16 December 2013

**RBS announces cancellation of Contingent Capital Facility with HMT**

The Royal Bank of Scotland Group plc (RBS or the Group) is pleased to announce that, having received approval from the Prudential Regulatory Authority, it has terminated its £8 billion Contingent Capital Facility (CCF) with Her Majesty’s Treasury (HMT) with effect from 16 December 2013. The Group has been able to cancel the CCF in light of the recent actions announced to further strengthen its capital position.

On entering into the CCF in 2009, RBS recognised the present value of the annual fees payable under the agreement (£1,208 million) as a liability and debited a contingent capital reserve within equity. Following termination of the CCF, the outstanding final annual fee of £320 million is no longer payable. The balance sheet liability for this fee will be extinguished with a corresponding entry to equity.

For further information

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*Background on the CCF:*

*The original CCF was agreed as part of RBS’s accession to HMT’s Asset Protection Scheme and subscription of B Shares in 2009. For a fee of £320 million per annum, HMT committed to subscribe up to a further £8 billion of RBS B Shares should the Group’s Core Tier 1 regulatory capital ratio fall below 5%. The commitment was not attached to any type of debt security and provided no funding to the Group unless the capital ratio trigger event had occurred.*

*RBS entered into the facility for 5 years, due to end in 2014. The £320 million annual subscription fee represents 4% of the £8 billion commitment.*

*For further information on the CCF, please see the* [*Shareholder Circular and Notice of General Meeting*](http://www.investors.rbs.com/download/other/Accession_asset_protection.pdf) *in relation to accession to the Asset Protection Scheme and B Share and Dividend Access Share issues.*