

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 424B5  
March 19, 2019

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(5)**

**Registration No. 333-222022**

**Subject to Completion**

**Preliminary Prospectus Supplement dated March 19, 2019**

**PROSPECTUS SUPPLEMENT**

**(to prospectus dated December 13, 2017)**

The Royal Bank of Scotland Group plc

\$ \_\_\_\_\_ % Fixed Rate/Floating Rate Notes due 2025

The \_\_\_\_\_ % Fixed Rate/Floating Rate Notes due 2025 (the “Senior Notes”) will bear interest at a rate of \_\_\_\_\_ % per annum from (and including) the date of issuance to (but excluding) \_\_\_\_\_, 2024, paid semi-annually in arrear on \_\_\_\_\_ and \_\_\_\_\_ of each year, beginning on \_\_\_\_\_, 2019, to (and including) \_\_\_\_\_, 2024. From \_\_\_\_\_, 2024, to (but excluding) maturity, interest will be paid quarterly in arrear on \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, beginning on \_\_\_\_\_, 2024, to (and including) maturity, at a floating rate equal to the three-month U.S. dollar London interbank offered rate, plus \_\_\_\_\_ % per annum, accruing from \_\_\_\_\_, 2024, to (but excluding) maturity. The Senior Notes will mature on \_\_\_\_\_, 2025.

The Senior Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations, ranking *pari passu* without any preference among themselves, and equally with all our other outstanding unsecured and

unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

We may redeem the Senior Notes at our sole discretion, in whole but not in part, on the Optional Redemption Date (as defined herein), at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption. In addition, we may redeem the Senior Notes, in whole but not in part, at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption, upon the occurrence of certain tax or regulatory events as described in this prospectus supplement and the accompanying prospectus. Any redemption or repurchase of the Senior Notes is subject to the provisions described under “*Description of the Senior Notes—Conditions to Redemption and Repurchase*”.

**Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, by its acquisition of Senior Notes, each holder and beneficial owner of the Senior Notes acknowledges, accepts, agrees to be bound by and consents to the exercise of any UK bail-in power by the relevant UK authority which may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into ordinary shares or other securities or other obligations of RBSG (as defined herein) or another person and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which UK bail-in power may be exercised by means of variation of the terms of the Senior Notes solely to give effect to the exercise by the relevant UK authority of such UK bail-in power. Each holder and beneficial owner of the Senior Notes further acknowledges and agrees that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any UK bail-in power by the relevant UK authority.**

**By its acquisition of Senior Notes, each holder (including each beneficial holder) of the Senior Notes, to the extent permitted by the Trust Indenture Act of 1939 as amended (the “Trust Indenture Act”), waives any and all claims against the Trustee for, agrees not to initiate a suit against the Trustee in respect of, and agrees**

**that the Trustee shall not be liable for, any action that the Trustee takes, or abstains from taking, in either case in accordance with the exercise of the UK bail-in power by the relevant UK authority with respect to the Senior Notes.**

We intend to apply to list the Senior Notes on the New York Stock Exchange in accordance with its rules.

*Investing in the Senior Notes involves risks. See “Risk Factors” beginning on page S-8 and as incorporated by reference herein.*

By its acquisition of Senior Notes, each holder (including each beneficial holder) shall be deemed to have (i) consented to the exercise of any UK bail-in power which may be imposed without any prior notice by the relevant UK authority of its decision to exercise such power with respect to the Senior Notes and (ii) authorised, directed and requested The Depository Trust Company (“DTC”) and any direct participant in DTC or other intermediary through which it holds such Senior Notes to take any and all necessary action, if required, to implement the exercise of any UK bail-in power with respect to the Senior Notes as it may be imposed, without any further action or direction on the part of such holder.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”), we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Senior Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Per Senior Note Total	
Price to the public	%	\$
Underwriting discounts	%	\$
Proceeds, before expenses, to us	%	\$

The initial price to the public set forth above does not include accrued interest, if any. Interest on the Senior Notes will accrue from , 2019 and must be paid by the purchaser if the Senior Notes are delivered thereafter.

The Senior Notes will be issued in registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. We expect that the Senior Notes will be ready for delivery through the book-entry facilities of DTC and its participants on or about , 2019.

*Joint Bookrunners and Joint Lead Managers*

**BofA Merrill Lynch Credit Suisse Goldman Sachs & Co. LLC Morgan Stanley NatWest Markets**

**Prospectus Supplement dated , 2019**

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**We have not, and the Underwriters have not, authorised anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by us or on our behalf or to which we have referred you. We and the Underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the Underwriters are not, making an offer to sell these securities in any state or jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein is accurate only as of their respective dates.**

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## ABOUT THIS PROSPECTUS SUPPLEMENT

In this prospectus supplement, we use the following terms:

“we”, “us”, “our”, “Issuer” and “RBSG” refer to The Royal Bank of Scotland Group plc;

“Group” refers to RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards;

“SEC” refers to the U.S. Securities and Exchange Commission;

“Indenture” refers to the Amended and Restated Indenture dated as of December 13, 2017 (the “Base Indenture”) and as amended and supplemented by one or several supplemental indentures to be dated as of , 2019 (the “Supplemental Indenture”) governing the Senior Notes.

“pound sterling”, “pounds”, “sterling”, “pence”, “£” and “p” refer to the currency of the United Kingdom;

“U.S. dollar”, “dollars” and “\$” refer to the currency of the United States; and

“euro” and “€” refer to the currency of the member states of the European Union (“EU”) that have adopted the single currency in accordance with the treaty establishing the European Community, as amended.

## INCORPORATION OF INFORMATION BY REFERENCE

We are subject to the informational requirements of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith, we file reports and other information with the SEC. The SEC’s website, at <http://www.sec.gov>, and our website, at <http://www.rbs.com>, contain reports and other information in electronic form that we have filed. You may also request a copy of any filings referred to below (other than exhibits not specifically incorporated by reference) at no cost, by contacting us at RBS Gogarburn, P.O. Box 1000, Edinburgh EH12 1HQ, Scotland, telephone +44 (0)131 626 0000.

The SEC allows us to incorporate by reference much of the information we file with them. This means:

documents incorporated by reference are considered part of this prospectus supplement;

we can disclose important information to you by referring you to these documents; and

information that we file with the SEC will automatically update and modify or supersede some of the information included or incorporated by reference into this prospectus supplement.

This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement or in any document previously incorporated by reference have been modified or superseded. The accompanying prospectus lists documents that are incorporated by reference into this prospectus supplement. In addition to the documents listed in the accompanying prospectus, we incorporate by reference our annual report on Form 20-F for the year ended December 31, 2018, filed with the SEC on February 28, 2019 (File No. 001-10306) (the “2018 Annual Report”), except for any information contained on websites linked in the 2018 Annual Report.

We also incorporate by reference into this prospectus supplement and accompanying prospectus any future documents we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement until the offering contemplated in this prospectus supplement is completed. Reports on Form 6-K we may furnish to the SEC after the date of this prospectus supplement (or portions thereof) are incorporated by reference in this prospectus supplement only to the extent that the report expressly states that it (or such portions) is incorporated by reference in this prospectus supplement.



## FORWARD-LOOKING STATEMENTS

From time to time, we may make statements, both written and oral, regarding our assumptions, projections, expectations, intentions or beliefs about future events. These statements constitute “forward-looking statements” for purposes of the Private Securities Litigation Reform Act of 1995. We caution that these statements may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by the forward-looking statements. You should read the sections entitled “*Risk Factors*” in this prospectus supplement and in our 2018 Annual Report which is incorporated by reference herein, “*Cautionary Statement on Forward-Looking Statements*” in the accompanying prospectus and “*Cautionary statement regarding forward-looking statements*” in our 2018 Annual Report which is incorporated by reference herein.

Any forward-looking statements made herein or in the documents incorporated by reference herein speak only as of the date they are made. Except as required by the UK Financial Conduct Authority (the “FCA”), any applicable stock exchange or any applicable law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this prospectus supplement or the documents incorporated by reference herein to reflect any changes in expectations with regard thereto or any new information or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that we have made or may make in documents we have filed or may file with the SEC.

## IMPORTANT INFORMATION

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Senior Notes has led to the conclusion that: (i) the target market for the Senior Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Senior Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Senior Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Senior Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**PRIIPs Regulation / Prohibition of sales to EEA retail investors** – The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Senior Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling

the Senior Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any Senior Notes under, the offers to the public contemplated in this prospectus supplement, or to whom the Senior Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Underwriter and the Issuer that it and any person on whose behalf it acquires Senior Notes is not a “retail investor” as defined above.

**European Economic Area** – This prospectus supplement has been prepared on the basis that any offer of the Senior Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Senior Notes. The expression Prospectus Directive means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State of the EEA concerned.

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## SUMMARY

*The following is a summary of this prospectus supplement and should be read as an introduction to, and in conjunction with, the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference herein and therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, as a whole. Words and expressions defined in “Description of the Senior Notes” below shall have the same meanings in this summary.*

### General

<b>Issuer</b>	The Royal Bank of Scotland Group plc.
<b>Senior Notes</b>	\$ _____ aggregate principal amount of _____ % Fixed Rate/Floating Rate Notes due 2025 (the “Senior Notes”).
<b>Issue Date</b>	_____, 2019.
<b>Maturity</b>	We will repay the Senior Notes at 100% of their principal amount together with any accrued and unpaid interest on _____, 2025. From (and including) the Issue Date to (but excluding) _____, 2024 (such period, the “Fixed Rate Period”), interest on the Senior Notes will be payable at a rate of _____ % per annum.
<b>Interest Rate</b>	From (and including) _____, 2024 to (but excluding) maturity (such period, the “Floating Rate Period”), the interest rate on the Senior Notes will be equal to the three-month U.S. dollar London interbank offered rate (“LIBOR”), as determined by the Calculation Agent on the applicable Interest Determination Date (as defined below), plus _____ % per annum, accruing from _____, 2024, to (but excluding) maturity. During the Floating Rate Period, the interest rate applicable to the Senior Notes will be reset quarterly on each Interest Reset Date (as defined below). See “ <i>Calculation of U.S. Dollar Libor</i> ” below.
<b>Interest Payment Dates</b>	During the Fixed Rate Period, interest on the Senior Notes will be payable semi-annually in arrear on _____ and _____ of each year, beginning on _____, 2019 (each, a “Fixed Rate Period Interest Payment Date”), to (and including) _____, 2024.

During the Floating Rate Period, interest on the Senior Notes will be payable quarterly in arrear on \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, beginning on \_\_\_\_\_, 2024, to (and including) maturity (each, a “Floating Rate Period Interest Payment Date” and, together with each Fixed Rate Period Interest Payment Date, each an “Interest Payment Date”).

**Interest Reset Dates** In relation to the Senior Notes, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, beginning on \_\_\_\_\_, 2024 (each, an “Interest Reset Date”).

**Floating Rate Interest Periods** During the Floating Rate Period, the period beginning on (and including) a Floating Rate Period Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Period Interest Payment Date *provided* that the first floating rate interest period will begin on \_\_\_\_\_, 2024 and will end on (but exclude) the first Floating Rate Period Interest Payment Date. The second London banking day preceding each applicable Interest Reset Date (the “Interest Determination Date”).

**Interest Determination Date**

“London banking day” means any day on which dealings in U.S. dollars

are transacted in the London interbank market.

**Regular  
Record  
Dates**

The regular record dates for the Senior Notes will be the 15th calendar day preceding each Interest Payment Date, whether or not a business day.

**Calculation  
of U.S.  
Dollar  
LIBOR**

Subject to the circumstances described under “*Description of the Senior Notes – Interest – LIBOR Discontinuation*”, LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

(1) With respect to any Interest Determination Date, LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months commencing on the related Interest Reset Date that appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on that Interest Determination Date. If no such rate appears, then LIBOR, in respect of that Interest Determination Date, will be determined in accordance with the provisions described in (2) below.

(2) With respect to an Interest Determination Date on which no rate appears on Reuters Page LIBOR01 (as defined below), the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include the Underwriters or their affiliates), as selected and identified by us, to provide its offered quotation (expressed as a percentage per annum) for deposits in U.S. dollars for the period of three months, commencing on the related Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the City of New York, on the Interest Determination Date by three major banks in the City of New York (which may include the Underwriters or their affiliates), as selected and identified by us, for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the related Interest Reset Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, LIBOR on the Interest Determination Date will be the arithmetic mean of such rates. If fewer than two such rates are so provided, LIBOR on the Interest Determination Date will be LIBOR in effect with respect to the immediately preceding Interest Determination Date or, in the case of the initial Interest Determination Date, such rate as may be determined by such alternate method as reasonably selected by the Calculation Agent.

“Reuters Page LIBOR01” means the display that appears on Reuters Page LIBOR01 or any page as may replace such page on such service (or any successor service) for the purpose of displaying LIBOR of major banks for U.S. dollars.

Notwithstanding the provisions described above, if we (in consultation with the Calculation Agent to the extent practicable) determine that a Benchmark Event has occurred or consider that there may be a

Successor Rate (each term as defined below), then LIBOR will be determined in accordance with the provisions set forth under “*Description of the Senior Notes – Interest – LIBOR Discontinuation*”.

**Noteholder’s  
Waiver of  
Right to  
Set-Off**

By acquiring a Senior Note, each holder (and the Trustee acting on behalf of the holders) will be deemed to have waived to the fullest extent permitted by law any right of set-off, counterclaim or combination of accounts with respect to such Senior Note or the Indenture (or between our obligations under or in respect of any Senior Note and any liability owed by a holder) that they (or the Trustee acting on their behalf) might otherwise have against us, whether before or during our winding-up, liquidation or administration. Notwithstanding the above, if any such rights and claims of any such holder (or the Trustee acting on behalf of such holders) against us are discharged by set-off, such holder (or the Trustee acting on behalf of such holders) will immediately pay an amount equal to the amount of such discharge to us or, in the event of a winding-up, liquidation or administration, our liquidator or administrator (or other relevant insolvency official), as the case may be, to be held on trust for senior creditors, and until such time as payment is made will hold a sum equal to such amount on trust for senior creditors, and accordingly such discharge shall be deemed not to have taken place. The Senior Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu* without any preference among themselves, and equally with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

**Ranking**

**Events of  
Default and  
Defaults;  
Limitation of  
Remedies**

*Events of Default*

An “Event of Default” with respect to the Senior Notes shall only result if:

- a court of competent jurisdiction makes an order for our winding up which is not successfully appealed within 30 days; or
  
- an effective shareholders’ resolution is validly adopted for our winding up,

in each case other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency.

There are no other Events of Default under the Senior Notes. If an Event of Default with respect to Senior Notes occurs and is continuing, the Trustee or the holder or holders of at least 25% in aggregate principal amount of the outstanding Senior Notes may declare the principal amount of, and any accrued but unpaid interest on such Senior Notes to be due and payable immediately in accordance with the terms of the Indenture. There are no other circumstances in which holders of Senior Notes or the Trustee may accelerate amounts to be paid in respect of the Senior Notes.

*Defaults*



A “Default” with respect to the Senior Notes shall result if:

- any installment of interest in respect of the Senior Notes is not paid on or before the relevant Interest Payment Date and such failure continues for 14 days; or
- all or any part of the principal amount of the Senior Notes is not paid when it otherwise becomes due and payable, whether upon redemption or otherwise, and such failure continues for 7 days.

If a Default occurs and is continuing, the Trustee may commence a proceeding for our winding up, but the Trustee may not declare the principal amount of any outstanding Senior Notes to be due and payable.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder’s consent, to sue for any payments due but unpaid with respect to the Senior Notes.

The provisions described under “*Description of Debt Securities—Events of Default and Defaults; Limitation of Remedies*” in the accompanying prospectus do not apply to the Senior Notes.

For further details, see “*Description of the Senior Notes—Events of Default and Defaults; Limitation of Remedies*” and “*Risk Factors—The Senior Notes contain very limited Defaults and Events of Default provisions, and the remedies available thereunder are limited*”.

**Agreement  
with Respect  
to the  
Exercise of  
UK Bail-in  
Power**

Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, by its acquisition of Senior Notes, each holder and beneficial owner of the Senior Notes acknowledges, accepts, agrees to be bound by and consents to the exercise of any UK bail-in power by the relevant UK authority which may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into ordinary

shares or other securities or other obligations of RBSG or another person; and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which UK bail-in power may be exercised by means of variation of the terms of the Senior Notes solely to give effect to the exercise by the relevant UK authority of such UK bail-in power. Each holder and beneficial owner of the Senior Notes further acknowledges and agrees that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any UK bail-in power by the relevant UK authority.

For these purposes, a “UK bail-in power” is any write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to RBSG or other members of the Group, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the

context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (whether or not the UK is a Member State of the European Union) and/or within the context of a UK resolution regime under the Banking Act, pursuant to which any obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, modified, transferred and/or converted into shares or other securities or obligations of the obligor or any other person (or suspended for a temporary period) or pursuant to which any right in a contract governing such obligations may be deemed to have been exercised. A reference to the “relevant UK authority” is to any authority with the ability to exercise a UK bail-in power.

**Repayment of Principal and Payment of Interest After Exercise of UK Bail-in Power**

No repayment of the principal amount of the Senior Notes or payment of interest on the Senior Notes shall become due and payable after the exercise of any UK bail-in power by the relevant UK authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by us under the laws and regulations of the United Kingdom and the European Union applicable to us and the Group.

**Loss Absorption Disqualification Event Redemption**

Subject to the provisions described under “*Description of the Senior Notes—Notice of Redemption*” and “*Description of the Senior Notes—Conditions to Redemption and Repurchase*”, we may redeem the Senior Notes at our sole discretion, in whole but not in part, at any time during the Fixed Rate Period and thereafter only on a Floating Rate Period Interest Payment Date, at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption, in the event we determine a Loss Absorption Disqualification Event (as defined in this prospectus supplement) has occurred and is continuing. See “*Description of the Senior Notes Loss—Absorption Disqualification Event Redemption*” and “*Risk Factors—We may redeem the Senior Notes at our option in certain situations, including as a result of certain tax law changes or the occurrence of a Loss Absorption Disqualification Event or on the Optional Redemption Date.*”

**Optional Redemption**

Subject to the provisions described under “*Description of the Senior Notes—Notice of Redemption*” and “*Description of the Senior Notes—Conditions to Redemption and Repurchase*”, we may redeem the Senior Notes at our sole discretion, in whole but not in part, on \_\_\_\_\_, 2024 (the “Optional Redemption Date”), at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption. See “*Risk Factors—We may redeem the Senior Notes at our option in certain situations, including as a result of certain tax law changes or the occurrence of a Loss Absorption Disqualification Event or on the Optional Redemption Date.*”

**Tax Redemption**

Subject to the provisions described under “*Description of the Senior Notes—Notice of Redemption*” and “*Description of the Senior Notes—Conditions to Redemption and Repurchase*”, in the event of

certain tax law changes that require us to pay Additional Amounts (as defined herein) and other limited circumstances as described under “*Description of the Senior Notes—Tax Redemption*” in this prospectus supplement and “*Description of Debt Securities—Redemption*” in the accompanying prospectus, we may redeem the Senior Notes, in whole but not in part, at any time during the Fixed Rate Period and thereafter only on a Floating

Rate Period Interest Payment Date, at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption. See “*Risk Factors—We may redeem the Senior Notes at our option in certain situations, including as a result of certain tax law changes or the occurrence of a Loss Absorption Disqualification Event or on the Optional Redemption Date.*”

Notwithstanding any other provision, we may only redeem the Senior Notes prior to the maturity date or repurchase the Senior Notes (and give notice thereof to the holders of Senior Notes in the case of redemption) if we have obtained the prior consent of the PRA (as defined below), to the extent such consent is at the relevant time and in the relevant circumstances required by the Loss Absorption Regulations or applicable laws or regulations in effect in the United Kingdom, if at all (as defined in “*Description of the Senior Notes*”).

#### **Conditions to Redemption and Repurchase**

“PRA” means the UK Prudential Regulation Authority and/or such other governmental authority in the United Kingdom having primary supervisory authority with respect to our business.

We will issue the Senior Notes in fully registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Senior Notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the Senior Notes through DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books. We will not issue certificated notes except as described in the accompanying prospectus. Settlement of the Senior Notes will occur through DTC in same day funds. For information on DTC’s book-entry system, see “*Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities—Form of Debt Securities; Book-Entry System*” in the accompanying prospectus.

#### **Book-Entry Issuance, Settlement and Clearance**

NatWest Markets Securities Inc., an affiliate of RBSG, is a Financial Industry Regulatory Authority (“FINRA”) member and an Underwriter (as defined herein) in this offering and has a “conflict of interest” within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. NatWest Markets Securities Inc. is not permitted to sell Senior Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

#### **Conflicts of Interest**

#### **CUSIP**

**ISIN**

**Listing and Trading**

We intend to apply to list the Senior Notes on the New York Stock Exchange in accordance with its rules.

**Trustee and Principal  
Paying Agent**

The Bank of New York Mellon, One Canada Square, London E14 5AL, United Kingdom, will act as the trustee and initial principal paying agent for the Senior Notes.

**Calculation Agent**

National Westminster Bank Plc or its successor appointed by us, pursuant to a calculation agent agreement expected to be entered into on \_\_\_\_\_, 2019.

**Timing of Delivery** We currently expect delivery of the Senior Notes to occur on \_\_\_\_\_, 2019, which will be the third business day following the date of pricing of the Senior Notes (such settlement cycle being referred to as “T+3”). Under Rule 15(c)6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days (as such term is used for purposes of Rule 15(c) 6-1 of the U.S. Exchange Act) unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Senior Notes on the date of this prospectus supplement will be required, by virtue of the fact that the Senior Notes initially will settle in T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Senior Notes who wish to make such trades should consult their own advisors.

**Use of Proceeds** We intend to use the net proceeds of the offering to fund our general banking business. See “*Use of Proceeds*”.

**Governing Law** The Indenture and the Senior Notes are governed by, and construed in accordance with, the laws of the State of New York.

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## RISK FACTORS

*Prospective investors should consider carefully the risk factors incorporated by reference into this prospectus supplement and as set out below as well as the other information set out elsewhere in this prospectus supplement (including any other documents incorporated by reference herein including the 2018 Annual Report and any risk factors included therein) and reach their own views prior to making any investment decision with respect to the Senior Notes.*

*Set out below and incorporated by reference herein are certain risk factors that, if they were to materialise, could have a material adverse effect on the business, operations, financial condition or prospects of RBSG and cause RBSG's future results to be materially different from expected results. RBSG has described only those risks that it considers to be material. There may be additional risks that RBSG currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. All of these factors are contingencies which may or may not occur and RBSG is not in a position to express a view on the likelihood of any such contingency occurring. Investors should note that they bear RBSG's solvency risk.*

*Each of the risks highlighted could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Senior Notes. In addition, each of the highlighted risks could adversely affect the trading price of the Senior Notes or the rights of investors under the Senior Notes and, as a result, investors could lose some or all of their investment. You should consult your own financial, tax and legal advisers regarding the risks of an investment in the Senior Notes.*

### Risks relating to RBSG and the Group

For a description of the risks associated with RBSG and the Group, including certain risks associated with investments in RBSG's securities, please refer to the "Risk Factors" section in our 2018 Annual Report, which is incorporated by reference herein.

### Risks relating to the Senior Notes

The Senior Notes contain very limited Defaults and Events of Default provisions, and the remedies available thereunder are limited.

The Senior Notes contain very limited Defaults and Events of Default provisions, and the remedies available thereunder are limited. The sole remedy available to the Trustee against the Issuer in case of a “Default”, being the failure to pay principal or interest on the Senior Notes when it otherwise becomes due and payable (following the expiration of a specified grace period), is that the Trustee may commence a proceeding for our winding up and/or prove in our winding up. The Trustee may not, however, upon the occurrence of a Default, declare the principal amount of any outstanding Senior Notes due and payable. While holders of the Senior Notes will similarly not be able to accelerate a repayment of the principal amount of the Senior Notes upon the occurrence of a Default, such holders shall have the right to sue for any payments that are due but unpaid.

An Event of Default will only occur if an order is made for our winding up which is not successfully appealed within 30 days or upon a valid adoption by our shareholders of an effective resolution for our winding up (in each case other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency). On the occurrence of such an Event of Default, the Trustee and the holders of the Senior Notes have only limited enforcement remedies. If such an Event of Default with respect to the Senior Notes occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Senior Notes may declare the principal amount of, and any accrued but unpaid interest on, the Senior Notes to be due and payable immediately.

Prior to the occurrence of an Event of Default, the Senior Notes are subject to bail-in in the event the U.K. bail-in power is exercised. As a result, during such time as the Trustee is seeking to cause our winding up, your claims in such winding up could be reduced to zero.

As such, the remedies available to holders of Senior Notes are limited, which may make enforcement more difficult. See “*Description of the Senior Notes—Events of Default and Defaults; Limitation of Remedies*” for further details.

***We may redeem the Senior Notes at our option in certain situations, including as a result of certain tax law changes or the occurrence of a Loss Absorption Disqualification Event or on the Optional Redemption Date.***

We may redeem the Senior Notes in whole but not in part on the Optional Redemption Date at 100% of their principal amount together with any accrued but unpaid interest to, but excluding, the date of redemption as described under “*Description of the Senior Notes—Optional Redemption*”. In addition, we may redeem the Senior Notes, in whole but not in part, at their principal amount together with accrued but unpaid interest upon the occurrence of certain tax law changes or a Loss Absorption Disqualification Event, as described in “*Description of the Senior Notes—Tax Redemption*” and “*Description of the Senior Notes—Loss Absorption Disqualification Event Redemption*”.

In the event we were to decide to exercise our option to redeem the Senior Notes in any of the circumstances described above, such redemption may be subject to meeting certain conditions, which may include, among others, having given any required notice to the UK Prudential Regulation Authority and/or such other governmental authority in the United Kingdom having primary supervisory authority with respect to our business (the “PRA”) and the PRA granting permission to such redemption to the extent and in the manner required under the Loss Absorption Regulations (as defined in “*Description of the Senior Notes*”) or applicable laws or regulation in effect in the United Kingdom, and compliance by us with any alternative or additional pre-condition to redemption set out in the Loss Absorption Regulations and/or required by the PRA, regardless of whether such redemption would be favourable to you or us.

In November 2016, the European Commission proposed substantial amendments (the “Commission Proposals”) to, inter alia, the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as the same may be amended or replaced from time to time, the “BRRD”) and the Capital Requirements Directive (2013/36/EU) and Capital Requirements Regulation (575/2013) framework (together, “CRD IV”). Inter-institutional negotiations commenced on the amendments in July 2018, following agreement by the Council of the European Union on its general approach and the European Parliament on its negotiating position. Political agreement on a number of key aspects of the proposed amendments was reached in November 2018 and the Council announced its endorsement of the agreement in December 2018. The final consolidated texts of the European Commission proposals were endorsed by the Committee of Permanent Representatives on 15 February 2019 but are yet to be formally approved by the European Parliament. The amendments implement various changes including global standards for total loss absorbing capacity (“TLAC”) and other changes to the EU prudential framework.

Specifically, the Commission Proposals cover multiple areas, including, inter alia, to enhance the stabilization options in the BRRD with the introduction of a moratorium tool, a revised minimum requirement for own funds and eligible liabilities (“MREL”) framework and the integration of the minimum TLAC standard into EU legislation. It is anticipated that the Commission’s Proposals will be implemented into UK law if the UK leaves the EU.

If such Commission Proposals were to come into effect in their current form, we would be required to obtain the prior permission of the PRA and/or such other governmental authority in the UK having primary supervisory authority with

respect to our business to redeem the Senior Notes which count towards our or the Regulatory Group's minimum requirements for own funds and eligible liabilities. See "*Description of the Senior Notes—Conditions to Redemption and Repurchase*".

In addition, any decision by us as to whether we will exercise our option to redeem the Senior Notes will be taken at our absolute discretion and our decision may be influenced by factors such as, but not limited to, the economic impact of exercising such option to redeem the Senior Notes, any tax consequences, the applicable regulatory capital requirements and the prevailing market conditions. With respect to a Loss Absorption Disqualification Event, as the Loss Absorption Regulations continue to be implemented in the United Kingdom and may be subject to potential future amendments, we are currently unable to predict whether the Senior Notes are likely to be fully or partially excluded from our or the Regulatory Group's minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to us and/or the Regulatory Group.

You will not have the right to request the redemption of the Senior Notes and should not invest in the Senior Notes in the expectations that we would exercise our option to redeem the Senior Notes. You should be aware that you may be required to bear the financial risks of an investment in the Senior Notes until maturity. Our optional

redemption on the Optional Redemption Date or the perception that the Senior Notes may be redeemed in the circumstances noted above, may impact the market value of the Senior Notes. Moreover, if we redeem the Senior Notes in any of the circumstances mentioned above, you may not be able to reinvest the redemption proceeds in securities offering a comparable yield as the Senior Notes.

***Regulatory actions in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Senior Notes and your rights thereunder.***

The BRRD provides an EU-wide framework for the recovery and resolution of credit institutions and investment firms, their subsidiaries and certain holding companies. The BRRD requires all European Economic Area (“EEA”) member states to provide their relevant authorities with a set of tools to intervene sufficiently early and quickly with respect to an institution which is failing or likely to fail so as to ensure the continuity of the institution’s critical financial and economic functions, while minimizing the impact of an institution’s failure on the broader economy and financial system.

In the United Kingdom, the majority of the requirements of the BRRD have been implemented into national law in the Banking Act 2009, as the same has been or may be amended from time to time (whether pursuant to the UK Financial Services (Banking Reform) Act 2013 (the “Banking Reform Act 2013”), secondary legislation or otherwise, the “Banking Act”) and other legislation. The UK implementation of the BRRD included the introduction of the UK bail-in tool as of January 1, 2015. For more information on the UK bail-in tool, see “—*The relevant UK authority may exercise the UK bail-in tool in respect of RBSG and the Senior Notes, which may result in holders of the Senior Notes losing some or all of their investment*” and “—*Under the terms of the Senior Notes, you have agreed to be bound by the exercise of any UK bail-in power by the relevant UK authority*” below.

*The Banking Act confers substantial powers on relevant UK authorities designed to enable them to take a range of actions in relation to UK banks or investment firms and certain of their affiliates in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to RBSG or any entity within the Group could materially adversely affect the value of the Senior Notes.*

Under the Banking Act, substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the Prudential Regulation Authority, the FCA and HM Treasury, as appropriate as part of a special resolution regime (the “SRR”). These powers enable the relevant UK authority to implement resolution measures with respect to a UK bank or investment firm and certain of its affiliates (including, for example, RBSG) (each a “relevant entity”) in circumstances in which the relevant UK authority is satisfied that the resolution conditions are met. Under the applicable regulatory framework and pursuant to guidance issued by the Bank of England, governmental financial support, if any is provided, would only be used as a last resort measure where a serious threat to financial stability cannot be avoided by other measures (such as the stabilization options described below, including the UK bail-in power) and subject to the limitations set out in the Banking Act.

Further, the Banking Act grants broad powers to the relevant UK authority, the application of which, or any suggestion of such application, could materially adversely affect contractual arrangements (including the Senior Notes). These powers include the ability to (i) modify or cancel contractual arrangements to which an entity in resolution is party, in certain circumstances; (ii) suspend or override the enforcement provisions or termination rights that might be invoked by counterparties facing an entity in resolution, as a result of the exercise of the resolution powers; and (iii) disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

The exercise of the stabilization options (described below) or other powers conferred on the relevant UK authority under the Banking Act with respect to us, or any suggestion of any such exercise, could materially adversely affect the value or trading liquidity of the Senior Notes or your rights under the Senior Notes and could lead to holders of the Senior Notes losing some or all of the value of their investment in the Senior Notes.

*The SRR is designed to be triggered prior to our insolvency and holders of the Senior Notes may not be able to anticipate the exercise of any resolution power (including the UK bail-in power) by the relevant UK authorities.*

Several stabilization options are available to the relevant UK authority under the SRR, where a resolution has been triggered, including: (i) private sector transfer of all or part of the business of the relevant entity, which can include either its shares or its property; (ii) transfer of all or part of the business of the relevant entity to a “bridge

bank” established by the Bank of England pending a future sale or share issuance; (iii) an asset separation tool which allows assets and liabilities of the firm to be transferred to and managed by an asset management vehicle; (iv) the UK bail-in tool (as described further below); and (v) temporary public ownership (nationalization). In addition, the relevant UK authority may commence special administration or liquidation procedures applicable to financial institutions.

The stabilization options are intended to be applied prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. Accordingly, in the event the relevant UK authority seeks to exercise the stabilization options in relation to a UK banking group company (such as RBSG), it must: (i) be satisfied that a UK bank or investment firm is failing, or is likely to fail; (ii) determine that it is not reasonably likely that (ignoring the stabilization powers) action will be taken by or in respect of a UK bank or investment firm that will result in condition (i) above ceasing to be met; (iii) consider the exercise of the stabilization powers to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors, being some of the special resolution objectives) and (iv) consider that the special resolution objectives would not be met to the same extent by the winding-up of the UK bank or investment firm.

The use of different stabilization powers is also subject to further “specific conditions” that vary according to the relevant stabilization power being used.

Although the SRR sets out the pre-conditions for determining whether an institution is failing or likely to fail, it is uncertain how the Bank of England would assess such conditions in any particular pre-insolvency scenario affecting RBSG and/or other members of the Group and in deciding whether to exercise a resolution power. In addition, upon the United Kingdom formally terminating its membership of the European Union, the Bank of England may adopt new or different criteria for determining the conditions to the exercise of its resolution powers. Further regulatory developments, including proposals by the Financial Stability Board on cross-border recognition of resolution actions, could also influence the conditions for the exercise of the stabilisation powers. There has been no application of the SRR powers in the UK to a large financial institution, such as RBSG, to date, which could provide an indication of the relevant UK authority’s approach to the exercise of the resolution powers, and even if such examples existed, they may not be indicative of how such powers could be applied to RBSG. Therefore, holders of the Senior Notes may not be able to anticipate a potential exercise of any such powers nor the potential effect that the exercise of such powers could have on RBSG, the Group and the Senior Notes. Uncertainty relating to the exercise of such powers may lead to increased volatility in the trading of the Senior Notes and may affect their market value.

*The relevant UK authority may exercise the UK bail-in tool in respect of RBSG and the Senior Notes, which may result in holders of the Senior Notes losing some or all of their investment.*

The UK bail-in tool was introduced as an additional power available to the Bank of England (as a relevant UK authority), to enable it to recapitalize a failed institution by allocating losses to its shareholders and unsecured

creditors (which would include holders of the Senior Notes) in a manner that (i) reflects the hierarchy of capital instruments and otherwise ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the “no creditor worse off” safeguard). Certain liabilities are excluded from the scope of the UK bail-in tool, such as insured deposits and liabilities that are secured. The Banking Act also grants the power for the relevant UK authority to exclude any liability or class of liabilities on certain prescribed grounds (including financial stability grounds) and subject to specified conditions.

Where the conditions for resolution exist, the Bank of England may use the bail-in tool (in combination with other resolution tools under the Banking Act) to, among other things, cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Senior Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Senior Notes into ordinary shares or other securities or other obligations of RBSG or another person. In addition, the Bank of England may use the UK bail-in tool to, among other things, replace or substitute RBSG as obligor in respect of the Senior Notes, modify the terms of the Senior Notes (including altering the maturity (if any))



and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinue the listing and admission to trading of the Senior Notes.

There remains uncertainty as to how the bail-in powers may be exercised and how they would affect us and the Senior Notes. The determination that all or part of the principal amount of the Senior Notes will be subject to loss absorption is likely to depend on a number of factors which may be outside of our control. Moreover, as the final criteria that the relevant UK authority would consider in exercising any bail-in power provide it with considerable discretion, holders of the Senior Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on us, the RBSG and the Senior Notes. The relevant UK authority is also not required to provide any advance notice to holders of the Notes of their decision to exercise any resolution power.

Due to this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of the UK bail-in power may occur which would result in a principal write off or conversion to equity. The uncertainty may adversely affect the value of an investment in the Senior Notes. Additionally, to the extent the UK bail-in power is exercised to convert the Senior Notes into securities, any securities you receive upon conversion of your Senior Notes (whether debt or equity) likely may not be listed for at least an extended period of time, if at all, or may be on the verge of being delisted by the relevant exchange, including, for example, our American depositary receipts listed on the New York Stock Exchange or our ordinary shares listed on the London Stock Exchange or otherwise. Moreover, the exercise of the UK bail-in power and/or other actions implementing the UK bail-in power may require interests in the Senior Notes to be held or taken, as the case may be, through clearing systems, intermediaries or persons other than DTC. Furthermore, the trustee may be unwilling to continue serving in its capacity as trustee for the Senior Notes, subject to the terms of the Indenture. As a result, there may not be an active market for any securities you may hold after the exercise of the UK bail-in power.

As a potential investor in the Senior Notes, you should consider the risk that you may lose all of your investment, including the principal amount plus any accrued but unpaid interest if the UK bail-in power is acted upon or that such Senior Notes may be converted into ordinary shares or other instruments of us or a Group entity which may be of little value at the time of conversion and thereafter. In addition, trading behaviour, including prices and volatility, may be affected by the threat of bail-in and as a result the Senior Notes may not follow the trading behaviour associated with other types of securities.

Although the above represents the risks associated with the UK bail-in power currently in force in the UK and applicable to our securities (including the Senior Notes), changes to the scope of, or conditions for the exercise of the UK bail-in power may be introduced as a result of further developments, including those resulting from the process of the UK leaving the EU. In addition, further political, legal or strategic developments may lead to structural changes to the Group, including at the holding company level. Notwithstanding any such changes, we expect that our securities (including the Senior Notes) would remain subject to the exercise of a form of bail-in power, either pursuant to the provisions of the Banking Act, the BRRD or otherwise.

*Under the terms of the Senior Notes, you have agreed to be bound by the exercise of any UK bail-in power by the relevant UK authority.*

Pursuant to Article 55 of the BRRD and the relevant rules adopted in the UK to transpose such requirements, subject to limited exceptions, unsecured liabilities of a financial institution governed by the laws of a country outside of the EEA (which include the Senior Notes, the terms of which are governed by New York Law) must contain a contractual acknowledgment whereby the holders recognise that such liability may be subject to the UK bail-in power and agree to be bound by the exercise of those powers by the relevant UK authority.

As a result, and notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the Senior Notes, by its acquisition of Senior Notes, each holder and beneficial owner of the Senior Notes acknowledges, accepts, agrees to be bound by and consents to the exercise of any UK bail-in power by the relevant UK authority which may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Senior Notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Senior Notes into ordinary shares or other securities or other obligations of RBSG or another person; and/or (iii) the amendment or alteration of the maturity of the Senior Notes, or amendment of the amount of interest due on the Senior Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which UK bail-in power may be exercised by means of variation of the terms of the Senior

Notes solely to give effect to the exercise by the relevant UK authority of such UK bail-in power. Each holder and beneficial owner of the Senior Notes further acknowledges and agrees that the rights of the holders and/or beneficial owners under the Senior Notes are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any UK bail-in power by the relevant UK authority.

For these purposes, a “UK bail-in power” is any write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to RBSG or other members of the Group, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (whether or not the UK is a Member State of the European Union) and/or within the context of a UK resolution regime under the Banking Act, pursuant to which any obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, modified, transferred and/or converted into shares or other securities or obligations of the obligor or any other person (or suspended for a temporary period) or pursuant to which any right in a contract governing such obligations may be deemed to have been exercised. A reference to the “relevant UK authority” is to any authority with the ability to exercise a UK bail-in power.

Any UK bail-in power may be exercised in such a manner as to result in you and other holders of Senior Notes losing the value of all or a part of your investment in the Senior Notes or receiving a different security from the Senior Notes, which may be worth significantly less than the Senior Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant UK authority may exercise its authority to implement the UK bail-in power without providing any advance notice to the holders of the Senior Notes.

Neither a reduction or cancellation, in part or in full, of the principal amount of or any interest on the Senior Notes, the conversion thereof into another security or obligation of RBSG or another person, as a result of the exercise of the UK bail-in power by the relevant UK authority with respect of the Senior Notes will of itself constitute a default or event of default under the terms of the Senior Notes or the Indenture.

For more information, see “*Description of the Senior Notes—Agreement with Respect to the Exercise of UK Bail-in Power*”.

*Holders’ rights may be limited in respect of the exercise of the UK bail-in power by the relevant UK authority.*

There may be limited protections, if any, that will be available to holders of securities subject to the UK bail-in power (including the Senior Notes) and to the broader resolution powers of the relevant UK authority. Although we expect,

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according to the principles of the Banking Act, that the relevant UK authority would respect credito