thesharecentre:

press release

19 January 2009

RBS expected to report record loss of £28bn

- RBS shares plunged 29% by 9 am
- RBS shareholders should consider selling says The Share Centre

Shares in the Royal Bank of Scotland (RBS) plunged 29 per cent this morning, after the bank warned its full-year losses could reach as much as £28 billion. **Graham Spooner, investment adviser at The Share Centre**, explains what this potential loss could mean for the small shareholder.

"RBS said it expects to make an annual loss of between £7 billion and £8 billion. The bank also expects to incur a charge of up to £20 billion as a result of last year's acquisition of ABN Amro. The worst case scenario could therefore leave RBS with a deficit of £28 billion. This mammoth loss would see RBS beat the current record UK loss of £15 billion, which was reported by Vodafone in 2006.

"This time last year the bank's shares were approximately 300p compared to today where they are worth a mere 25p. No doubt some shareholders will be tempted to hang onto their shares in the hope that things will pick up. However, RBS could be just one step away from nationalisation. As such we are advising shareholders to consider selling in order to recoup some of their losses."

Despite the concerns over the future of RBS it appears The Share Centre's customers are willing to take a short term punt on the flailing bank. Last week RBS appeared on both the stockbroker's top five buys and sells for the week beginning 12 January. Commenting on the trading activity, Spooner said: "It looks as though some investors are hoping to make a quick profit amid market fluctuations and bad company news. While such a low price can be tempting, we suggest those new to investing play the long game and invest elsewhere."

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPPs are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our Investment Research Policy.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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