

**THE ROYAL BANK OF SCOTLAND GROUP plc**

(the "Bank")

**NOTICE OF REDEMPTION**

**in respect of its**

EUR500,001,000 Fixed/Floating Rate Callable Subordinated Notes due 2046

(the "**Subordinated Notes**")

ISIN: XS0237892723

Common Code: 023789272

To: The Holder of the Subordinated Notes

To: The Law Debenture Trust Corporation p.l.c. (the "**Trustee**")

NOTICE IS HEREBY GIVEN on the date hereof (the "**Redemption Notice Date**") pursuant to Condition 14 of the terms and conditions of the Subordinated Notes and Clause 5.11 of the trust deed dated 12 December 2005 between the Bank and The Trustee (the "**Trust Deed**") that pursuant to Condition 5(b), all of the outstanding Subordinated Notes issued by the Bank shall be redeemed by the Bank on July 12, 2016 (the "**Redemption Date**") at a price equal to the principal amount of the Notes, together with accrued and unpaid interest thereon to the Redemption Date.

NOTICE IS HEREBY FURTHER GIVEN that interest on the redeemed Subordinated Notes shall cease to accrue after the Redemption Date, unless, upon due presentation thereof, payment of principal together with accrued and unpaid interest thereon is improperly withheld or refused. In such event interest will continue to accrue as provided in the Trust Deed.

Terms used but not defined herein shall have the meaning given to them in the Trust Deed.

Dated: May 10, 2016

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Neither the Bank nor the Trustee makes any representation as to the accuracy of the ISIN and Common Code numbers, which are provided for convenient reference only.

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By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JOHN CUN  
RBS TRE

Name: \

Title:

JOHN CUMMINS  
RBS TREASURER