

ROYAL BANK OF SCOTLAND GROUP PLC
Form FWP
June 04, 2013

Free Writing Prospectus dated June 3, 2013
(to Prospectus dated September 28, 2012 and
Preliminary Prospectus Supplement dated June
3, 2013)

Filed pursuant to Rule 433
Registration Statement No. 333-184147

The Royal Bank of Scotland Group plc

TERMS AND CONDITIONS

USD 1,000,000,000 6.100% Subordinated Tier 2 Notes due 2023

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| Issuer | The Royal Bank of Scotland Group plc |
| Securities | 6.100% Subordinated Tier 2 Notes due 2023 (the “Notes”) |
| Ranking | Subordinated |
| Principal Amount | USD 1,000,000,000 |
| Price to the Public | 99.859% |
| Specified Currency | USD |
| Trade Date | June 3, 2013 |
| Settlement Date | June 10, 2013 (T+5), in accordance with DTC’s procedures |
| Maturity | June 10, 2023 |
| Coupon | 6.100% per annum |
| Call Option | Not applicable |
| Interest Payment Dates | Semi-annually on the 10th day of each June and December, commencing on December 10, 2013, up to and including June 10, 2023. |
| Interest Payment Record Dates | On the 26 th day of each May and November commencing on November 26, 2013 |
| Format | SEC-Registered |
| Benchmark | T 1.750% due May 15th, 2023 |
| Benchmark Yield | 2.119% |
| Re-Offer Yield | 6.119% |
| Re-Offer Spread to UST | T+400 bps |
| Day Count | 30/360 |
| Day Count Convention | Following unadjusted |
| Business Days | New York and London |
| Underwriting Discount | 0.450% |
| Proceeds, before expenses, to the Issuer | 99.409%; \$994,090,000 |
| Agreement with Respect to the Exercise of U.K. Bail-in Power | By its purchase of the Notes, each holder (including each beneficial holder) of the Notes acknowledges, agrees to be bound by and consents to the exercise of any U.K. bail-in power (as defined below) by the relevant U.K. resolution authority that may |

result in (i) the cancellation of all, or a portion, of the principal amount of, or interest on, the Notes and/or (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, which U.K. bail-in power may be exercised by means of variation of the terms of the Notes solely to give effect to the above. With respect to

(i) and (ii) above, references to principal and interest shall include payments of principal and interest that have become due and payable (including principal that has become due and payable at the Maturity Date), but which have not been paid, prior to the exercise of any U.K. bail-in power. The rights of the holders under the Notes are subject to, and will be varied, if necessary, solely to give effect to, the provisions of any U.K. bail-in power which are expressed to implement such a cancellation or conversion.

For these purposes, a “U.K. bail-in power” is any write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions and investment firms incorporated in the U.K. in effect and applicable in the U.K. to the Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements which are implemented, adopted or enacted within the context of a European Union (“E.U.”) directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, pursuant to which obligations of a credit institution or investment firm or any of its affiliates can be cancelled and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the “relevant U.K. resolution authority” is to any authority with the ability to exercise a U.K. bail-in power).

“Group” means the Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards.

Redemption for Tax
Reasons

Redemption at the principal amount of the Notes together with accrued interest thereon, provided that, in the Issuer’s opinion, the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable to it at the Settlement Date and provided that upon CRD IV taking effect in the U.K., such right of redemption shall only apply if, when and to the extent not prohibited by CRD IV.

The exercise of such right of redemption is conditional on PRA consent/non-objection.

As used herein:

“Capital Instruments Regulations” means any regulatory capital rules, regulations or standards which are in the future applicable to the Issuer (on a solo or consolidated basis and including any implementation thereof or supplement thereto by the PRA from time to time) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the Issuer’s regulatory capital (on a solo or consolidated basis) as required by (i) the CRD IV Regulation and/or (ii) the CRD IV Directive, including (for the avoidance of doubt) any regulatory technical standards issued by the European Banking Authority.

“CRD IV” means, taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Capital Instruments Regulations.

“CRD IV Directive” means a directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms amending Directive 2002/87/EC, which text was

adopted by the European Parliament on April 16, 2013 and any successor directive.

“CRD IV Regulation” means a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, which text was adopted by the European Parliament on April 16, 2013, and any successor regulation.

“PRA” means the Prudential Regulation Authority or such other governmental authority in the United Kingdom (or, if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the prudential regulation of the Issuer’s business.

Redemption due to Capital Disqualification Event

Redemption at par together with accrued interest thereon, provided that, in the Issuer’s opinion, the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable to it at the Settlement Date and provided that upon CRD IV taking effect in the U.K., such right of redemption shall only apply if, when and to the extent not prohibited by CRD IV.

A “Capital Disqualification Event” shall be deemed to have occurred if, as a result of any amendment to, or change in, the Capital Regulations (or official interpretation thereof) which are in effect at the Settlement Date, the Notes are fully excluded from Tier 2 capital (as defined in the Capital Regulations) of the Issuer and/or the Regulatory Group.

The exercise of such right of redemption is conditional on PRA consent/non-objection.

As used herein:

“Capital Regulations” means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the PRA and/or of the European Parliament or of the Council of the European Union then in effect in the United Kingdom; and

“Regulatory Group” means the Issuer, its subsidiary undertakings, participations, participating interests and any subsidiary undertakings, participations or participating interests held (directly or indirectly) by any of its subsidiary undertakings from time to time and any other undertakings from time to time consolidated with it for regulatory purposes, in each case in accordance with the rules and guidance of the PRA then in effect.

Repurchases

Applicable provided that, upon CRD IV taking effect in the United Kingdom, purchases are only permitted if, when and to the extent not prohibited by CRD IV.

The exercise of such right is conditional on PRA consent/non-objection.

Global Co-ordinator and Structuring Advisor, Joint Bookrunner and Joint Lead Manager

RBS Securities Inc.

Joint Bookrunners and Joint Lead Managers

Citigroup Global Markets Inc.
Deutsche Bank Securities Inc.

Joint Lead Managers ING Bank N.V.

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| | Merrill Lynch, Pierce, Fenner & Smith Incorporated |
| | RBC Capital Markets LLC |
| Co-Managers | ABN AMRO Securities (USA) LLC Banca IMI S.p.A BMO Capital Markets Corp. BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Danske Markets Inc. HSBC Securities (USA) Inc. Lloyds Securities Inc. nabSecurities, LLC TD Securities (USA) LLC UniCredit Bank AG |
| Denominations | \$2,000 and integral multiples of USD \$1,000 in excess thereof |
| Listing | An application will be made to list the Notes on the New York Stock Exchange |
| Expected Security Ratings* | BB+ / BBB- / Ba2 (S&P / Fitch / Moody's) |
| Clearing and Settlement | DTC |
| CUSIP | 780097AY7 |
| ISIN | US780097AY76 |
| Governing Law | New York (subordination and waiver of the right to set off by holders governed by Scots Law) |

* The security ratings above are not a recommendation to buy, sell or hold the securities offered hereby. The ratings may be subject to revision or withdrawal at any time by S&P, Fitch or Moody's.

The Issuer has filed a registration statement (including a base prospectus) with the SEC for the offering to which this free writing prospectus relates. Before you invest in this offering, you should read the base prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, RBS Securities Inc. will arrange to send you the base prospectus at no charge if you request it by calling 1-866-884-2071.