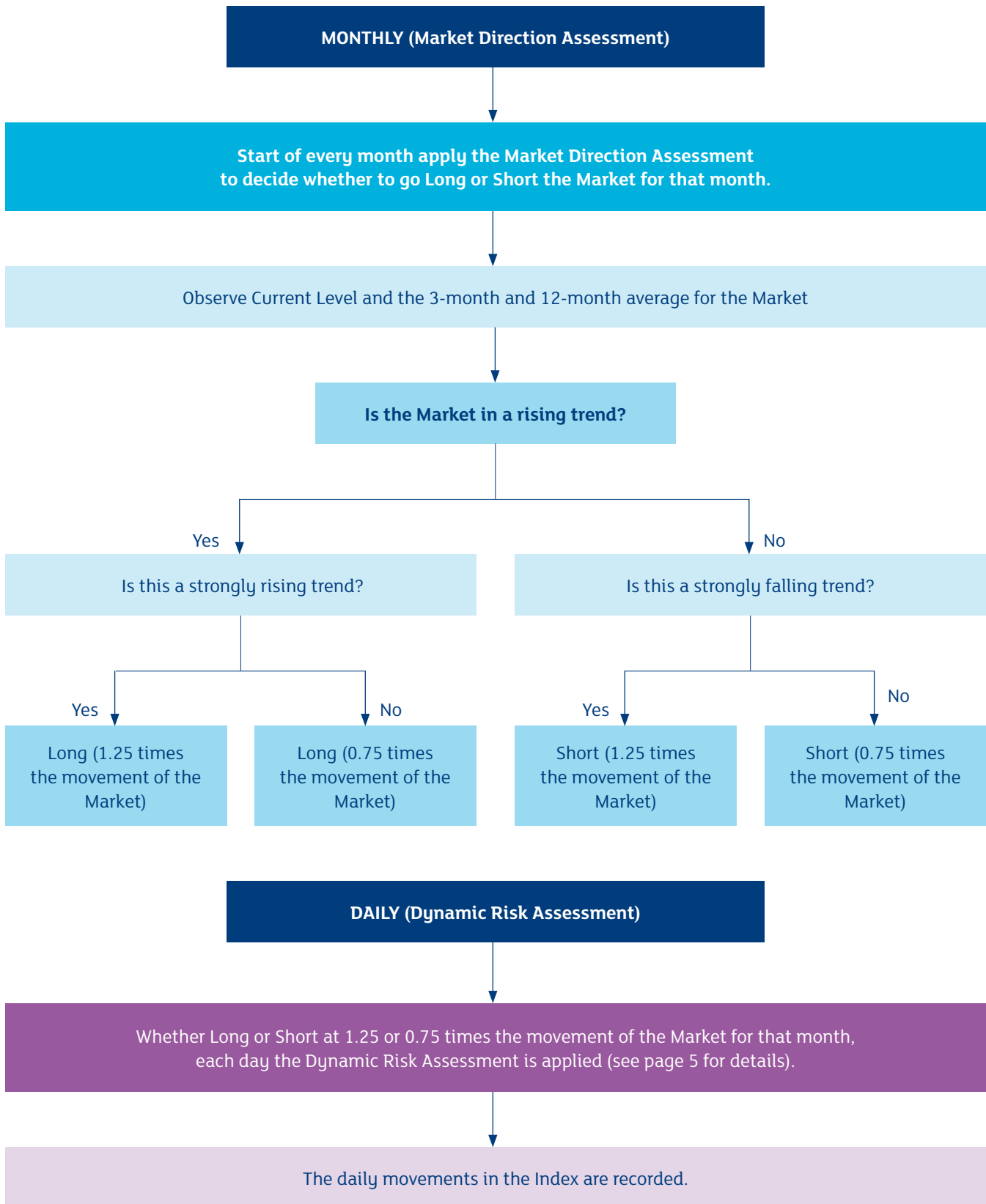
Therefore, the higher the volatility of the Market the more cushioned the Index is from Market movements. Conversely the lower the volatility of the Market the more the Index is exposed to movements in the Market.

Example of Dynamic Risk Assessment – in a strongly positive market trend



Source: RBS Global Markets, March 2010.

The 3-step process can be illustrated in a flow chart as below:

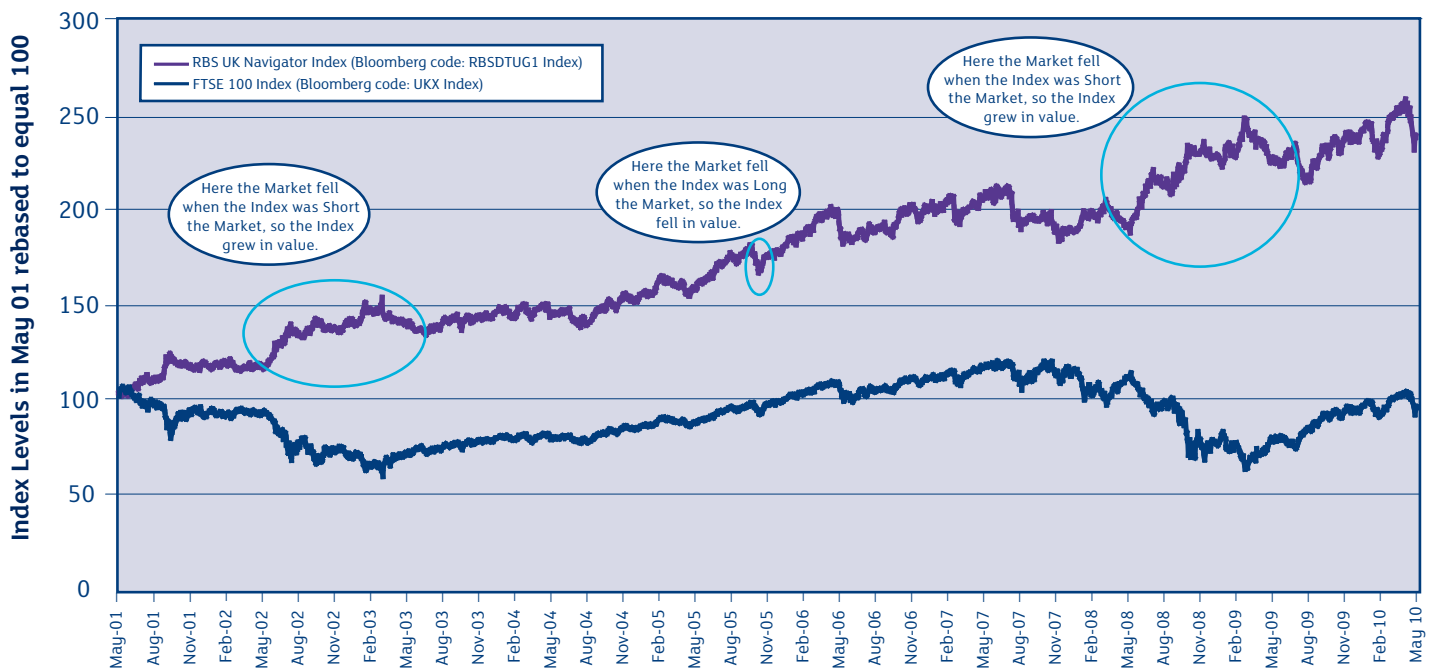


The Navigator Index in action

The following diagram shows how the RBS UK Navigator Index performed over the past nine years in comparison with the FTSE 100 Index.

For the RBS UK Navigator Index, the simulated past performance has been produced using actual historical data between May 2001 and 23rd April 2009. From 24th April 2009, this chart represents the actual past performance of the Index. It in no way represents projections of the anticipated or expected performance of the Account.

RBS UK Navigator Index vs FTSE 100 Index



Source: The Royal Bank of Scotland plc (RBS plc) for the RBS UK Navigator Index and Bloomberg for the FTSE 100 Index, 14th May 2010.

Please note that historical economic conditions may differ from those that occur in the future. Past performance should not be considered an indication of how the Index may perform in the future.

Navigator International

– your questions answered

What is Navigator International?

Navigator International (the Account) is a five and a half year deposit, providing the possibility of growth on your money. Whether or not you receive any growth is dependent on the performance of the RBS UK Navigator Index over the Term of the Deposit. You'll receive 100% of your Deposit if you keep your money in the Account until the Maturity Date (subject to the risks described below). Inflation may reduce the purchasing power of your Deposit and any return by the time it matures. For details of the past performance of the Index, please see page 7.

Could I lose my money?

The Account is designed to return your Deposit at the end of the five and a half year term, irrespective of the performance of the Index. However, you could still lose some, or all, of your Deposit if the Bank fails or becomes insolvent.

How do I open an Account?

Simply complete the enclosed application form. Your Account will be opened once the application has been returned together with the required documentation.

What is the minimum deposit amount?

The minimum deposit amount is GBP/USD 10,000.

Can I add to my Account?

No. You cannot add to or amend your initial Deposit amount after the Closing Date for applications.

Can I close the Account early?

The Account is designed to have a five and a half year term and we can only ensure your Deposit is protected if the funds remain in the Account for the Term, though you are always subject to the counterparty risk of the Bank. There is no 'cooling off period', as the Account is reliant on financial markets over which we have no control.

A request to close your Account prior to maturity will only be permitted at the Bank's discretion and may mean that you receive less than your Deposit. Should you wish to close your Account during the Term you will receive the

Redemption Value of your deposit less an administrative charge of £250 (or the equivalent in USD using the prevailing exchange rate). An estimate of the Redemption Value can be provided upon request and you will be given the opportunity to withdraw your instruction to close the Account should you wish to do so.

Will I pay any charges?

All costs are already factored into the Account, so there are no additional fees or charges to pay providing you do not close your Account before the end of the Term.

Does my financial advisor receive a commission when I open my Account?

Yes, a fixed percentage commission is payable by us to your advisor. Your financial advisor will supply you with details of this commission upon request.

What updates will I receive to track the performance of my Account?

You will receive an initial confirmation that your Account has been opened. We will then send you annual updates on the performance of your Account. A separate communication will also be forwarded to you approximately six weeks prior to maturity of your Account.

What risks do I need to consider before opening an Account?

It is important that you consider the following before deciding whether the Account is right for you.

- The Account has a fixed term of five and a half years and is not suitable if you need easy access to your money or require regular income. If you need to close your Account before the Maturity Date, you may not receive back the full Deposit.
- The use of the word 'protected' in relation to this Account refers only to our obligation to repay your Deposit at maturity, however, if the Bank fails or becomes insolvent, then you may lose some, or all, of your original deposit. The Account is not guaranteed by any third party.
- Dividends are not payable on the Account.

- The Account is available in a choice of two currencies – Sterling and US Dollars. Funds must be deposited with us in the same denomination as your chosen currency. There is an exchange rate risk if you deposit in a currency that is not your local currency.
- Although your Deposit is protected if the Account is held until maturity (subject to the risks described above) the return from the Account may not be as much as if you had invested in a traditional deposit account.
- Inflation may reduce the purchasing power of your Deposit by the time the Account matures.

What about tax?

- Under current rules our understanding is that any return at maturity from an account will be paid gross, and will not be subject to either the retention tax deduction or exchange of information with EU tax authorities under the EU Savings Directive. For EU resident customers a retention tax may be deducted from any interest earned before the Start Date unless you can provide evidence that you are exempt from the measure of the EU Savings Tax Directive. Alternatively you may wish to exchange information with the tax authorities. Any previous instruction provided in respect of any existing accounts held with us will be applied automatically.
- It is your responsibility to declare all income and returns to the appropriate tax authorities. If you are in any doubt as to your own personal tax liability we strongly recommend that you take appropriate independent tax advice before applying.
- The Bank is not able to advise on any subsequent changes in legislation that may affect the Account or your return from it.
- The statements above are not intended to be, nor should they be regarded as, legal or tax advice and you should consult your own tax advisors to obtain advice about your particular tax treatment in relation to the Account.

Navigator International

– your questions answered

What happens to my funds between the date on which my Account is opened and the Start Date of the five and a half year term?

Your funds will be placed on deposit until the Start Date and will earn interest at 0.50% below the Bank of England Base Rate (for GBP deposits) and 0.50% below the Federal Funds Rate (for USD deposits), provided that interest will not be less than 0.50% for GBP deposits or 0.25% for USD deposits. Any interest earned prior to the Start Date will be added to your initial deposit. You must ensure that there are cleared funds in your Account by 16th September 2010.

What happens if the Index underperforms?

Whatever the performance of the Index during the five and a half year term of your Deposit, your Deposit is protected against any falls in the Index by the Bank, providing you don't close the Account before the end of the five and a half year term. However, note that you are subject to counterparty risk: if the Bank fails or becomes insolvent, you may lose some, or all, of your original Deposit. There is no certainty that you will receive a return on your Deposit.

Who can I contact for further information?

If you require any further information, simply contact your financial advisor.

Is the Account right for me?

This Account may be right for you if:

- You're happy to hold your deposit for the full five and a half years.
- You're looking for the potential to receive a return after five and a half years that is dependent on the performance of the Index.

What returns could I get at the end of five and a half years?

The following table, based on a £10,000 Deposit, shows what you might get back at the end of the five and a half year term.

These figures are examples only to show what you could get back from the Deposit. What you will get back depends on the performance of the Index.

Original Deposit	Percentage change in the Index after five and a half years	Annual Equivalent Rate (AER)	Total you get back after five and a half years
£10,000	+25%	4.14%	£12,500
£10,000	+10%	1.75%	£11,000
£10,000	0%	0%	£10,000
£10,000	-10%	0%	£10,000
£10,000	-25%	0%	£10,000

The above table only applies if your Deposit remains in the Account for the full five and a half years.

Do I have to apply by a certain date?

The final date that applications can be accepted is 27th August 2010. However, the offer may close early if fully subscribed. Please see the below table for key information.

Currency	GBP/USD
Minimum deposit	GBP/USD 10,000
Offer period	21st June 2010 – 27th August 2010
Closing Date for applications	27th August 2010
Last Date for Funds	16th September 2010
Start Date	23rd September 2010
Maturity Date	29th March 2016

Summary box

Key Product Information for your Account	
Account name	Navigator International - Issue 3
Interest Rates (AER)	Return dependent on Index performance – please see examples above
Tax status	The return is paid gross on the Account
Conditions of bonus payments	Not applicable
Withdrawal arrangements	Full withdrawal permitted at the Bank's discretion, and customers will receive the Redemption Value of their Deposit less an administration charge of £250 (or the equivalent in USD using the prevailing rate).
Access	You may not add to the Account during the Term. Partial withdrawals of the Account are not permitted.

Navigator International Issue 3 Terms and Conditions

1. Please note

Navigator International Issue 3 is a form of deposit account with The Royal Bank of Scotland International Limited (RBS International). Accounts are opened and maintained in the Isle of Man. The use of the word 'protected' in relation to the Account refers only to our obligations to repay your Deposit in full at maturity. If the Bank fails or becomes insolvent, then you may lose some, or all, of your Deposit. The Account is not guaranteed by any other party.

2. Our dealings with you

Please read these Terms and Conditions carefully and keep a copy of them for future reference. They provide you with important information about your Account and they are the terms of the contract between you and us. When you sign the application form, which is available on request from us you agree to these Terms and Conditions. The Account is administered by RBS International's Strategic Deposit Unit in the Isle of Man, and you will receive correspondence concerning your deposit directly from this centre.

3. Definitions

'Account' means the Navigator International 3 account, a fixed term deposit account linked to the Index opened and maintained in the Isle of Man.

'AER' means Annual Equivalent Rate. It shows what the interest rate would be if it was paid once each year. This lets you compare interest rates across different accounts and what return you can expect from your savings over time.

'Business Day' means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London and in the Isle of Man.

'Closing Date' means 27th August 2010, being the last date applications can be accepted.

'Current Level' means the closing level of the Index at the start of each month.

'Date of Acceptance' means the date on which we are in possession of both cleared funds and any information and documentation that may be required by us. If any of that documentation or information is not received before the offer is withdrawn or fully subscribed, we may be unable to open the Account for you and any funds received by the Bank will be returned to you in full without interest.

'Deposit' means the sum deposited prior to the Start Date together with any interest earned from, and including, the Date of Acceptance to, but excluding, the Start Date.

'Expiry Date' means 23rd March 2016 unless it is not a Trading Day in which case take the next Trading Day, unless a Market Disruption Event occurs, in which case the Expiry Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the Market Disruption Event continues for more than eight Trading Days following the original Expiry Date, then the eighth Trading Day shall be deemed to be a Trading Day and is the date on which the Final Level will be calculated, subject to clause 16 – "alterations and amendments".

'Final Level' means the average level of the Index over the last 12 months on each 23rd day starting from 23rd March 2015 and including the Expiry Date.

'Index' means RBS UK Navigator Index.

'Index Sponsor' means RBS plc as sponsor of the Index, or any successor thereof.

'Initial Level' means the closing level of the Index on the Start Date.

'Last Date for Funds' means 16th September 2010, the date by which funds must be received.

'Market' means the top 100 UK equities by Market Capitalisation using futures contracts. A futures contract is a standardised contract between one party (for example a bank) and a central exchange. The exchange acts as a central counterparty to match buyers and sellers, where the buyer of the contract agrees to buy and the seller agrees to sell the specified asset at a pre-determined date at a price agreed today. The party agreeing to buy the underlying asset in the future assumes a long position and the party agreeing to sell the asset in the future assumes a short position.

'Market Capitalisation' is calculated by multiplying the number of shares of a company by its share price.

'Market Direction Assessment' means at the start of each month the Index strategy determines the direction and strength of the Market using a two step approach.

Step 1: The direction of the trend is determined.

- If the Current Level of the Market is equal to or above its 12-month average the Market is determined to be in a

rising trend and the Index will take a long position on the Market. If the Market is determined to be in a falling trend where the Current Level is below its 12-month average, the Index will take a short position on the Market.

Step 2: The strength of the trend is determined.

- If the Market is in a rising trend and its 3-month average is equal to or above the 12-month average it is determined to be in a strong positive trend and the Index will have 1.25 times exposure to the Market.
- If the Market is in a rising trend and its 3-month average is below the 12-month average it is determined to be in a moderate positive trend and the Index will have 0.75 times exposure to the Market.
- If the Market is in a falling trend and its 3-month average is above the 12-month average it is determined to be in a moderate negative trend and the Index will have 0.75 times exposure to the Market.
- If the Market is in a falling trend and its 3-month average is equal to or below the 12-month average it is determined to be in a strong negative trend and will expose the Index will have 1.25 times exposure to the Market.

Step 3: The Dynamic Risk Assessment is applied.

- Each day the volatility of the Market is monitored and whether the Index is for any month Long or Short at 1.25 or 0.75 times exposure to the Market, the exposure of the Index to the Market is adjusted accordingly each day.

'Market Disruption Event' means the failure or inability of the Index Sponsor to calculate and publish the level of the Index.

'Maturity Date' means 29th March 2016, the date on which the initial deposit and any return will be repaid. If the Expiry Date is subject to a Market Disruption Event, then the Maturity Date shall be the later of the 29th March 2016 and the tenth Business Day in London and the Isle of Man following the Expiry Date.

'Redemption Value' means the fair market value of the Deposit, less an administrative charge of £250 (or the equivalent in USD using the prevailing rate) which may be less than your Deposit. It depends on various factors such as interest rates and the performance of the Index, less any costs relating to the unwinding of any hedging and funding arrangements.

'Security Details' means the identifying words, codes and/or numbers agreed between you and us that are used in the security procedure and for identification purposes.

'Start Date' means 23rd September 2010.

'Term' means the period from, and including, the Start Date to, and including, the Maturity Date.

'the Bank', 'we', 'us' and 'our' each mean The Royal Bank of Scotland International Limited (RBS International)

'Trading Day' means any day on which the Index Sponsor calculates and publishes the level of the Index according to its rules.

'you', 'your' means you, the person(s) in whose name the account is opened.

4. Availability

- The Account is normally only available to private individuals (aged 18 or over) and trustees of trusts for the benefit of private individuals.
- Applications from other entities may be accepted at the discretion of the Bank and will be subject to different account opening requirements.

5. Commission

- When you open an Account through a financial advisor, then a fixed percentage commission is payable by us to your advisor. Your financial advisor will supply you with details of this commission upon request.

6. Security procedure

- You must keep your Security Details secret.
- If you suspect someone knows your Security Details you must contact us immediately. If you fail to do so, you will be liable for any unauthorised transactions on your Account confirmed by use of the security details.
- You must take all reasonable precautions to prevent the fraudulent use of your Security Details.
- You should not record your Security Details in any way, which may result in them becoming known to another person.
- Where a transaction on the Account is confirmed by use of the Security Details but you subsequently show it was not authorised by you, provided you have kept your security details secret, you will not be liable for that unauthorised transaction.

7. Refusal of deposits

- We reserve the right to refuse a deposit, or decline to open an Account, or require you to withdraw a deposit without giving a reason for such a decision.

8. Operations on the Account

- Deposits must be received in GBP or USD. Funds must be deposited with us in the same denomination as your chosen option(s).
- The minimum you may deposit in the Account is GBP 10,000/USD 10,000.
- The Account will be opened upon receipt of a valid and correctly completed application form and acceptable supporting documentation.
- This is a limited offer deposit account. Due to the nature of this type of account, the offer may be withdrawn early and without notice if it is fully subscribed. In this event all funds received by the Bank will be returned to you in full without interest. The Account is available on a first come, first served basis.
- Joint depositors are jointly and severally liable.
- If two or more people are named as the customer, the Bank will accept instructions signed by any one, or the survivor, of the persons named as the customer.
- You may not add to the Deposit during the Term, but you may have more than one Account at the same time.
- The Bank will not be liable for any changes in market conditions from, and including, the Date of Acceptance to, and including, the Start Date.
- If any of these conditions are invalid, the rest shall remain valid and binding to the fullest extent permitted by law.
- We will write to you after the Start Date to confirm acceptance of your Account. You will then be sent further updates on an annual basis.
- Once the Account has been opened it is not possible to change the name of the Account in which the Deposit is held, except in the event of the death of a sole account holder. In the event of death of a joint account holder the title of the Account would pass to the remaining named surviving party/parties to the Account. Further, except in the event of the death of a sole account holder, you may not transfer or assign any of the rights under this Account.

9. Interest prior to the Start Date

- The Deposit will earn interest from, and including, the Date of Acceptance until the Start Date.
- A Deposit will only be accepted by the Bank and begin to earn interest pending the Start Date when all requirements are met as laid out in the application form.
- Any interest earned prior to the Start Date will be added to the initial Deposit and the total amount deposited in the Account.
- The current rates of interest applicable to Deposits held prior to the Start Date are set out in this document.
- If you are resident in the European Union a retention tax of 20% will be deducted from any interest earned prior to the Start Date unless you can provide evidence to show that you are exempt from the measures of the EU Savings Tax Directive. Alternatively you may authorise us to exchange information with the tax authorities. Any previous instruction provided in respect of existing accounts with us will be applied automatically.
- Please note our understanding is that any return at maturity from the Account is not currently subject to this retention tax and under current guidelines will be paid gross. In providing this information we are not acting as tax advisors and we strongly recommend that you seek independent professional advice for your personal circumstances as regards to all aspects of this deposit. The Bank is not able to advise on any subsequent changes in legislation that may affect the Account or your return from it. It is your responsibility to declare any income and returns to the appropriate tax authorities. The statements above are not intended to be, nor should they be regarded as, legal or tax advice and you should consult your own tax advisor to obtain advice about your particular tax treatment in relation to the Account.

10. Cancellation and Early closure of the Account

- You understand that once you have submitted your signed application you cannot cancel. There is no 'cooling off period' as the Account is reliant on financial markets over which we have no control. However the Bank in its absolute discretion may permit cancellation before the Start Date or early closure of the Account after the Start Date.

- We will require written confirmation before acting on such instructions and will apply an administrative fee of £250 (or the equivalent in USD using the prevailing rate) in the event of cancellation or early closure. Partial withdrawals from the Account are not permitted. Please contact the Strategic Deposit Unit direct on 00 44 (0)1624 637127 to understand what information will need to be included within your written confirmation.
- If you close the Account before the Maturity Date, the return of your Deposit is not protected and will reflect investment conditions prevailing at the time as calculated by The Royal Bank of Scotland plc. The amount returned may be less than your original Deposit.
- In the event of the death of a sole account holder, the Account may be closed at the Redemption Value at the time of closure, or may be transferred to the executor (or administrator) or beneficiary of the deceased's estate for the remainder of the Term. If the Account is a joint account and one of the account holder(s) dies, only the survivor(s) will be recognised as having any right to the money in the Account.
- In the event of death of a sole account holder, it will be necessary for the executor (or administrator) of that person's estate to obtain a grant of probate in the Isle of Man before the Bank pays out any monies on the order of such executor (or administrator).

11. Return at maturity

- On the Maturity Date of the Account you will receive back a sum equivalent to the greater of the following two amounts:
 - 1) The Deposit or;
 - 2) The Deposit x (Final Level / Initial Level)

12. Maturity

- The Deposit together with any return will be transferred to a bank account in your name with us at maturity. If you do not have a bank account with us, a bank account will need to be opened in the same name as your Account. The Bank reserves the right to deduct from the Deposit any charges or fees incurred in complying with any subsequent onward payment instructions. For more information visit <http://www.rbsinternational.com/personal/current-accounts/g2/current-account-charges.ashx>.
- Please bear in mind that inflation may have reduced the purchasing power of your Deposit by the time it has matured.
- There is no certainty that you will receive over and above your Deposit at maturity.

13. Market Disclaimer

- The Account is not in any way sponsored, sold or promoted by any relevant stock market, or index sponsor and they make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the relevant stock market and/or the figure at which the relevant stock market, or relevant index stands at any particular time on any particular day or otherwise. They shall not be liable (whether in negligence or otherwise) to any person for any error in the relevant stock market, relevant index, related exchange, or relevant investment fund and shall not be under any obligation to advise any person of any error therein.
- The Index does not invest directly in the top 100 UK equities by Market Capitalisation. Therefore you do not receive any dividend payments.

14. Complaints

- If you are not satisfied with any of our products or services, we have a complaints procedure that you can use. A leaflet, giving details of the procedure, is available upon request.

15. Right to set off

- Where at any time during the Term of the Account you owe any amount to the Bank and such amount is not repaid to the Bank by you on demand, the Bank shall have an immediately exercisable and inalienable right of set off against your account(s).

16. Alterations and amendments

- Where there is an event beyond the control of the Bank, such as, without limitation: a Market Disruption Event; any change in the formula or method of calculation of the Index; then the Bank reserves the right to make such changes to these Terms and Conditions as it deems fair and appropriate.
- We may alter any of these Terms and Conditions on giving you at least 30 days' prior written notice. This notice will contain the date on which the alteration takes effect.

17. Governing law and jurisdiction

- Your Account will be opened and maintained in the Isle of Man. As a result, you may be afforded the protection of the Isle of Man Depositors Compensation Scheme as set out in the Compensation of Depositors Regulations 2008. Further, the contract between the Bank and you, the customer(s), shall be governed by and construed in accordance with the laws of the Isle of Man.
- The Isle of Man Depositors Compensation Scheme is detailed as follows:

The Isle of Man has a depositors' compensation scheme ("DCS"). The DCS partially compensates you if a bank in which you have deposited money fails. Here are the DCS Regulations (<http://www.gov.im/lib/docs/fsc/PressReleases/compensationofdepositorsregulation1.pdf>) – you should consult these Regulations for further information.

The DCS compensates people who have money in current and deposit accounts in the Isle of Man with up to £50,000 of net deposits* per individual depositor or £20,000 for most other categories of depositor. Cover is calculated per depositor, per deposit taker, if this bank fails.

This means that a maximum of £50,000 compensation is payable per individual and a maximum of £20,000 for companies, trusts etc. Note that maximum amounts paid under the DCS will be reduced by amounts paid by IoM Treasury under Early Payment Schemes.

(* Net deposits: Loans may be netted off against any deposits you have with the same deposit taker). If two or more individuals share a joint account, they would each be entitled to up to £50,000 in compensation. However, if either individual has any other accounts with the same licence holder, these balances would also need to be taken into consideration, as compensation is limited to £50,000 per individual.

Examples for individual depositors:

- (1) If you have a joint account with one other individual which contains £80,000, you would each be entitled to receive ½ of £80,000 ie £40,000.
- (2) If in the previous example you also had £25,000 in a sole account, the total balances apportioned to you under the DCS would be your share of the joint account (ie £40,000), plus the £25,000 of your own, giving a total of £65,000. As this exceeds the maximum covered by the DCS the scheme provides for you to receive the maximum payment of £50,000. If there are sufficient funds on liquidation of the failed bank, the remaining £15,000 may be paid from the liquidation proceeds.
- (3) If you have total credit balances of £80,000, also a mortgage of £50,000, your mortgage would be netted off against your credit balances, to leave a net total of £30,000. You would therefore be entitled to receive £30,000 from the DCS. The Isle of Man's DCS covers depositors irrespective of which country they live in or are incorporated in. All licensed banks in the Isle of Man are members of the DCS, except those few which are listed in the Schedule at the end of the DCS Regulations. Building societies in the Isle of Man are not participants in the DCS. The specific banks listed in the Schedule do not take deposits on the Island from the general public. Here is the list of the banks in the DCS: <http://www.gov.im/lib/docs/fsc/PressReleases/depositmakersintheDCS.pdf>

Your deposits with each bank that is separately licensed in the Isle of Man are covered, even if they are part of the same group. Here is the list of all the deposit takers (banks and buildings societies) which are licensed in the Isle of Man: <http://www.gov.im/fsc/licenceholders/SearchLicenceHolders.aspx?type=Current&id=1&searchtext=&selection=Deposit-Taking&submit1=Submit>. Deposit compensation schemes in the UK, Ireland or elsewhere do not cover deposits with banks or building societies in the Isle of Man. In order to claim compensation you will have to assign your rights to your whole deposit to the DCS manager.

The Financial Supervision Commission administers the DCS as the Scheme Manager. You can get more information about compensation arrangements from the Isle of Man Depositors Compensation Scheme at http://www.gov.im/fsc/investor/dep_comp.xml and such arrangements, including the maximum limits protected, may change from time to time. If the performance of your Account does not match any illustrated benefits, you will not, for that reason alone, be entitled to any compensation under the Isle of Man Compensation Scheme.

- The courts of the Isle of Man shall have exclusive jurisdiction to settle any disputes which may arise out

of, or in connection with, this contract and accordingly any proceedings arising hereunder may be brought in such court. For the avoidance of doubt the Bank, for its sole benefit, reserves the right to issue proceedings in any other jurisdiction as appropriate or necessary for the protection of its rights hereunder.

- If any of these conditions are invalid, the rest shall remain valid and binding to the fullest extent permitted by law.
- We are not an Authorised Person subject to the rules and regulations made under the UK Financial Services and Markets Act 2000, and therefore deposits made with branches, all of which are outside the UK, are not protected by those rules and regulations covered by the UK Financial Services Compensation Scheme.

Your information

Who we are

Your Account is with The Royal Bank of Scotland International Limited (RBS International). We are a member of The Royal Bank of Scotland Group (the "Group"). For information about our group of companies, please visit www.rbs.com and click on 'About Us', or for similar enquiries please telephone 00 44 131 556 8555 or Textphone 0845 900 5960.

How we use your information and who we share it with

Your information comprises all the details we hold about you and your transactions, and includes information obtained from third parties. We may use and share your information with other members of the Group to help us and them:

- assess financial and insurance risks;
- recover debt;
- prevent and detect crime;
- understand our customers' requirements;
- develop and test products and services

We do not disclose your information to anyone outside the Group except:

- where we have your permission; or
- where we are required or permitted to do so by law; or
- to credit reference and fraud prevention agencies and other companies who provide a service to us or you; or
- where we may transfer rights and obligations under this agreement.

We may transfer your information to other countries on the basis that anyone to whom we pass it provides an adequate level of protection. However, such information may be accessed by law enforcement agencies and other authorities to prevent and detect crime and comply with legal obligations. From time to time, we may change the way we use your information. Where we believe you may not reasonably expect such a change, we shall write to you. If you do not object to the change within 60 days, you consent to that change. If you would like a copy of the information we hold about you, please write to your branch. A fee may be payable.

Credit reference agencies

We may make periodic searches at credit reference agencies and will provide information to the Group to manage and take decisions about your accounts. This may include information about how you manage your account including your account balance, credit limit and any arrears. We will also provide this information to credit reference agencies, who will make this information available to other organisations so that they can make decisions about you, your associates and members of your household. The information may also be used for tracing purposes.

Fraud prevention agencies

If false or inaccurate information is provided and fraud is identified or suspected, details may be passed to fraud prevention agencies. Law enforcement agencies may access and use this information. We and other organisations may also access and use this information to prevent fraud and money laundering, for example when:

- checking applications for, and managing credit of other facilities and recovering debt;
- checking insurance proposals and claims;
- checking details of job applicants and employees.

We, and other organisations that may access and use information recorded by fraud prevention agencies, may do so from other countries.

We can provide the names and addresses of the credit reference and fraud prevention agencies we use if you would like a copy the information held by them. Please contact your branch. The agencies may charge a fee.

The Royal Bank of Scotland International Limited (RBS International) Registered Office: P.O. Box 64, Royal Bank House, 71 Bath Street, St. Helier, Jersey JE4 8PJ. Regulated by the Jersey Financial Services Commission.

Guernsey business address: PO Box 62, Royal Bank Place, 1 Gategny Esplanade, St. Peter Port, Guernsey, GY1 4BQ. Regulated by the Guernsey Financial Services Commission and licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

Isle of Man business address: Royal Bank House, 2 Victoria Street, Douglas, Isle of Man, IM99 1NJ. Licensed by the Financial Supervision Commission of the Isle of Man and registered with the Insurance and Pensions Authority in respect of general business.

RBS International Isle of Man branch is a member of the Depositors' Compensation Scheme as set out in the Compensation of Depositors Regulations 2008. Further details of the scheme are available on request. Our Structured Deposit Accounts are domiciled in the Isle of Man and therefore you may have the protection of the Isle of Man Depositors Compensation Scheme subject to rules of such compensation scheme.

RBS International is a member of The Royal Bank of Scotland Group. The Royal Bank of Scotland plc – Registered in Scotland No 90312. Registered office: 36 St Andrew Square, Edinburgh, EH2 2YB. The Royal Bank of Scotland plc is authorised and regulated by the Financial Services Authority. The latest report and accounts are available at www.investors.rbs.com. RBS International places funds with other parts of its Group and thus its financial standing is linked to the Group. Depositors may wish to form their own view on the financial standing of RBS International and the Group based on publicly available information. The latest report and accounts are available at www.rbsinternational.com/financial-results.

RBS International is not an Authorised Person subject to the rules and regulations made under the UK Financial Services & Markets Act 2000, and therefore deposits made with branches, all of which are outside the UK, are not protected by those rules and regulations covered by the UK Financial Services Compensation Scheme. As at 31 December 2009 RBS International's paid-up capital and reserves exceeded £1,325 million. UK resident depositors may be subject to declaration and taxation of any resulting income.

With currency accounts there is an exchange rate risk if the currency is not the depositor's reference currency.

AER stands for Annual Equivalent Rate and illustrates the interest rates as if paid and compounded each year.

The use of the word 'protected' in relation to our structured deposit(s) refers only to RBS International's obligations to repay your capital in full upon maturity. Our products are not guaranteed by any other party.

Navigator International is not in any way sponsored, sold or promoted by any stock market, related exchange or index, and they make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time on any particular day or otherwise. They shall not be liable (whether in negligence or otherwise) to any person for any error in the index and shall not be under any obligation to advise any person of any error therein.

All information in this promotional literature relating to taxation is for information purposes only and is based upon current legislation, which may change, and the availability and value of any tax relief will depend on your individual circumstances. In providing this information we are not acting as tax advisors and we strongly recommend that you seek independent professional advice if you are in any doubt over your personal circumstances. We shall not be liable for any loss resulting from reliance upon this information.

Please bear in mind that inflation may have reduced the purchasing power of your deposit by the time it has matured.

Past performance is not necessarily a guide to future performance. The value of deposits and any income from them can fall as well as rise.

Graphs and figures are used for illustrative and information purposes only. The simulated past performance has been produced using actual historic data between May 2001 and February 2010. They in no way represent projections of the anticipated or expected performance of relevant products.

Our services are not offered to any person in any jurisdiction where their advertisement, offer or sale is restricted or prohibited by law or regulation or where we are not appropriately licensed.

This brochure must be read in conjunction with the product terms and conditions and the application form. If you are not satisfied with any of our products or services, we have a complaints procedure that you can use. A leaflet, giving details of the procedure, is available from your branch upon request.

Calls may be recorded.