

Final Terms dated 13 September 2018

The Royal Bank of Scotland Group plc

Issue of JPY 10,000,000,000 Callable Fixed to Floating Rate Notes due 18 September 2029

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 Directive 2014/65/EU ("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; and

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

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| 1 | Issuer: | The Royal Bank of Scotland Group plc |
| 2 | (i) Series Number: | 3507 |
| | (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: | Japanese Yen (JPY) |
| 4 | Aggregate Nominal Amount: | |
| | (i) Series: | JPY 10,000,000,000 |
| | (ii) Tranche: | JPY 10,000,000,000 |
| 5 | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6 | (i) Specified Denominations: | JPY 100,000,000 |
| | (ii) Calculation Amount: | JPY 100,000,000 |
| 7 | (i) Issue Date: | 18 September 2018 |
| | (ii) Interest Commencement Date: | 18 September 2018 |
| 8 | Maturity Date: | 18 September 2029 |
| 9 | Interest Basis: | 1.360 per cent. per annum Fixed Rate from, and including, the Issue Date to, but excluding, 18 September 2028. Thereafter, if not redeemed on the Optional Redemption Date, 6 month JPY LIBOR + 0.98625 per cent. per annum Floating Rate (further particulars specified below) |
| 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: | Applicable. The Interest Basis shall change from Fixed Rate to Floating Rate from, and including, 18 September 2028 |
| 12 | Put/Call Options: | Issuer Call |
| 13 | (i) Status of the Notes: | Ordinary Notes |
| | (ii) Set-off: | Condition 2(a)(ii): Applicable |
| | (iii) Ordinary Notes – Events of Default | Condition 8(a)(II) is applicable |
| | (iv) Date Board approval for issuance of Notes obtained: | Not Applicable |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 14 | Fixed Rate Note Provisions: | Applicable, subject to prior redemption, from, and including, the Interest Commencement Date to, but excluding, the Optional Redemption Date |
| | (i) Rate(s) of Interest: | 1.360 per cent. per annum payable semi-annually in arrear on each Interest Payment Date |

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| | (ii) | Interest Payment Date(s): | 18 March and 18 September in each year, commencing on 18 March 2019, up to and including the Optional Redemption Date, subject to adjustment in accordance with paragraph 14 (vii) |
| | (iii) | Fixed Coupon Amount(s): | JPY 680,000 per Calculation Amount |
| | (iv) | Broken Amount(s): | Not Applicable |
| | (v) | Day Count Fraction: | 30/360 |
| | (vi) | Determination Dates: | Not Applicable |
| | (vii) | Business Day Convention: | Modified Following Business Day Convention, unadjusted |
| | (viii) | Business Centre(s): | London, New York, Tokyo |
| 15 | | Reset Note Provision: | Not Applicable |
| 16 | | Floating Rate Note Provisions: | Applicable, subject to prior redemption, from, and including, the Optional Redemption Date to, but excluding, the Maturity Date |
| | (i) | Interest Period(s)/Specified Interest Payment Dates: | 18 March 2029 and 18 September 2029, subject to adjustment in accordance with paragraph 16 (ii) below |
| | (ii) | Business Day Convention: | Modified Following Business Day Convention, adjusted |
| | (iii) | Business Centre(s): | London, New York, Tokyo |
| | (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: | 6 month JPY LIBOR |
| | | - Interest Determination Date(s): | Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period |
| | | - Relevant Screen Page: | Reuters LIBOR01 |
| | (vii) | ISDA Determination: | Not Applicable |
| | (viii) | Linear Interpolation: | Not Applicable |
| | (ix) | Margin(s): | + 0.98625 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

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| 18 | Notice periods for Condition 5(b): | Minimum period: 30 days Maximum period: 60 days |
| 19 | Redemption for Capital Disqualification Event: | Not Applicable |
| 20 | Issuer Call: | Applicable |
| | (i) Optional Redemption Date: | 18 September 2028 |
| | (ii) Optional Redemption Amount: | JPY 100,000,000 per Calculation Amount |
| | (iii) Redeemable in part: | No |
| | (iv) If redeemable in part: | Not Applicable |
| | (v) Notice Periods: | Minimum period: 30 days Maximum period: 45 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 Notes: | Not Applicable |
| 21 | Redemption for Loss Absorption Disqualification Event: | Condition 5(e): Applicable |
| | (i) Loss Absorption Disqualification Event for partial exclusion: | Applicable |
| | (ii) Notice periods for Condition 5(e): | Minimum period: 30 days Maximum period: 60 days |
| 22 | Investor Put | Not Applicable |
| 23 | Final Redemption Amount | JPY 100,000,000 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: | JPY 100,000,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

- 26 Additional Financial Centre(s): London, New York, Tokyo
- 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 Benchmarks LIBOR is provided by ICE Benchmark Administration Limited. As at the date hereof, ICE Benchmark Administration Limited appears 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:
Duly authorised

A handwritten signature in black ink, written over a dotted line. The signature is cursive and appears to be a name, possibly 'S. King'.

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 18 September 2018.
- (ii) Estimate of total expenses relating to admission to trading: £2,700

2 RATINGS

- Ratings: The Notes to be issued are expected to be rated:
Moody's Investors Service Limited: Baa2
Standard & Poor's: BBB-

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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: 1.360 per cent. semi-annually, for the period from, and including the Issue Date to, but excluding, the Optional Redemption Date.
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5 HISTORIC INTEREST RATES

Details of historic LIBOR rates can be obtained from Reuters.

6 OPERATIONAL INFORMATION

- (i) ISIN: XS1877539889
- (ii) Common Code: 187753988
- (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: No
- Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the

ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time 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