

Final Terms dated 31 August 2018
The Royal Bank of Scotland Group plc
Issue of €750,000,000 Fixed to Floating Rate Notes due March 2025
under the £90,000,000,000
Euro Medium Term Note Programme

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 7 December 2017 and the supplemental Prospectuses dated 3 January 2018, 23 February 2018, 23 March 2018, 1 May 2018, 11 May 2018, 18 May 2018, 3 August 2018 and 21 August 2018 which together constitute a base prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus and the supplemental Prospectuses are available for viewing at

https://www.rns-pdf.londonstockexchange.com/rns/7523Y_-2017-12-7.pdf

https://www.rns-pdf.londonstockexchange.com/rns/9014A_-2018-1-3.pdf

http://www.rns-pdf.londonstockexchange.com/rns/8339F_-2018-2-23.pdf

http://www.rns-pdf.londonstockexchange.com/rns/8287I_-2018-3-23.pdf

http://www.rns-pdf.londonstockexchange.com/rns/8069M_1-2018-5-1.pdf

http://www.rns-pdf.londonstockexchange.com/rns/8653N_-2018-5-11.pdf

http://www.rns-pdf.londonstockexchange.com/rns/6048O_-2018-5-18.pdf

http://www.rns-pdf.londonstockexchange.com/rns/9323W_1-2018-8-6.pdf

http://www.rns-pdf.londonstockexchange.com/rns/4733Y_1-2018-8-21.pdf

1	Issuer:	The Royal Bank of Scotland Group plc
2	(i) Series Number:	3506
	(ii) Tranche Number:	1
	(iii) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3	Specified Currency or Currencies:	Euro (€)
4	Aggregate Nominal Amount:	
	(i) Series:	€750,000,000
	(ii) Tranche:	€750,000,000
5	Issue Price:	99.820 per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000
	(ii) Calculation Amount:	€1,000
7	(i) Issue Date:	4 September 2018
	(ii) Interest Commencement Date:	4 September 2018
8	Maturity Date:	Interest Payment Date falling in March 2025
9	Interest Basis:	2.000 per cent. Fixed Rate from (and including) the Issue Date to (but excluding) 4 March 2024
		Thereafter, 3-month EURIBOR + 1.737 per cent. Floating Rate
10	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11	Change of Interest Basis:	The Interest Basis shall change from Fixed Rate to Floating Rate from (and including) 4 March 2024
12	Put/Call Options:	Issuer Call
13	(i) Status of the Notes:	Ordinary Notes
	(i) Set-off:	Condition 2(a)(ii): Applicable
	(ii) Ordinary Notes – Events of Default:	Condition 8(a)(II) is applicable
	(iii) Date Board approval for issuance of Notes obtained:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions:	Applicable to (but excluding) 4 March 2024
	(i) Rate(s) of Interest:	2.000 per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	4 March in each year from (and including) 4 March 2019 up to (and including) 4 March 2024

(iii)	Fixed Coupon Amount:	€20.00 per Calculation Amount
(iv)	Broken Amount(s):	€9.92 per Calculation Amount, payable on the Interest Payment Date falling on 4 March 2019
(v)	Day Count Fraction:	Actual/Actual (ICMA)
(vi)	Determination Dates:	4 March in each year
(vii)	Business Day Convention:	Not Applicable
(viii)	Business Centre(s):	Not Applicable
15	Reset Note Provisions:	Not Applicable
16	Floating Rate Note Provisions:	Applicable from (and including) 4 March 2024
(i)	(Interest Period(s)/Specified Interest Payment Dates:	4 June 2024, 4 September 2024, 4 December 2024 and 4 March 2025, in each case subject to adjustment in accordance with paragraph 16(ii) below
(ii)	Business Day Convention:	Modified Following Business Day Convention
(iii)	Business Centre(s):	Not Applicable
(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent or, as the case may be, the CMU Lodging and Paying Agent):	Not Applicable
(vi)	Screen Rate Determination:	
	- Reference Rate:	3-month EURIBOR
	- Interest Determination Date(s):	Second day on which the TARGET 2 System is open prior to the start of each Interest Period
	- Relevant Screen Page:	Reuters Page EURIBOR01
(vii)	ISDA Determination:	Not Applicable
(viii)	Linear Interpolation:	Not Applicable
(ix)	Margin(s):	+ 1.737 per cent. per annum
(x)	Minimum Rate of Interest:	Not Applicable
(xi)	Maximum Rate of Interest:	Not Applicable
(xii)	Day Count Fraction:	Actual/360
17	Zero Coupon Note Provisions:	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
18	Notice periods for Condition 5(b):	Minimum period: 5 days Maximum period: 30 days
19	Redemption for Capital	Not Applicable

	Disqualification Event:	
20	Issuer Call:	Applicable
	(i) Optional Redemption Date(s):	4 March 2024
	(ii) Optional Redemption Amount(s):	€1,000 per Calculation Amount
	(iii) Redeemable in part:	No
	(iv) If redeemable in part:	Not Applicable
	(v) Notice periods:	Minimum period: 5 days Maximum period: 30 days
	(vi) Selection Date:	Not Applicable
	(vii) Publication of list of serial numbers for Notes in definitive form:	Not Applicable
	(viii) Notification of period in relation to exchange of global Note:	Not Applicable
21	Redemption for Loss Absorption Disqualification Event:	Condition 5(e): Applicable from the Issue Date
	(i) Loss Absorption Disqualification Event for partial exclusion:	Applicable
	(ii) Notice periods for Condition 5(e):	Minimum period: 5 days Maximum period: 30 days
22	Investor Put:	Not Applicable
23	Final Redemption Amount:	€1,000 per Calculation Amount
24	Early Redemption Amount payable on redemption (a) for taxation reasons or (b) following the occurrence of a Capital Disqualification Event (in the case of Tier 2 Notes) or (c) following the occurrence of a Loss Absorption Disqualification Event (in the case of Ordinary Notes) or (d) on an event of default:	€1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	
	(a) Form:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event
	(b) NGN:	Yes
	(c) CMU Notes:	No

- 26 Additional Financial Centre(s): London
- 27 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): No
- 28 Whether TEFRA D/TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
- 29 Relevant Benchmark: EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute does not appear in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation.

Signed on behalf of The Royal Bank of Scotland Group plc:

By: Sean Heine
Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from 4 September 2018
- (ii) Estimate of total expenses relating to admission to trading: £3,650

2 RATINGS

- Ratings: The Notes to be issued are expected to be rated:
Standard & Poor's Credit Market Services Europe Limited: BBB-
Moody's Investors Service Limited: Baa2
Fitch Ratings Limited: BBB+

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

4 YIELD

- Indication of yield: 2.036 per cent. per annum
- The yield is calculated at the Issue Date on the basis of the Issue Price and the initial Rate of Interest. It is not an indication of future yield.

5 HISTORIC INTEREST RATES

Details of historic EURIBOR rates can be obtained from Reuters.

6 OPERATIONAL INFORMATION

- (i) ISIN: XS1875275205
- (ii) Common Code: 187527520
- (iii) CMU Instrument Number: Not Applicable
- (iv) Clearing System: Euroclear Bank SA/NV and Clearstream Banking S.A.
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositaries as common

safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

- (viii) Prohibition of Sales to EEA Retail Investors: Applicable