



## Letter to shareholders

Report and Accounts for the year ended 31 December 2014  
and the 2015 Annual General Meeting

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser (who, in the United Kingdom, should be authorised under the Financial Services and Markets Act 2000).

If you have sold or transferred all your shares in The Royal Bank of Scotland Group plc please pass this document and the accompanying proxy form to the stockbroker, bank or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

The attention of shareholders is drawn to the Notice of Meeting of the Company which appears in Section 1 of this letter. The Annual General Meeting will be held on Tuesday, 23 June 2015 at 2.00 p.m. in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ.

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21 May 2015

Dear Shareholder

### **Annual General Meeting**

I have pleasure in inviting you to attend our Annual General Meeting which will be held in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ on Tuesday, 23 June 2015 at 2.00 p.m.

I enclose a copy of our 2014 Strategic Report, or our full Report and Accounts for the year ended 31 December 2014. Copies of these documents are also available on our website at [www.rbs.com](http://www.rbs.com). Information on viewing the AGM via a live webcast can be found on page 19 of this document.

The Notice of Meeting and supporting information accompany and form part of this letter. A location map is provided at the end of this document.

Under recent changes to the Listing Rules of the Financial Conduct Authority applicable to a company with a controlling shareholder, the election or re-election by the shareholders of an independent director must be approved by an ordinary resolution and also be separately approved by the shareholders who are not controlling shareholders. Therefore, for Resolutions 6 to 13, additional approval by the independent shareholders will be required, which in each case will be calculated and confirmed immediately after the corresponding Resolution.

### **Related Party/Class 1 Transaction—Resale and Registration Rights Agreements**

In addition to the other AGM business, the Company also seeks your views on a “related party transaction” and a “Class 1 transaction” in respect of two agreements entered into with HM Treasury in 2009 in connection with HM Treasury’s financial support for the Company in 2008 and 2009, which should have received shareholder approval at that time.

Pursuant to the agreements (the Resale Rights Agreement and the Registration Rights Agreement), the Company agreed to provide such assistance to HM Treasury as might be necessary to achieve a future sale of HM Treasury’s shareholding in the Company. In particular, the Company may be required to prepare and publish one or more prospectuses or other disclosure, listing or marketing documents for which it and the directors will have statutory responsibility and unlimited liability (as would be the case in relation to a prospectus issued by the Company in respect of an issue of new shares). If any such documents were to contain any untrue or inaccurate statement or omit any material information, the Company could be exposed to such statutory responsibility and unlimited liability which could have an adverse effect (financial and/or reputational) on the Company. The Company may also be required to bear certain offering expenses and to provide contractual protections to HM Treasury, any underwriting or bookrunning banks and/or other advisers (and any of their respective affiliates), including in the form of representations, warranties, covenants and indemnities. Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of certain acts or omissions by the Company in connection with any HMT Sale.

The provision of such assistance by the Company constitutes a “related party transaction” and, due to the unlimited nature of the Company’s liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a “Class 1 transaction”, and required shareholder approval at the time the two agreements were entered into in 2009, which was not obtained.

Accordingly, Resolution 24 provides shareholders with the opportunity to consider and express a view on the Resale Rights Agreement and the Registration Rights Agreement although they were entered into in 2009. Resolution 24 therefore proposes that the performance by the Company of those agreements be approved on the terms outlined above and in this document.

Whilst the implementation and timing of any sell-down by HM Treasury will be determined at the sole discretion of HM Treasury, the Board is of the view that it is important and in the best interests of the Company to be able to provide such assistance when required. Accordingly, the Board considers it appropriate to seek shareholder approval for the Resale Rights Agreement and the Registration Rights Agreement at the 2015 AGM. However, even if shareholder approval is not obtained, the Company could still be required by HM Treasury to perform the agreements, which could have a financial impact on the Company.

Your attention is therefore drawn to the further information set out on pages 21 to 29 of this document and the important notes set out on pages 16 to 19 of this document. In particular, please note the section headed “Summary of the Related Party and Class 1 Transaction” on page 21 of this document.

As a related party, HM Treasury is not permitted to vote on Resolution 24.

### **Recommendation**

The Board considers that all of the Resolutions in the Notice of Meeting and the HMT Sale Assistance are in the best interests of the Company and its shareholders as a whole and we unanimously recommend that you vote in favour of them. Your directors intend to vote in favour of all of the Resolutions in respect of their own beneficial holdings.

In addition, as required by the Listing Rules in relation to a related party transaction, the Board, which has been so advised by UBS Limited in its capacity as the Company’s sponsor, considers that the HMT Sale Assistance is fair and reasonable so far as the shareholders of the Company are concerned. In providing its advice to the Board, UBS Limited has taken into account the Board’s commercial assessment of the HMT Sale Assistance.

Yours sincerely



**Philip Hampton**  
Chairman

## Section 1

### Notice of Meeting

**Notice is hereby given that the forty-seventh Annual General Meeting of the members of The Royal Bank of Scotland Group plc will be held in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ on Tuesday, 23 June 2015, at 2.00 p.m. to consider, and if thought fit, pass the Resolutions below:**

The Resolutions numbered 1 to 16, and 18, 20, 22 and 24 are proposed as ordinary resolutions and must receive more than 50% of the votes cast in order to be passed. The Resolutions numbered 17, 19, 21 and 23 are proposed as special resolutions, and must receive at least 75% of the votes cast in order to be passed.

### **Report and Accounts for the year ended 31 December 2014**

- 1. That the reports of the Directors and auditors and the audited accounts for the financial year ended 31 December 2014 be received.**

The Directors are required to present the Report and Accounts for the year ended 31 December 2014 at the Annual General Meeting.

### **Directors' Remuneration Report**

- 2. That the Annual Report on Remuneration in the Directors' Remuneration Report, as set out on pages 73 to 75 and 81 to 89 of the Report and Accounts for the year ended 31 December 2014, be approved.**

The Annual Report on Remuneration details pay arrangements for Directors over the last financial year and is subject to a shareholder vote on an advisory basis.

The Directors' Remuneration Policy was approved at the Annual General Meeting in 2014 and will not be subject to a shareholder vote at this meeting as no changes are being proposed. A summary of the Directors' Remuneration Policy can be found on pages 76 to 80 of the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein.

### **Re-election of Directors**

- 3, 4 and 5 (Chairman, Chief Executive and Chief Financial Officer)**

**To re-elect by separate resolutions: (a) Philip Hampton as a Director (b) Ross McEwan as a Director and (c) Ewen Stevenson as a Director.**

- 6 to 13 (Non-executive directors)**

**To elect or re-elect by separate resolutions: (a) Sandy Crombie as a Director, (b) Alison Davis as a Director, (c) Howard Davies as a Director, (d) Morten Friis as a Director, (e) Robert Gillespie as a Director, (f) Penny Hughes as a Director, (g) Brendan Nelson as a Director and (h) Baroness Noakes as a Director and in each case on the condition that, unless that election or re-election is either approved at this Annual General Meeting by those persons entitled to vote on the Resolution for election or re-election that are not controlling shareholders (as defined in rule LR 6.1.2AR of the Listing Rules of the Financial Conduct Authority) or approved by a further ordinary resolution within 120 days of this Annual General Meeting, that election or re-election shall be for a fixed term of either 120 days or, if shorter, the period ending when a further ordinary resolution for the election or re-election of that director is lost.**

Under the Company's articles of association, any Director appointed since the last Annual General Meeting and any Directors with more than three years' service since their last re-election must seek election or re-election. However, in accordance with the recommendations set out in the UK Corporate Governance Code (the "CG Code"), all of the Company's Directors will retire and submit themselves for election or re-election on an annual basis.

All of the non-executive Directors offering themselves for election or re-election are highly experienced and have a broad knowledge of the international financial services industry. In view of their career experience and connections with other organisations, the Board considers that they each bring valuable skills to the Board and provide an objective perspective.

The CG Code requires that, when non-executive directors are proposed for election or re-election, confirmation is given that, following formal evaluation, their performance continues to be effective and demonstrates commitment to the role of non-executive director. The performance of the non-executive Directors, with the exception of Howard Davies who will join the Board on 23 June 2015, has been formally evaluated by the Chairman and each is considered to be effective and to demonstrate commitment to the role.

Under recent changes to the Listing Rules of the Financial Conduct Authority, the election or re-election by the shareholders of an independent director must be approved by an ordinary resolution and separately approved by the shareholders who are not controlling shareholders (as defined in rule LR 6.1.2AR of the Listing Rules). If the ordinary resolution to approve the election or re-election of an existing independent director is passed, but the separate approval is not given, the Listing Rules permit an existing director to remain in office pending a further ordinary resolution to approve the election or re-election of that director. That resolution may only be voted on within 120 days of the vote on the initial resolution. Therefore Resolutions 6 to 13 each provide that if the separate approval is not given, the appointments will continue for only 120 days from the Annual General Meeting unless a further ordinary resolution for election or re-election is passed. If a further ordinary resolution to approve the election or re-election of that director is lost, the relevant appointment will cease upon that resolution being lost.

The separate approval of the shareholders who are not controlling shareholders ("independent shareholders") requires to receive more than 50% of the votes cast in order to be given. The voting will be calculated immediately after the vote on the corresponding resolution. Since the votes of independent shareholders can be identified and calculated, the dual approval requirement in the Listing Rules does not necessitate two resolutions in relation to each director, and a single vote will be sufficient.

For Resolutions 6 to 13 the results of the votes will be announced at the Annual General Meeting and released to the Regulatory News Service to disclose the level of support received for each independent Director from shareholders and independent shareholders.

The Listing Rules further require the Company to detail any existing or previous relationships, transactions or arrangements an independent director has or has had with the controlling shareholder or to confirm that there has been no such relationship, transaction or arrangement.

As at the date of this Notice of Meeting, the Solicitor for the affairs of Her Majesty's Treasury as Nominee for Her Majesty's Treasury is the only controlling shareholder of the Company for these purposes. All other shareholders are independent shareholders.

Whilst not considered a relationship or an arrangement with the controlling shareholder, as noted in the Report and Accounts for the year ended 31 December 2014, Baroness Noakes was between 2003 and May 2010 a shadow Treasury minister and served on the Conservative front bench in a number of roles. She has never been a Government Minister. Baroness Noakes is also a member of the House of Lords; the House of Lords is part of the UK Parliament and is not part of the government. Other than the above, the Company has nothing to disclose in relation to these further Listing Rule requirements.

The effectiveness of all independent Directors was considered as part of the Board evaluation process and the Board is able to confirm that all of the independent Directors standing for election or re-election are effective.

Independence of all Directors is continually monitored and the procedure in place for authorising actual or potential conflicts of interest is set out in page 51 of the Governance Report in the Report and Accounts for the year ended 31 December 2014. All of the independent Directors meet the CG Code requirements to be treated as independent. Howard Davies will be considered independent upon appointment.

The Group Nomination Committee takes independence into account when recommending new directors to the Board and the operation of the Nominations Committee is set out in more detail in page 55 of the Report and Accounts for the year ended 31 December 2014.

Biographical details of all the Directors are contained in the Report and Accounts for the year ended 31 December 2014 and in the Strategic Report with the exception of Howard Davies who will be appointed to the Board on 23 June 2015 and as Chairman on 1 September 2015 whose details are given below:

Howard Davies

Howard Davies has held the roles of Chairman of the Financial Services Authority, Deputy Governor of the Bank of England, Director General of the Confederation of British Industry and CEO of the Audit Commission. Howard is currently Chairman of Phoenix Group, a non-executive Director of Prudential plc and a non-executive Director of Morgan Stanley. He will step down from Phoenix Group and Morgan Stanley.

He will complete his work as Chairman of the UK Airports Commission before assuming the role of RBS Chairman. He will retain his position at Prudential and as Professor of Practice at Institut d'Études Politiques (Sciences Po), Paris.

#### **Re-appointment of Auditors and Auditors' Remuneration**

- 14. That Deloitte LLP be re-appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.**
- 15. That the Group Audit Committee be authorised to fix the remuneration of the auditors.**

You will be asked to vote on the re-appointment of Deloitte LLP as the Company's auditors until the next Annual General Meeting, and to authorise the Group Audit Committee to fix the auditors' remuneration. The Company's audit committee has recommended to the Board that Deloitte LLP be re-appointed. Details of the auditors' remuneration can be found in Note 5 of the Notes on the Accounts in the Report and Accounts for the year ended 31 December 2014.

Following a tender process, Ernst & Young LLP will be appointed as the Company's auditors for the financial year ending 31 December 2016, replacing Deloitte LLP. More details can be found in the Group Audit Committee report contained in the Report and Accounts for the year ended 31 December 2014.

#### **Renewal of General Allotment Authority**

- 16. That the directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:**
  - (i) up to an aggregate nominal amount of £2,145,428,903; and**
  - (ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £4,290,857,806 (such amount to be reduced by any shares allotted or rights**

**granted under sub-paragraph (i) above) in connection with an offer by way of a rights issue (that is, an offer to subscribe for further securities by means of the issue of a renounceable letter or other negotiable document which may be traded for a period before payment for the securities is due):**

- (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and**
- (b) to holders of other equity securities if this is required by the rights of those equity securities or, if the Directors consider it necessary, as permitted by the rights of those equity securities;**

**and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, securities represented by depositary receipts, legal, regulatory or practical problems in, or under the laws of any territory or the requirements of any relevant regulatory body or stock exchange or any other matter.**

**This authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2016, save that the Company may before such expiry (A) pursuant to the authority conferred by sub-paragraph (i), make any offer or agreement which would or might require shares to be allotted, or rights to subscribe for, or convert securities into, shares to be granted, after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if the authority so conferred had not expired, and (B) pursuant to the authority conferred by sub-paragraph (ii), make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority so conferred had not expired.**

**This authority is in addition and without prejudice to any other subsisting unutilised authorities conferred upon the Directors under section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006.**

This Resolution will, if approved, renew the Directors' authority to allot shares or grant rights to subscribe for, or convert any security into, shares. The authority will replace the authority given to the Directors at the Annual General Meeting in 2014.

Sub-paragraph (i) of the Resolution, if passed, will give the Directors authority to allot shares, or grant rights to subscribe for, or convert any security into, shares, up to an aggregate nominal value of £2,145,428,903 representing one-third of the Company's issued Ordinary Share capital on 19 May 2015 (the latest practicable date before the printing of the Notice of Meeting).

In accordance with the institutional guidelines issued by the Investment Association (the "IA"), sub-paragraph (ii) of the Resolution, if passed, will give the Directors authority to allot, including the shares referred to in sub-paragraph (i) of the Resolution, shares in the Company in connection with a pre-emptive offer by way of a rights issue to shareholders up to a maximum nominal amount of £4,290,857,806, representing two-thirds of the Company's issued Ordinary Share capital on 19 May 2015 (the latest practicable date before the printing of the Notice of Meeting). As at that date, the Company did not hold any treasury shares.

The Company has passed resolutions renewing the Directors' allotment authority at the Annual General Meeting for a number of years. As part of capital planning related to macro-prudential discussions with the Prudential Regulation Authority, the Directors may consider and approve new issuance in an amount not to exceed £300 million sold on a phased basis over the balance of 2015 to neutralise in part the capital impacts of discretionary coupon payments. Other than the above the Directors have no present intention to exercise the authority.

It is considered prudent to maintain the maximum flexibility permitted by institutional guidelines. If they do exercise the authority in sub-paragraph (ii) of the Resolution the Directors intend to follow emerging best practice as regards its use as recommended by the Investment Association. The authority would remain in force until the end of the Annual General Meeting in 2016 or the close of business on 30 June 2016, whichever is the earlier.



**Renewal of Authority to Allot Equity Securities for Cash or to sell Treasury Shares other than on a pro rata basis to Shareholders**

**17. That subject to the passing of Resolution 16:**

- (A) the Directors be and are hereby generally and unconditionally empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by Resolution 16 or by way of a sale of treasury shares, as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:**
- (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 16(ii), by way of a rights issue as described in that Resolution only) to or in favour of (a) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings, and (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates, securities represented by depositary receipts, legal, regulatory or practical problems arising in, or under the laws of, any territory or the requirements of any relevant regulatory body or any stock exchange or any other matter; and**
  - (ii) the allotment (otherwise than pursuant to sub-paragraph (i)), of equity securities pursuant to the authority granted under Resolution 16(i), and/or by virtue of section 560(3) of the Companies Act 2006, up to a maximum nominal amount of £321,814,335.**

**This power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2016, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired. Compliance with the limit in sub-paragraph (ii) shall be calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares (as defined in section 560 of the Companies Act 2006), by reference to the aggregate nominal amount of such shares which may be allotted pursuant to such rights.**

**This power is in addition and without prejudice to any other subsisting unexercised powers conferred upon the Directors under section 95 of the Companies Act 1985 or section 570 of the Companies Act 2006; and**

- (B) the powers conferred on the Directors by sub-paragraphs (1) and (2) of article 11(B) of the Company's articles of association be renewed for the period ending at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2016.**

This Resolution (which will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting) will, if approved, renew the Directors' authority to allot equity securities for cash, free from the pre-emption restrictions set out in the Companies Act 2006. This authority is limited to allotments of equity securities up to an aggregate nominal value of £321,814,335 (representing 5% of the issued Ordinary Share capital of the Company), and to allotments in connection with a rights issue. The authority will also include any sale by the Company of shares held as treasury shares. Paragraph (B) of the Resolution, if passed, will renew the authority in the Company's articles of association to disapply any statutory pre-emption rights which holders of B Shares or the Dividend Access Share in the Company would otherwise have.

If approved, the authority will expire at the end of the Annual General Meeting in 2016 or the close of business on 30 June 2016 if earlier. The Directors intend to observe the institutional guidelines in respect of allotments of shares for cash. These presently require that no more than 7½% of the issued Ordinary Share capital should be allotted for cash on a non pre-emptive basis in any rolling three-year period.

#### **Renewal of Equity Convertible Notes authority**

18. That, the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £1.5 billion in relation to one or more issues of Equity Convertible Notes, where the Directors consider that such an issuance of Equity Convertible Notes would be desirable, including in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory requirements or targets applicable to the Group from time to time.

This authority shall expire at the end of the Annual General Meeting of the Company to be held in 2016 (or, at the close of business on 30 June 2016 whichever is the earlier), save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares in the Company to be allotted, or rights to subscribe for or to convert any security into Ordinary Shares in the Company to be granted, after such expiry and the directors may allot Ordinary Shares in the Company or grant any such rights in pursuance of any such offer or agreement as if the authority so conferred had not expired.

This authority is in addition and without prejudice to any other subsisting unutilised authorities conferred upon the Directors under section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006, including the authority granted pursuant to Resolution 16 (if passed).

In response to regulatory requirements and developments and to allow the Group to manage its capital in the optimal way, the Board has determined that the Group might wish to issue loss-absorbing capital instruments in the form of Equity Convertible Notes ("ECNs") when markets are favourable. The ECNs would convert into newly issued Ordinary Shares in the Company upon the occurrence of certain events (for example, the Group's capital ratios falling below a specified level), diluting existing holdings of Ordinary Shares. Shareholder approval was therefore sought and obtained at a General Meeting on 25 June 2014 to provide the flexibility to issue ECNs if required. Whilst no ECNs have been issued as at the date of this letter, RBS plans to issue approximately £2 billion of ECNs in 2015. Accordingly, the Board remains of the view that the Group should maintain the flexibility to issue ECNs when markets are favourable and has determined that the requisite shareholder authorities should be renewed. Accordingly, two resolutions will be proposed at the Annual General Meeting in connection with ECNs: one (Resolution 18) an ordinary resolution giving the Directors authority to allot Ordinary Shares or grant rights to subscribe for or to convert any security into Ordinary Shares up to an aggregate nominal amount of £1.5 billion (which is equivalent to approximately 13.00% of the issued Ordinary Share capital of the Company (assuming full conversion of the B Shares), or 23.31% of the issued Ordinary Share capital of the Company (excluding conversion of any B Shares) as at 19 May 2015, being the last practicable date before the printing of the Notice of Meeting) and the other (Resolution 19) a special resolution empowering the Directors to allot equity securities on a non-pre-emptive basis, wholly for cash, up to an aggregate nominal amount of £1.5 billion (which is equivalent to approximately 13.00% of the issued Ordinary Share capital of the Company (assuming full conversion of the B Shares), or 23.31% of the issued Ordinary Share capital of the Company (excluding conversion of any B Shares) as at 19 May 2015, being the last practicable date before the printing of the Notice of Meeting), in each case in connection with the issue of ECNs.

#### **Renewal of pre-emption rights disapplication in relation to Equity Convertible Notes**

19. That, subject to the passing of Resolution 18 and in addition and without prejudice to any subsisting power (including the power granted pursuant to Resolution 17 (if passed)), the Directors be and are hereby generally and unconditionally empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) wholly for cash, pursuant to the authority conferred by Resolution 18 up to an aggregate nominal amount of £1.5 billion in connection

with the issue of Equity Convertible Notes as if section 561 of the Companies Act 2006 did not apply to any such allotment.

This power shall expire at the end of the Annual General Meeting of the Company to be held in 2016 (or, at the close of business on 30 June 2016 whichever is the earlier), save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

#### Renewal of Preference Shares authority

20. That in addition to and without prejudice to the authority conferred on the Directors pursuant to Resolution 16 above, the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot preference shares up to an aggregate nominal amount of £400,000, US\$400,000 and €400,000, such authority to apply in substitution for all previous authorities in respect of preference shares and (unless previously renewed, varied or revoked by the Company in General Meeting) to expire on the fifth anniversary of the passing of this Resolution except that the Company may before the expiry of such period make an offer or agreement which would or might require preference shares to be allotted after the expiry of such period and the directors may allot preference shares in pursuance of any such offer or agreement as if the authority had not expired.

The effect of Resolution 20 is to renew the Directors' existing general authority to allot sterling, dollar and euro preference shares up to the maximum aggregate nominal amounts of £400,000, US\$400,000 and €400,000. This authority would remain in force for a period of five years. The Directors have no current plans to make use of this authority but they wish to ensure the Company has maximum flexibility in managing our regulatory capital resources.

#### Notice Period for General Meetings

21. That a General Meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

The Companies Act 2006 extended the notice period for general meetings of a listed company to 21 days. The Companies Act 2006 does, however, allow companies to retain a 14 day notice period provided that certain conditions are met, including the passing of an appropriate resolution at an Annual General Meeting. The Resolution, which will be proposed as a special resolution, will enable the Company to retain the flexibility of holding general meetings (other than an Annual General Meeting) on 14 days' notice.

It is intended that the shorter notice period will only be used where it is, in the opinion of the Directors, merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's Annual General Meeting in 2016, when it is intended that a similar resolution will be proposed.

#### Political Donations

22. That, in accordance with section 366 of the Companies Act 2006 (the "2006 Act") the Company and any company which, at any time during the period for which this Resolution has effect, is a subsidiary of the Company, be and are hereby authorised during the period commencing on the date of this Resolution and ending on the date of the Annual General Meeting of the Company to be held in 2016 or on 30 June 2016, whichever is the earlier to: (a) make political donations to political parties and/or independent election candidates, (b) make political donations to political organisations other than political parties, and (c) incur political expenditure, provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000 and the amount authorised under each of (a), (b) and (c) above shall also be limited to such amount. Such maximum amounts may consist of sums in any currency converted into sterling at

**such rate as the Directors may in their absolute discretion determine. For the purposes of this Resolution, the terms ‘political donations’, ‘political parties’, ‘political organisations’, ‘independent election candidates’ and ‘political expenditure’ shall have the meanings given to them in sections 363 to 365 of the 2006 Act.**

The Companies Act 2006 requires companies to seek prior shareholder approval for any political donations or political expenditure in respect of an EU political party or other EU political organisation or an independent election candidate in the EU. Neither the Company nor any of its subsidiaries has any intention of making any EU political donation or incurring any EU political expenditure. However the definitions of political donations and political expenditure used in the Companies Act 2006 are very widely drafted, and we have been advised that the definitions could include activities such as allowing staff paid leave to act as local councillors or to stand for election in local government, national or European parliament elections. In keeping with most companies, our employment policies do allow paid leave in these circumstances. Contributions to “think tanks” or bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it may also be deemed to be political donations or expenditure as defined by the Companies Act 2006.

The penalties for breach of the legislation are severe, even if the breach is inadvertent. At the Annual General Meeting in 2014 shareholders approved a resolution to protect the Company and its officers by approving political donations and expenditure of up to £100,000 per annum in aggregate across the Group. We now seek to renew this authority up to an aggregate of £100,000 which will not be used for any purpose other than a continuation of our normal business and employment practices. The approval will, if granted, expire at the Annual General Meeting of the Company in 2016.

#### **Authority to purchase own shares**

- 23. That, the Company is generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of ordinary shares of £1.00 each in the capital of the Company, provided that:**
- (a) subject to the proviso below, the maximum number of ordinary shares to be purchased is 643,628,671 (representing 10% of the issued Ordinary Share capital);**
  - (b) the minimum price which may be paid for an ordinary share is £1.00 per share which amount shall be exclusive of expenses;**
  - (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is, in respect of an ordinary share contracted to be purchased on any day, the higher of (i) an amount equal to 105% of the average of the midmarket quotations for an ordinary share of the Company as derived from The Daily Official List of The London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (Commission Regulation (EC) of 22 December 2003 (Number 2273/2003));**
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution, or 30 June 2016 (whichever is the earlier) unless such authority is renewed prior to such time;**
  - (e) the Company may conclude a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after such expiry, and may make a purchase of ordinary shares in pursuance of any such contract as if the authority hereby conferred had not expired.**

This Resolution (which will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting) will, if approved, grant the Company authority to purchase its own ordinary shares on a recognised investment exchange. The authority will be restricted to 643,628,671 ordinary shares, which

represent 10% of the issued Ordinary Share capital. The Resolution also specifies the minimum and maximum prices at which the shares may be purchased.

The authority will expire at the next Annual General Meeting of the Company or 30 June 2016 (whichever is the earlier).

The Directors consider it may, in certain circumstances, be in the best interests of shareholders generally for the Company to purchase its own shares. The Directors will only make purchases where, in the light of market conditions prevailing at the time, they consider that such purchases will be in the best interests of shareholders generally.

The Company has previously stated its intention to return to shareholders capital in excess of a Common Equity Tier 1 ("CET1") ratio of 13%, subject to regulatory approval at the time. The authority for the Company to purchase ordinary shares is an important enabler in that process, although the Company's CET1 capital ratio remains at present below the level at which a repurchase could be contemplated. The Company's ability to repurchase ordinary shares is, in addition, restricted in certain respects so long as the B Shares and Dividend Access Share, owned by the UK Government, remain outstanding.

The total number of options and conditional share awards that may be satisfied by the issue of Ordinary Shares as at 19 May 2015, the latest practicable date prior to publication of the Notice of Meeting, are in respect of 200,978,587 ordinary shares, which represents 3.12% of the current issued Ordinary Share capital and would represent 3.47% if the full authority to purchase own shares were to be used.

The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred in this Resolution as treasury shares. This may give the Company the ability to re-issue treasury shares quickly and cost effectively and may provide the Company with additional flexibility in the management of its capital base, including the allotment of shares in relation to employee share schemes. No dividends will be paid on shares while held in Treasury, and no voting rights will attach to them.

#### **Related Party and Class 1 Transaction**

- 24. That in connection with each and every HMT Sale (as defined in this document to shareholders dated 21 May 2015 (the "Circular")), the performance by the Company of the Resale Rights Agreement and the Registration Rights Agreement (each as defined in the Circular) be and is hereby approved and in particular:**
- (a) the preparation and publication of any prospectus or other disclosure, listing or marketing documents or any supplement thereto by the Company (including the acceptance of statutory responsibility for any prospectus or other disclosure, listing or marketing document) be and is hereby approved;**
  - (b) any indemnity provided by the Company in favour of HM Treasury, any HM Treasury affiliate or representative, any underwriting or bookrunning banks and other advisers (or any of their respective affiliates) as appropriate against any losses or claims in connection with any HMT Sale that arise out of or are based upon:**
    - (i) any prospectus or other disclosure, listing or marketing documents or any supplement thereto prepared, published or authorised by the Company in connection with any HMT Sale;**
    - (ii) failure or alleged failure by the Company or the Directors to comply with law or regulation applicable to any HMT Sale; and/or**
    - (iii) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement or the Registration Rights Agreement,**



**and the provision of any other contractual protections (including any representations, warranties, covenants and indemnities) to any such persons in or pursuant to the terms of the Resale Rights Agreement and the Registration Rights Agreement be and is hereby approved; and**

**(c) the payment by the Company of all costs and expenses incurred or payable by:**

**(i) the Company; and**

**(ii) HM Treasury,**

**in connection with any HMT Sale (including, without limitation: (i) legal fees and expenses; (ii) the cost of preparing, advertising, printing and distributing all documents connected with any HMT Sale; (iii) registrars' fees; and (iv) the fees and expenses of any regulatory, depositary, clearing or settlement service), but excluding any underwriting discounts, selling commissions, share transfer taxes and the fees and expenses of HM Treasury's financial advisers, be and is hereby approved.**

This Resolution is proposed as an ordinary resolution. For the Resolution to be passed, more than half of the votes cast must be in favour of the Resolution. HM Treasury is not permitted to vote on this Resolution as it holds more than 10% of the voting rights in the Company. HM Treasury is a "related party" for the purposes of the Listing Rules.

On the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company may be required by HM Treasury to provide assistance in connection with any HMT Sale. In particular, the Company may be required to prepare and publish one or more prospectuses or other disclosure, listing or marketing documents for which it and the directors will have statutory responsibility and unlimited liability. If any such documents were to contain any untrue or inaccurate statement or omit any material information, the Company could be exposed to such statutory responsibility and unlimited liability which could have an adverse effect (financial and/or reputational) on the Company. Absent the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company would not be required to prepare, publish and take responsibility for a prospectus or other disclosure, listing or marketing document in connection with any HMT Sale. In connection with any HMT Sale and on the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company may also be required to bear certain offering expenses and to provide contractual protections to HM Treasury, any underwriting or bookrunning banks and/or other advisers (and any of their respective affiliates), including in the form of representations, warranties, covenants and indemnities.

The indemnity provided by the Company in favour of HM Treasury and its affiliates will be against losses or claims that arise out of or are based on: (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the Directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement or the Registration Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

The provision of such assistance by the Company constitutes a "related party transaction" and, due to the unlimited nature of the Company's liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a "Class 1 transaction", and required shareholder approval at the time the two agreements were entered into in 2009, which was not obtained.

Accordingly, Resolution 24 provides shareholders with the opportunity to consider and express a view on the Resale Rights Agreement and the Registration Rights Agreement although they were entered into in 2009. Resolution 24 therefore proposes that the performance by the Company of those agreements be approved on the terms outlined above and in this document.

Further information on the Resale Rights Agreement and the Registration Rights Agreement, including the background to and reasons for, and the risks associated with, any HMT Sale contemplated to be undertaken thereunder, is set out on pages 21 to 29 of this document. In particular, please note that a summary of the principal terms of each of the Resale Rights Agreement and the Registration Rights Agreement is set out on pages 27 and 28 of this document.

By order of the Board,

Aileen Taylor

Company Secretary  
36 St Andrew Square, Edinburgh  
21 May 2015

Notes:

1. **Entitlement to attend and vote:** Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended, the Company gives notice that only those shareholders entered on the register of members of the Company at close of business on 19 June 2015, or, if the Annual General Meeting is adjourned, on the register of members of the Company 48 hours before the time of the adjourned meeting, will be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register after close of business on 19 June 2015 will be disregarded in determining the rights of any person to attend or vote at the meeting and the number of votes any person may cast at the meeting.
2. **Appointment of proxies:** Every member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of the member. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. A form to appoint a proxy is enclosed with this Notice of Meeting and may be returned in the enclosed pre-paid envelope. To appoint a proxy, (a) the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and sent to the Company's transfer office at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 5 below, or (c) the proxy appointment must be registered electronically on the website at [www.rbs.com/e-proxy](http://www.rbs.com/e-proxy), in each case so as to be received no later than 2.00 p.m. on 19 June 2015. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
3. **Indirect Investors:** Any person to whom this Notice of Meeting has been sent, whose shares are held on their behalf by another person and who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. **Nominated Persons:** The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2 above and 5 below do not apply to Nominated Persons. The rights described in these Notes can only be exercised by shareholders.
5. **Crest proxy appointment service:** CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Please refer to the CREST manual at [www.euroclear.com/CREST](http://www.euroclear.com/CREST).
6. **Issued capital and voting rights:** As at 19 May 2015 (being the latest practicable date prior to the printing of this Notice of Meeting), the issued share capital of the Company conferring the right to vote at the Annual General Meeting consisted of 6,436,286,709 ordinary shares carrying four votes each on a poll, 400,000 5.5% cumulative preference shares carrying four votes each on a poll and 500,000 11% cumulative preference shares carrying four votes each on a poll. Therefore, the total number of voting rights in the Company as at 19 May 2015 was 25,748,746,836.



7. **Corporate representatives:** Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. **Questions at the AGM:** Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or good order of the meeting that the question be answered.
9. **Website giving information about the meeting:** A copy of this Notice of Meeting and other information required by section 311A of the Companies Act 2006 can be found at [www.rbs.com](http://www.rbs.com)
10. **Website statements relating to audit concerns:** Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
11. **Electronic address:** You may not use any electronic address provided in either this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
12. **Documents available for inspection:** The following documents will be available for inspection at the Company's registered office at 36 St Andrew Square, Edinburgh EH2 2YB and at Linklaters LLP, One Silk Street, London EC2Y 8HQ during normal business hours until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting:
  - (i) the articles of association of the Company;
  - (ii) the consent letter referred to in paragraph 13 of page 29 of this document;
  - (iii) the Resale Rights Agreement;
  - (iv) the Registration Rights Agreement;
  - (v) the Annual Report and the consolidated audited accounts of the Group for each of the two financial years ended 31 December 2014 and 2013;
  - (vi) the 2014 Form 20-F;
  - (vii) the Interim Management Statement;
  - (viii) this document and the Form of Proxy;
  - (ix) copies of the Executive Directors' service contracts; and
  - (x) copies of the letters of appointment for non-executive directors.
13. **Sponsor:** UBS Limited, which is authorised by the PRA and is regulated by the FCA and the PRA in the UK, is acting exclusively for the Company and for no other person in connection with the Related Party and Class 1 Resolution and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Related Party and Class 1 Resolution and, apart from the responsibilities and liabilities, if any, which may be imposed on UBS Limited by the FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Related Party and Class 1 Resolution or any transaction or arrangement referred to in this document.

## Section 2

General information in relation to the Annual General Meeting and Report and Accounts for the year ended 31 December 2014

### **Report and Accounts for the year ended 31 December 2014**

Unless you have elected for electronic communications you will have received either:

(1) the full “Report and Accounts” for the year ended 31 December 2014. This is sent only to shareholders who have asked to receive it or who have not previously had the opportunity of choosing which document they wish to receive; or

(2) the “Strategic Report” which includes information on the Company’s development, performance, strategy, business model, the remuneration report and the principal risks and uncertainties faced.

If you wish to change your election in this regard please contact our Registrar on +44 (0)870 702 0135 or write to Computershare at the address provided in the contact details section.

### **Shareholder questions**

At the Annual General Meeting members attending the meeting have the right to ask questions, as stated in Note 8 of the Notice of Meeting. You can also write to us with your questions at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or contact us at [rbsagm@computershare.co.uk](mailto:rbsagm@computershare.co.uk) and we will respond to your questions as soon as possible. Our customer services and shareholder enquiries teams at the meeting will also be pleased to help you.

### **Forms of Proxy and voting at the Annual General Meeting**

A Form of Proxy is enclosed which covers all resolutions to be proposed at the Annual General Meeting and is for use by holders of ordinary shares and cumulative preference shares. If you are a person nominated under section 146 of the Companies Act 2006 to enjoy information rights, please read Note 3 to the Notice of Meeting.

Completed Forms of Proxy should be returned in the pre-paid envelope as soon as possible, but in any event no later than 2.00 p.m. on 19 June 2015. In addition, you may appoint and instruct your proxy electronically by following the instructions on the enclosed Form of Proxy. Completion of a Form of Proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish. To appoint more than one proxy (each of whom must be appointed to exercise rights attached to different shares held by you), see Note 2 on the reverse of the Form of Proxy.

At the Annual General Meeting we will disclose, for each resolution, the total of the proxy votes received and any votes cast at the meeting, the proportion for and against each resolution or approval vote and the number of votes withheld. Votes withheld will not be counted in the calculation of the proportion of votes ‘for’ and ‘against’ a resolution.

Voting at the Annual General Meeting in respect of each resolution will be conducted by way of a poll. Voting on a poll is more transparent and equitable, since it allows the votes of all shareholders who wish to vote to be taken into account, and it reflects evolving best practice. Shareholders who attend the meeting will still be able to ask questions relevant to the business of the meeting prior to voting on the resolutions.

### **Registration**

On arrival you will be asked to present your attendance card at the registration desk. Corporate representatives, proxies and guests should also register at the registration desks.

## **Timings**

12.30 pm — Doors to registration area will be opened to shareholders  
2.00 pm — AGM commences

## **Security**

Security checks will be carried out on entry to the venue. You may be asked to leave large bags in the cloakroom and small bags may be searched. Cameras and recording equipment are not permitted at the meeting and anyone attempting to take photos or film the proceedings may be asked to leave. Mobile phones and other electronic equipment should be switched off before the meeting begins.

## **Arrangements for shareholders in need of assistance at the Annual General Meeting**

Special arrangements have been made to help shareholders in need of assistance. An induction loop will be available for shareholders who are hard-of-hearing and shareholders wishing to use this service should ask the ushers for directions to the seats with the optimum signal. There will also be facilities for shareholders who are wheelchair users. Anyone who accompanies a shareholder who is in need of assistance will be admitted to the meeting.

## **AGM live webcast**

The Annual General Meeting will be webcast live at [www.rbs.com/agm](http://www.rbs.com/agm). A recording will also be available for viewing from the following day.

Please note that viewing the live webcast does not enable shareholders to ask questions or to vote during the meeting.

The webcast may include question and answer sessions with shareholders present in the RBS Gogarburn Conference Centre in addition to background shots of those present at the AGM. If you attend the AGM in person, you may be included in the webcast. Please note that the broadcast footage may be viewed and/or transferred outside the European Economic Area.

## **Contact Details**

Shareholder enquiries  
Registrar  
Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
Telephone: +44 (0)870 702 0135  
Facsimile: +44 (0)870 703 6009

RBS Corporate Governance & Secretariat  
The Royal Bank of Scotland Group plc  
PO Box 1000  
Gogarburn  
Edinburgh  
EH12 1HQ  
Telephone: +44 (0)131 556 8555  
Facsimile: +44 (0)131 626 3081

Registered office  
36 St Andrew Square  
Edinburgh  
EH2 2YB  
Telephone: +44 (0)131 556 8555  
Website: [www.rbs.com](http://www.rbs.com)

Auditors  
Deloitte LLP, Chartered  
Accountants and Registered  
Auditors, Edinburgh

## Appendix 1—Summary of the Related Party and Class 1 Transaction

### 1 Background to, and reasons for, assisting HMT Sales

Pursuant to:

- (a) the Placing and Open Offer Agreements, the Company entered into the Registration Rights Agreement with HM Treasury on 1 December 2008, as amended and restated with effect from 15 May 2009; and
- (b) the Second Placing and Open Offer Agreement, the Company entered into the Resale Rights Agreement with effect from 15 May 2009.

The Board now considers it appropriate to provide shareholders with the opportunity to consider and express a view on the Resale Rights Agreement and the Registration Rights Agreement.

In connection with each HMT Sale, the terms of the Resale Rights Agreement and the Registration Rights Agreement include obligations on the Company to:

- (i) prepare, publish and take statutory responsibility for any prospectus or other disclosure, listing or marketing document that, in each case, HM Treasury may reasonably require and which, absent the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company would not be required to prepare, publish and take responsibility for;
- (ii) indemnify HM Treasury and any of its affiliates against losses or claims that arise out of or are based on:
  - (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement or the Registration Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury;
- (iii) provide other contractual protections (including any representations, warranties, covenants and indemnities) to HM Treasury, any underwriting or bookrunning banks and any other advisers (and any of their respective affiliates) in relation to any HMT Sale; and
- (iv) pay certain offering-related costs and expenses of HM Treasury in relation to any HMT Sale but excluding any underwriting discounts, selling commissions, share transfer taxes, and fees and expenses of HM Treasury's financial advisers.

The Company's liability pursuant to the Resale Rights Agreement and the Registration Rights Agreement is unlimited.

Please note that a summary of the principal terms of each of the Resale Rights Agreement and the Registration Rights Agreement is set out on pages 27 and 28 of this document.

### 2 Related Party and Class 1 Transaction

As HM Treasury holds more than 10% of the voting rights in the Company, HM Treasury is a "related party" for the purposes of the Listing Rules. The provision of assistance by the Company, in each case, under the Resale Rights Agreement and the Registration Rights Agreement as set out above constitutes a "related party transaction" and, due to the unlimited nature of the Company's liability and the requirement to prepare and publish a prospectus or other disclosure, listing or marketing document for which the Company will have statutory responsibility, also constitutes a "Class 1 transaction", and required shareholder approval at the time

the two agreements were entered into in 2009, which was not obtained. If any such documents were to contain any untrue or inaccurate statement or omit any material information, the Company could be exposed to such statutory responsibility and unlimited liability which could have an adverse effect (financial and/or reputational) on the Company.

The Listing Rules provide that a related party transaction entered into by a listed company must be approved by its shareholders other than the related party. Therefore, HM Treasury is not permitted to vote on the Related Party and Class 1 Resolution. HM Treasury has further undertaken to take all reasonable steps to ensure that its associates, if any, will not vote on the Related Party and Class 1 Resolution.

### **3 Relationship with HM Treasury**

Details of the Company's relationship with HM Treasury are set out on pages 471 to 473 of the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein.

## Annex I—Risk Factors

### 1 Risk Factors

Prior to making any decision to vote in favour of the Related Party and Class 1 Resolution, shareholders should carefully consider all the information contained in this document and the documents incorporated by reference herein, including, in particular, the specific risks and uncertainties described below. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Resale Rights Agreement and the Registration Rights Agreement, material new risks to the Group as a result of the provision of assistance by the Company under the Resale Rights Agreement and the Registration Rights Agreement, and the existing material risks to the Group which will be impacted by the provision of such assistance by the Company. If any, or a combination of, these risks actually materialise, the business operations, financial conditions and prospects of the Group could be materially and adversely affected.

The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Group. The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange plc, the Listing Rules and the DTRs (and/or any regulatory requirements) or applicable law, will not be updated. Additional risks and uncertainties not currently known to the Directors or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group. If this occurs, the price of the Company's shares may decline and shareholders could lose all or part of their investment.

#### 1.1 Risks relating to the provision of assistance by the Company under the Resale Rights Agreement and the Registration Rights Agreement

##### 1.1.1 The Company may be exposed to uncapped liability in relation to the content of any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale

If the Company issues a prospectus in connection with any HMT Sale, under FSMA and the FCA's Prospectus Rules, the Company and the directors will be required to take responsibility and will have uncapped liability for the content of the prospectus. Under the Resale Rights Agreement and the Registration Rights Agreement, the Company has agreed to indemnify HM Treasury for any loss suffered by HM Treasury that arises as a result of the inclusion of any untrue or inaccurate statement, or the omission of any material information (other than certain information provided to the Company by, or relating to, HM Treasury) in any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale. To the extent that any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company contains any untrue or inaccurate statements or omits any material information, the Company may be exposed to uncapped liability which could have an adverse effect on the Group's business, financial condition, results of operations and prospects. Absent the terms of the Resale Rights Agreement and the Registration Rights Agreement, the Company would not be required to prepare, publish, take responsibility for and therefore potentially incur liability in relation to any such documents.

##### 1.1.2 Any HMT Sale could result in reputational damage to the Company

The Company could suffer damage to its reputation (including to customer confidence) as a result of any actual or perceived inadequacies, weaknesses or failures in connection with the structuring, implementation and marketing of any HMT Sale. Such reputational damage could have an adverse effect on the Company's results of operations, financial condition and prospects.

#### 1.2 Risks if the Related Party and Class 1 Resolution is not passed

##### The means by which the Company is returned to full private ownership may be impacted and the Company may still be required to perform the Resale Rights Agreement and the Registration Rights Agreement

The Board believes that the return of the Company to full private ownership as soon as possible is in the best interests of the shareholders of the Company as a whole. If the Related Party and Class 1 Resolution is not passed, the Company will need to enter into discussions with HM Treasury in relation to the level of assistance and responsibility that the Company is able to provide or assume in connection with any HMT Sales, having regard to the Resale Rights Agreement and the Registration Rights Agreement. As a result, if the Related Party and Class 1 Resolution is not passed the means and timing of the Company's return to full private ownership may be impacted. However, even if

shareholder approval is not obtained, the Company could still be required by HMT to perform the Resale Rights Agreement and the Registration Rights Agreement, which could have a financial impact on the Company.

## Annex II—Additional Information

### 1 Responsibility

The Company and the Directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 RBS

The Royal Bank of Scotland Group plc was incorporated and registered in Scotland on 25 March 1968 under the Companies Act 1948 to 1967 as a private company under the name National and Commercial Banking Group Limited. On 3 September 1979, it changed its name to The Royal Bank of Scotland Group Limited. In March 1982, it changed its name to its present name and was registered under the Companies Act 1948 to 1980 as a public company with limited liability. The Company is registered under company number SC045551.

The Company is domiciled in the United Kingdom. Its head office is at RBS Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ and its registered office is at 36 St Andrew Square, Edinburgh EH2 2YB (tel. no. 0131 556 8555 or, if dialling from outside the United Kingdom, +44 131 556 8555).

The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act and regulations made thereunder.

### 3 Directors and registered office

The Directors and their principal functions are as follows:

Philip Hampton	Chairman
Ross McEwan	Chief Executive
Ewen Stevenson	Chief Financial Officer
Sandy Crombie	Non-executive director
Alison Davis	Non-executive director
Morten Friis	Non-executive director
Robert Gillespie	Non-executive director
Penny Hughes	Non-executive director
Brendan Nelson	Non-executive director
Baroness Noakes	Non-executive director

### 4 Trend information

Information on the significant recent trends that are reasonably likely to have a material effect on the Company's prospects are set out on pages 21, 109 to 112 and 200 to 201 of the 2014 Form 20-F, incorporated by reference herein.

### 5 Directors' interests in shares

#### 5.1 Shares

As at 19 May 2015 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Directors, their immediate families and (so far as is known



to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the Companies Act) with the Directors in the issued Ordinary Share capital of the Company, including: (i) those arising pursuant to transactions notified to the Company pursuant to DTR 3.1.2R; or (ii) those of persons connected with the Directors, which would, if such connected person were a director, be required to be disclosed under (i) above are set out in the following table:

	As at 19 May 2015	
Directors	Number of Ordinary Shares	Percentage of issued Ordinary Share capital of the Company
Philip Hampton	27,630	0.00043
Ross McEwan	764,937	0.01189
Ewen Stevenson	149,787	0.00233
Sandy Crombie	20,000	0.00031
Alison Davis	20,000	0.00031
Morten Friis	20,000	0.00031
Robert Gillespie	25,000	0.00039
Penny Hughes	562	0.00001
Brendan Nelson	12,001	0.00019
Baroness Noakes	21,000	0.00033

## 5.2 Directors' share plan awards

The following Directors had interests in the following awards relating to Ordinary Shares under one or more of the Company's employee share plans as at 19 May 2015 (being the latest practicable date prior to publication of this document).

### Long-term incentive awards

	Award price £	Awards held	End of period for qualifying conditions to be fulfilled
Ross McEwan	2.14	95,318	07.08.15 <sup>(1)</sup>
	3.09	696,152	08.03.16
	3.28	915,193	07.03.17
	3.74	417,486	07.03.19 – 09.03.20
		2,124,149	
Ewen Stevenson	3.27	435,611	07.03.16 – 07.03.17 <sup>(2)</sup>
	3.74	578,128	07.03.19 – 09.03.20
		1,013,739	

Notes:

- (1) Relates to an award made to Ross McEwan on joining the Company as CEO UK Retail in September 2012 to replace awards forfeited on leaving Commonwealth Bank of Australia.
- (2) Award granted on appointment to replace awards forfeited on leaving Credit Suisse.

### Deferred awards

	Award price £	Awards held	End of period for qualifying conditions to be fulfilled
Ross McEwan	3.09	18,797	08.03.16

Save as disclosed in sections 5.1 and 5.2, no Director nor their immediate families, nor any person connected with any Director within the meaning of section 252 of the Companies Act has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

## 6 Directors' service contracts

Details of the Chairman's and Executive Directors' notice periods under their appointment letter and service contracts, as applicable, with the Company are set out below:

Director	Date of appointment	Notice period from Company	Notice period from individual
Philip Hampton <sup>(1)</sup>	3 February 2009	None	None
Ross McEwan	1 October 2013	12 months	12 months
Ewen Stevenson	19 May 2014	12 months	12 months

Note:

- (1) Philip Hampton will stand down as Chairman of the Board and will be replaced by Howard Davies as Chairman with effect from 1 September 2015.

Save as set out below, the Chairman's appointment letter and the Executive Directors' service contracts make no provision for compensation on termination of their appointment or employment.

The service contracts for each of the Executive Directors give the Company the discretion to make a payment in lieu of notice, based on salary only (with no payment in respect of any other benefits, pension or fixed share allowances). During the period when any such payments are being made, the Executive Director must take all reasonable steps to find alternative work and any remaining payments will be reduced to offset income from any such work.

Philip Hampton's letter of appointment provides for a cash payment in lieu of notice of 12 months' fees in the event that his appointment is terminated as a result of the majority shareholder seeking to effect termination of his appointment, or if the Company terminates his appointment without good reason, or if his re-election is not approved by shareholders at a general meeting resulting in the termination of his appointment.

The non-executive directors of the Company do not have service agreements or notice periods, although they each have letters of engagement reflecting their responsibilities and commitments. All directors stand for election or re-election annually by the Company's shareholders at the Company's annual general meeting. No compensation would be paid to any non-executive director (other than Philip Hampton, whose entitlements are set out above) in the event of early termination.

Howard Davies' letter of appointment was entered into on 27 February 2015. It does not provide for any notice periods or any compensation or payment in lieu of notice upon termination of appointment.

## 7 Major shareholders

As at 19 May 2015 (being the latest practicable date prior to the publication of this document) the Company had been notified of the following holdings in the Company's issued share capital pursuant to DTR 5 (each, a "**Notifiable Interest**"):

Shareholder	Number of shares	Number of voting rights	Percentage of voting rights attached to the issued share capital
Solicitor for Affairs of Her Majesty's Treasury as Nominee for HM Treasury	3,964,483,519 Ordinary Shares	15,857,934,076	61.80%

Save as set out above, the Company is not aware of any other Notifiable Interests.

## 8 Related party transactions

Details of related party transactions entered into by the Company during the year ended 31 December 2014 are set out on pages 448 to 449 of the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein.

The Company has not entered into any related party transactions between 31 December 2014 and the date of this document.

## **9 Significant Changes**

Save as set out below, there has been no significant change in the financial or trading position of the Group since 31 December 2014, the date to which the Group's last published annual financial information was prepared.

As disclosed in its Q1 Interim Management Statement published on 30 April 2015, the Company reported an attributable loss of £446 million in the quarter ended 31 March 2015 which included restructuring costs of £453 million, £856 million of litigation and conduct charges, a net charge of £122 million in relation to the reclassification of the International Private Banking business to disposal groups, and a net loss within discontinued operations of £320 million reflecting the fall in the market price of Citizens shares during the quarter.

As at 31 March 2015, Owners' equity decreased by £438 million from £57,246 million as at 31 December 2014 to £56,808 million as at 31 March 2015. Comparing the quarter ended 31 March 2015 to the quarter ended 31 March 2014, consolidated total income decreased by £1,167 million from £4,686 million to £3,519 million in the quarter ended 31 March 2015, and consolidated operating profit before tax decreased by £1,437 million from £1,490 million to £53 million in the quarter ended 31 March 2015.

## **10 Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) are the only contracts which the shareholders would reasonably require to understand in making a properly informed assessment of how to vote on the Related Party and Class 1 Resolution. The following is a summary of the principal terms of the Resale Rights Agreement and the Registration Rights Agreement.

### **10.1 Resale Rights Agreement**

Pursuant to its obligations to HM Treasury under the Second Placing and Open Offer Agreement, the Company entered into a Resale Rights Agreement with HM Treasury with effect from 15 May 2009, in which it agreed to provide its assistance to HM Treasury, and to take all such steps and do all such things as HM Treasury may request, in connection with any proposed sale by HM Treasury of ordinary shares and other securities held by HM Treasury in the Company from time to time, and of any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or are referable to such ordinary shares or other securities issued by the Company, to be sold in such jurisdictions (other than pursuant to a public offer in the United States) and in such manner as HM Treasury may determine. Such assistance may include: (i) the participation in, and provision by the Company of documents and information for, due diligence; (ii) the entry into underwriting, sale and purchase and/or bookrunners' agreements, and the provision by the Company of contractual protections to underwriting or bookrunning banks and/or other advisers thereunder (including in the form of warranties, covenants and indemnities); (iii) the preparation of any prospectus or other disclosure, listing or marketing documents, and the procurement of the directors' responsibility for the content of any such documents; and (iv) entering into such other customary agreements as are reasonably required to effect any HMT Sale, in each case in relation to (i) to (iv) above to the extent reasonably requested by HM Treasury.

Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of or are based on: (a) any prospectus or other disclosure, listing or marketing documents prepared, published or authorised by the Company in connection with any HMT Sale; (b) failure or alleged failure by the Company or the directors to comply with any law or regulation applicable to any HMT Sale; and (c) any breach or alleged breach by the Company of any of its obligations set out in or contemplated by the Resale Rights Agreement, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

### **10.2 Registration Rights Agreement**

Pursuant to its obligations to HM Treasury under the Placing and Open Offer Agreements, the Company entered into a Registration Rights Agreement with HM Treasury on 1 December 2008, as amended and restated with effect from 15 May 2009, granting customary demand and "piggyback" registration rights in the United States under the US Securities Act of 1933 to HM Treasury with respect to any ordinary shares or other securities held by HM Treasury in the Company from time to time, and any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or otherwise reference any such ordinary shares or other securities issued by the Company (for the purposes of this paragraph 10.2 only,

“Registrable Securities”). Pursuant to the Registration Rights Agreement, HM Treasury is permitted to transfer its registration rights to any of its wholly-owned, directly or indirectly, entities, as well as to any third party to whom it transfers not less than US\$500 million in Registrable Securities. In connection with any registered offering of securities by the Company under the Securities Act, any holders of Registrable Securities will have the right to participate in the registered offering (otherwise known as “piggyback” registration rights) to the extent that such participation would not prevent successful completion of the offering, although the “piggyback” registration rights do not entitle such holders to require or demand registration or a registered offering of Registrable Securities by the Company. In addition, all holders of Registrable Securities have “piggyback” registration rights, on a pro rata basis, in any demand registration made by a holder of demand registration rights, pursuant to the Registration Rights Agreement.

If required to effect the registration of any Registrable Securities, the Company will, amongst other things, prepare and file any registration statement and prospectus (in each case including any supplement thereto) required with the SEC, enter into any underwriting, bookrunners or other customary agreement and the provision by the Company of contractual protections to underwriting or bookrunning banks and/or other advisers thereunder (including in the form of warranties, covenants and indemnities), and participate in marketing presentations. The Company will bear all expenses incurred in connection with any registration of Registrable Securities, qualification or compliance (subject to certain exceptions) pursuant to the Registration Rights Agreement.

Further, the Company will be required to indemnify HM Treasury and its affiliates against losses or claims that arise out of or are based on any registration statement, including any preliminary prospectus or final prospectus therein, prepared, published or authorised by the Company in connection with any HMT Sale, subject to certain exceptions including for losses that have arisen as a result of certain acts or omissions by HM Treasury.

The Registration Rights Agreement was amended with effect from 15 May 2009 to include as “Registrable Securities” (as defined in the Registration Rights Agreement) any ordinary shares or other securities held by HM Treasury in the Company from time to time, and any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or otherwise reference any such ordinary shares or other securities issued by the Company.

## 11 Litigation

Save as set out (i) in the section entitled “Litigation, investigations and reviews” on pages 430 to 439 of the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein and (ii) in the section entitled “Litigation, investigations and reviews” on pages 33 to 34 of the Interim Management Statement, incorporated by reference herein, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document, which may have or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group.

While the outcome of the legal proceedings, investigations and regulatory and governmental matters in which RBS is involved is inherently uncertain, the directors believe that, based on the information available to them, appropriate provisions have been made in respect of legal proceedings, investigations and regulatory and governmental matters as at 31 December 2014 as set out on pages 410 to 411 of the Report and Accounts for the year ended 31 December 2014 incorporated by reference herein, and updated as at 31 March 2015 as set out on page 33 of the Interim Management Statement, incorporated by reference herein.

The provisions as at 31 March 2015 include £789m in respect of payment protection insurance, £321m in respect of interest rate hedging products, £789m in respect of other customer redress (primarily relating to investment advice and packaged accounts), £704m in respect of FX investigations/litigation, £136m in respect of other regulatory provisions and £2,052m in respect of legal proceedings in the United Kingdom, the United States and other jurisdictions. Further detail on the nature of these provisions is set out on pages 410 to 411 of the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein and page 33 of the Interim Management Statement, incorporated by reference herein.

As disclosed in the Report and Accounts for the year ended 31 December 2014, incorporated by reference herein, RBS Securities Inc. is a defendant in a mortgage-backed securities lawsuit filed by the US Federal Housing Finance Agency (FHFA) in which the primary defendant is Nomura Holding America Inc. and subsidiaries (Nomura). On 11 May 2015, following a trial which concluded on 9 April 2015, the United States District Court for the Southern District of New York issued a written decision in favour of FHFA on its claims, finding, as relevant to the Company that the offering documents for four Nomura securitisations for which RBS Securities Inc. served as an underwriter contained materially misleading statements about the mortgage loans that backed the securitisations, in violation of the US Securities Act

and Virginia securities law. Nomura was also found liable with respect to those securitisations. Pursuant to the Court's decision, the amount of the judgement that will be entered against RBS Securities Inc. is expected to be approximately \$636 million. RBS Securities Inc. intends to pursue a contractual claim for indemnification against Nomura with respect to these damages. The Court's decision is subject to appeal.

On 20 May 2015, The Royal Bank of Scotland plc ("RBS plc") reached a settlement with the United States Department of Justice ("DoJ") and the Board of Governors of the Federal Reserve System ("Federal Reserve") in relation to investigations into failings in the bank's Foreign Exchange business within its Corporate and Institutional Banking division. RBS plc has pled guilty pursuant to a plea agreement with the DoJ admitting that it knowingly, through one of its euro/dollar currency traders, joined and participated in a conspiracy to eliminate competition in the purchase and sale of U.S. dollars and euros currency pair exchanged in the foreign currency exchange spot market in the United States and elsewhere. The plea agreement is subject to court approval. RBS plc and RBS Securities Inc. have also entered into a cease and desist order with the Federal Reserve relating to defined foreign exchange activities and undertaken to submit enhanced plans, acceptable to the Federal Reserve, to comply with U.S. laws and regulations with respect to these activities and certain of the market activities conducted within its Corporate and Institutional Banking division.

RBS plc will pay penalties of \$395 million to the DOJ and \$274 million to the Federal Reserve to resolve the investigations. In addition, RBS plc and RBS Securities Inc. have reached an agreement to settle the consolidated antitrust class action brought on behalf of plaintiffs who entered into foreign exchange transactions with RBS plc or other defendant banks. The agreement is subject to execution of a final settlement agreement and approval of the federal court in New York that is presiding over the matter. The DoJ and Federal Reserve fines, and the settlement amount in the class action litigation, are fully covered by existing provisions.

## 12 Working Capital

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

## 13 Consent

UBS Limited has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

## Annex III — Documents Incorporated by Reference

The Company's Report and Accounts for the year ended 31 December 2014 and the 2014 Form 20-F are available for inspection in accordance with page 17 of this document. These documents are also available on the Company's website at [www.rbs.com](http://www.rbs.com).

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules to ensure shareholders are aware of all information which is necessary to enable shareholders to make a properly informed decision before voting on the Related Party and Class 1 Resolution.

Document	Section	Page numbers in such document
Report and Accounts for the year ended 31 December 2014	Directors' Remuneration Report, Directors' Remuneration Policy and Annual Report on Remuneration	73 to 89
Report and Accounts for the year ended 31 December 2014	Notes on the consolidated statements	361 to 449
2014 Form 20-F	Prospects/Trend Information	21, 109 to 112 and 200 to 201
Interim Management Statement	Litigation, investigations and reviews	33 and 34

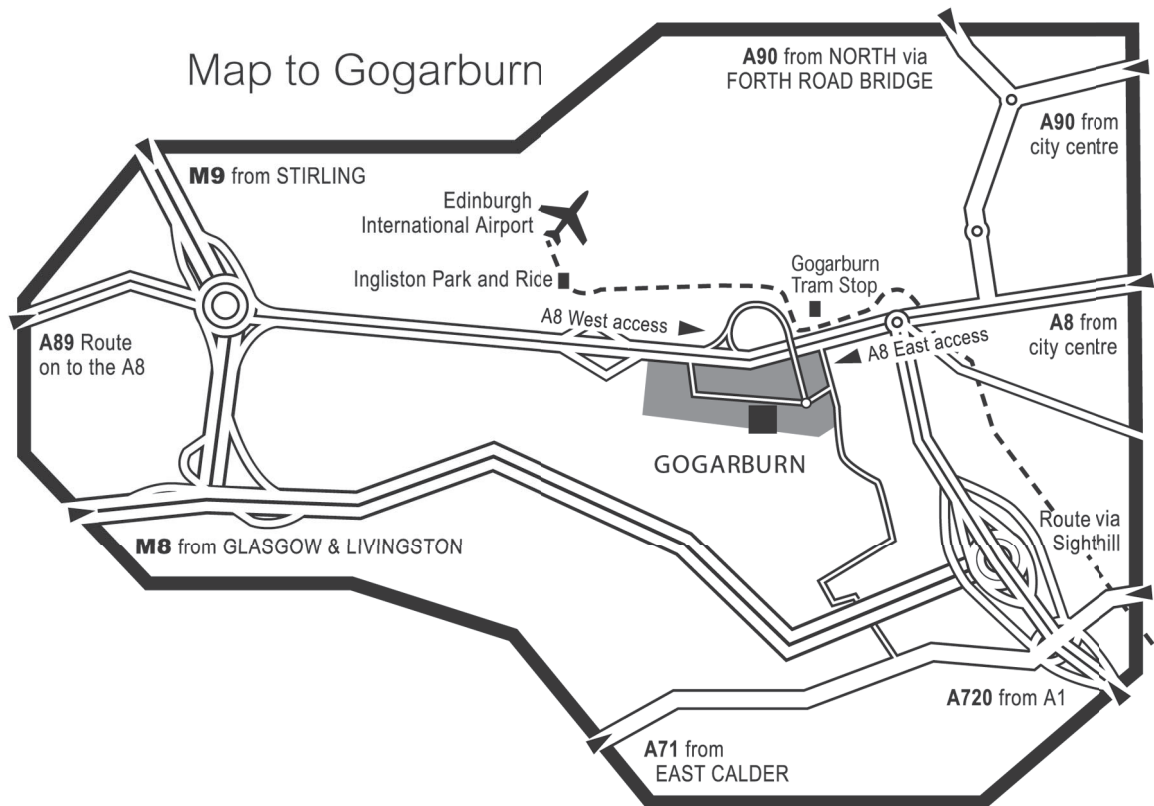
## Definitions

The following definitions apply throughout this document unless the context otherwise requires:

“2014 Form 20-F”	the Company’s annual report and accounts for the year ended 31 December 2014 filed with the SEC on Form 20-F
“Board”	Board of Directors of the Company
“B Shares”	the 51,000,000,000 Series 1 Class B Shares of 1 penny each in the capital of the Company
“CET1”	common equity Tier 1
“Chairman”	the Chairman of the Company from time to time
“Companies Act”	the UK Companies Act 2006, as amended from time to time
“Company”	The Royal Bank of Scotland Group plc
“Directors”	the directors of the Company
“Dividend Access Share”	the Series 1 Dividend Access Share of 1 penny in the capital of the Company
“DTRs”	the disclosure rules and transparency rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended
“Executive Directors”	Ross McEwan and Ewen Stevenson
“FCA”	Financial Conduct Authority of the United Kingdom
“FCA Handbook”	the FCA’s Handbook of Rules and Guidance (formerly the FSA’s Handbook of Rules and Guidance)
“First Placing and Open Offer Agreement”	the agreement entered into by the Company with HM Treasury as of 13 October 2008 in connection with the subscription by HM Treasury for ordinary shares and preference shares in the Company
“FSMA”	Financial Services and Markets Act 2000, as amended
“Group”	the Company and each of its subsidiaries and subsidiary undertakings from time to time
“HM Treasury”	Her Majesty’s Treasury
“HMT Sale”	any future sale by HM Treasury of securities in the Company, or of any securities of any description caused by HM Treasury to be issued by any person from time to time and which are exchangeable for, convertible into, give rights over or otherwise reference any securities of the Company held by HM Treasury, in each case pursuant to the Registration Rights Agreement or the Resale Rights Agreement (whether by way of a public offer, private placement or by any other means, and whether to persons located in the United Kingdom and/or in any other jurisdiction)
“HMT Sale Assistance”	those matters for which the Company is seeking shareholder approval in Resolution 24 as a Class 1 transaction in accordance with the requirements of the Listing Rules and which also constitute a related party transaction that requires independent shareholder approval in accordance with the requirements of the Listing Rules
“Interim Management Statement”	the Q1 2015 interim management statement
“Listing Rules”	the listing rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended



“Ordinary Shares”	the ordinary shares of £1 each in the capital of the Company
“Placing and Open Offer Agreements”	the First Placing and Open Offer Agreement and the Second Placing and Open Offer Agreement
“PRA”	Prudential Regulation Authority
“Prospectus Rules”	the prospectus rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended
“Registration Rights Agreement”	the US-law governed registration rights agreement entered into by the Company with HM Treasury on 1 December 2008 as amended with effect from 15 May 2009
“Resale Rights Agreement”	the English-law governed resale rights agreement entered into by the Company with HM Treasury with effect from 15 May 2009
“SEC”	the United States Securities and Exchange Commission;
“Second Placing and Open Offer Agreement”	the agreement entered into by the Company with HM Treasury on 19 January 2009 in connection with the conversion into ordinary shares of the £5 billion of preference shares issued to HM Treasury in December 2008



RBS Gogarburn is served by the 35 Lothian Bus to and from the city centre and the airport all day. An RBS shuttle bus will run from the public transport stop in RBS Gogarburn to the RBS Conference Centre. Edinburgh Park and South Gyle stations are approximately two miles from RBS Gogarburn. Waverley Station is in the city centre, approximately eight miles from the site. To find out more about public transport to RBS Gogarburn, visit [www.travelinescotland.com](http://www.travelinescotland.com)

Limited private parking is available at RBS Gogarburn. For booking information please call 0131 626 9000. Shareholders may also park at the Ingliston Park and Ride and use the 35 Lothian bus service to connect to RBS Gogarburn.

The Edinburgh Tram line also operates to Gogarburn. For up to date information, including details of the Tram route please visit [www.edinburghtrams.com](http://www.edinburghtrams.com)