

The Royal Bank of Scotland Group plc (“RBS”)

26 April 2018

Notice of 2018 Annual General Meeting and Form of Proxy

Copies of the above documents will be submitted to the National Storage Mechanism today and will be available for inspection at: www.Hemscott.com/nsm.do

The RBS Annual General Meeting will be held on Wednesday, 30 May 2018 at 2.00 pm at the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ and the Notice of Meeting will also available to view at www.rbs.com/agm.

The documents will be mailed or made available to shareholders today, together with the Strategic Report 2017 or Annual Report and Accounts 2017, as appropriate, which will also be available at www.rbs.com/annualreport

In addition to the routine AGM business the following resolutions are being proposed:

Equity Convertible Notes

In line with the authorities approved by shareholders in 2017, which will expire on 30 May 2018, two resolutions in connection with the issue of Equity Convertible Notes (“ECNs”) are being proposed to renew these authorities: one 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 and the other a Special Resolution empowering the Directors to allot equity securities on a non-pre-emptive basis up to an aggregate nominal amount of £1.5 billion. If approved, this will provide RBS flexibility to manage its capital in the optimal way, should it wish to issue loss-absorbing capital instruments in the form of ECNs. ECNs would convert into newly issued Ordinary Shares in the Company upon the occurrence of certain events (for example, the RBS capital ratios falling below a specified level), diluting existing holdings of Ordinary Shares.

The Directors may at their discretion resolve to give shareholders the opportunity to purchase the Ordinary Shares created on conversion or exchange of any Equity Convertible Notes, where desirable and practicable, and subject to applicable laws and regulations.

Authority to purchase own shares

In line with the authority approved by shareholders in 2017 which will expire on 30 May 2018, a resolution is being proposed as a Special Resolution that will, if approved, grant RBS authority to purchase its own ordinary shares on a recognised investment exchange up to a maximum of 10% of the issued Ordinary Share capital.

The Directors consider it may, in certain circumstances, be in the best interests of shareholders generally for RBS to purchase its own shares and 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. RBS will also require regulatory approval by the PRA for any Ordinary Share capital distributions.

The authority will expire at the next AGM or 30 June 2019 (whichever is earlier).

Shareholder requisitioned resolution to create a shareholder committee

A resolution has been requisitioned by a group of shareholders to create a shareholder committee. The Board notes the fact that the concept of a shareholder committee was included in the Government's Green Paper on Corporate Governance Reforms but has not been taken forward indicating a lack of support for it during the consultation. The Government's response to the consultation cited a range of reasons given by respondents, including difficulty in finding a group to represent the wider shareholder base; potential that large investors become entrenched; and blurring lines between stewardship and executive decision making, undermining the unitary board model.

The Board has similar concerns and therefore does not consider that the creation of such a committee would be in the best interests of the Company. It is the role of the Board, directly elected by shareholders, to promote the success of the Company for the benefit of its members as a whole. Shareholders' views are of course very important and it is considered that established channels including the AGM, the Investor Relations Programme and retail shareholder events already provide appropriate mechanisms for engaging with shareholders.

The Board unanimously recommends that shareholders vote in favour of all resolutions with the exception of the shareholder requisitioned resolution which the Board unanimously recommends that shareholders vote against.

Name of contact and telephone number for queries:-

Investor Relations
+ 44 (0)207 672 1758

Media Relations
+44 (0)131 523 4205

Legal Entity Identifier: 2138005O9XJIJN4JPN90