

## RBS Sharesave Maturity

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#### 1. What was the grant date of the Sharesave options maturing?

The grant date for the 2011 UK & Irish Sharesave Plan was 19 September 2011.

#### 2. What is the contract maturity date of the Sharesave options maturing?

The maturity date for the 2011 UK & Irish Sharesave Plan was 18 October 2016.

#### 3. What is the option price?

The option price for the Sharesave Plan maturing in October 2016 is £2.333000.

#### 4. What is the bonus that will be applied to my savings at maturity?

The bonus rates for the plans maturing in October 2016 are as follows:-

- 2011 UK Sharesave 5 year plan - the bonus is equivalent to 1.7 times your monthly contribution; &
- 2011 Irish Sharesave 5 year plan – the bonus is equivalent to 3 times your monthly contribution.

#### 5. How long do I have in which to exercise my Sharesave option?

If you remain employed by the RBS group you will have 6 months from the maturity date in which to exercise your option, after which the option will lapse and you will lose the right to buy the RBS shares.

#### 6. What is the latest date to exercise my Sharesave option?

Subject to you remaining employed by the RBS group, the latest date to exercise the Sharesave option that matured on 18 October 2016 is:-

- UK participants will have until 13 April 2017; &
- Irish participants will have until 12 April 2017.

#### **Please note:-**

- The deadline for paper exercise instruction forms may be earlier.
- If you have missed a payment during your savings contract the maturity, lapse and final deadline for receipt of your exercise instruction will be delayed by 1 month for each missed payment, up to a maximum of 6 months. If you have missed more than 6 payments your option to buy shares will lapse.
- If you have left the employment of the RBS group and remain eligible to exercise your option, your leaver pack will confirm your latest exercise date.

#### 7. If I exercise my Sharesave option when will the exercise occur?

UK Sharesave - Options will be exercised daily on business days.

Irish Sharesave – Options will be exercised weekly on a Thursday, subject to Instruction Forms being received the previous Friday.

#### 8. Should I buy the RBS shares?

We are unable to advise you on this issue. If you are in doubt you should take independent financial advice.

You may wish to consider withdrawing your savings instead of buying the RBS shares, if the option price is higher than the market value at the time of the maturity and/or during the exercise period. You have 6 months from the maturity date to make your decision and the RBS share price may fluctuate during that time.

You can instruct the withdrawal of your savings via the Your Shares website by selecting the 'Maturity' link next to the applicable Sharesave option and select 'Withdraw Savings'.

#### 9. Do I have to pay tax on my Sharesave savings?

In the UK, no Income Tax or National Insurance Contributions (NICs) is payable on your Sharesave savings, bonus or any interest received.

In Ireland, no income tax is payable on your Sharesave savings, bonus or any interest received.

If you have been on an International Assignment at any point since the grant of your Sharesave option / Irish Sharesave option, different rules may apply in respect of whether you have an overseas tax liability. We recommend, if in doubt that you contact an appropriate financial adviser.

#### 10. Do I have to pay tax if I exercise my Sharesave option and sell my RBS shares?

If you're in any doubt as to the tax implications of exercising your option and selling your RBS shares, you should contact an appropriate financial adviser.

### **UK Sharesave**

Normally, when a Sharesave Contract matures and the options are exercised, no tax liability (Income Tax or National

Insurance Contributions (NICs) is incurred at that stage. However, if any of the RBS shares are sold or transferred, either immediately or later, there may be a Capital Gains Tax (CGT) liability. CGT may be payable if the amount you receive on disposing of the RBS shares is greater than the cost of buying them. However, each tax year you can realise capital gains up to a limit, known as the Annual Exemption Amount (£11,100 for the 2016/2017 tax year) without having to pay CGT.

There are also no CGT consequences if you transfer your Sharesave shares to your spouse or civil partner, or if you transfer your Sharesave shares to an Individual Savings Account (ISA) within 90 days of the date of exercise.

If you're in any doubt as to the tax implications of exercising your option and selling your RBS shares, you should contact an appropriate financial adviser.

### **Irish Sharesave**

If you buy RBS shares at the end of your savings period you will be liable to pay the Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) on the exercise of your Irish Sharesave option. This liability is calculated on the difference between the option price you pay and the market value of the RBS shares you receive on the date of exercise.

For **current employees** any applicable USC and PRSI will be deducted from your next available salary.

For **former employees** it is your obligation to report and declare any applicable USC and PRSI on your self-assessment tax return and pay any tax liability due within the relevant timeframes.

There may also be Capital Gains Tax to pay if you sell the RBS shares, although this will depend on your own individual circumstances at the relevant time.

### **Internationally Mobile Employees (IME's)**

If you have been on an International Assignment at any point since the grant of your Sharesave option / Irish Sharesave option, different rules may apply in respect of whether you have an overseas tax liability when you sell your RBS shares.

#### **11. What happens if I decide to keep my RBS shares?**

Once a valid instruction to exercise and keep your RBS shares is received, your RBS shares will be transferred into an RBS nominee account on your behalf. You can sell or transfer your RBS shares via the nominee account by logging into Your Shares.

#### **12. What do I need to do to exercise my option to sell or keep my RBS shares?**

If you are participating in Sharesave / Irish Sharesave and the share price is more than the option cost you can exercise your option as follows:-

### **UK Sharesave:-**

- Visit [www.rbspeople.com](http://www.rbspeople.com)
- Click on Your Shares
- Enter your Shareholder Reference Number (SRN) and your Personal Identification Number (PIN)
- Click on Login and Select 'Additional Plans'
- Next to the Sharesave holdings select 'Transact', then select the 'Maturity' link next to the applicable Sharesave option
- Agree to the relevant Terms and Conditions and follow the online instructions.

### **Irish Sharesave:-**

- Visit [www.rbspeople.com](http://www.rbspeople.com)
- Click on Your Shares
- Enter your Shareholder Reference Number (SRN) and your Personal Identification Number (PIN)
- Click on Login
- Select 'Correspondence' from the menu and click on the PDF icon for 'Irish Sharesave Exercise Form'
- Complete and return the Irish Sharesave Exercise Form to Computershare

If the RBS share price is less than the option price you will need to call Computershare on +44 (0)370 702 0109 to exercise your option.

### **Underwater Options**

You may wish to consider not buying the RBS shares if the option price is higher than the market value of the RBS shares. If you decide not to buy your RBS shares you can withdraw your savings by logging into Your shares and following the instructions above. Once you login you would need to select 'Maturity' link next to the applicable Sharesave option and then 'Withdraw Savings'.

#### **13. If I keep my RBS shares when will I receive them?**

If you decide to exercise your option and keep some or all of your RBS shares, your RBS shares will be transferred into an RBS nominee account. This will usually occur on the first business day following the exercise date.

#### **14. If I decide to keep my RBS shares, can I sell them at any time?**

Subject to any dealing constraints and, if applicable, the RBS Staff Dealing Rules and/or any Personal Account Dealing (PAD) policy you may sell your RBS shares at any time via the Your Shares website.

You can sell your RBS shares via the nominee by logging into Your Shares. You will be able to place a “price limit” instruction and set a minimum sale price via the nominee.

#### 15. What will I be charged if I choose to exercise my option and sell my RBS shares?

Computershare charge a commission rate of 0.5% of the total sale proceeds with a minimum commission of £13.50 which will be deducted from the sale proceeds. This charge applies when you select the choice to exercise your option and sell some or all of your RBS shares.

If you keep your RBS shares, these will be transferred into an RBS nominee account. Please note different fees apply if you sell your RBS shares via the nominee service. The RBS nominee Terms and Conditions detail the applicable fees and can be accessed via Your Shares.

#### 16. Can I place a price limit on the sale of my RBS shares?

There is no facility to place a price limit instruction using the immediate exercise and sale service (i.e. the Sell All or Sell Some option).

If you wish to place a price limit instruction, you would need to elect to exercise and Keep All of your RBS shares. Your RBS shares would then be transferred into the RBS nominee account. You will be able to place a “price limit” instruction and set a minimum price via the nominee. Please note different fees apply if you subsequently sell your RBS shares via the nominee service. The RBS nominee Terms and Conditions detail the applicable fees and can be accessed via Your Shares.

Under normal circumstances, your RBS shares will be sold at the market rate available to Computershare at the time the sale is placed on the market, and will reflect market conditions and the level of demand for RBS shares at that time.

#### Online

You will not be able to cancel your instruction to exercise and sell all or some of your RBS shares once you have entered your PIN to confirm the transaction.

Once you have submitted your sale instruction you can try and cancel the instruction if it's still in a pending\* state. If your original instruction has been placed in the market, it will not be possible to cancel. If you cancel your sale instruction, you will need to submit a new instruction online in order to exercise your option and sell your RBS shares.

\*To cancel a pending election click on 'Pending Transactions' from the 'Transaction History' menu and select cancel. You must re-enter your PIN to confirm the cancellation and then click 'submit'. To re-enter a transaction click on 'All Transactions' and follow the online instructions.

#### Exercise Form

You will not be able to cancel your instruction to sell some or all of your RBS shares if your instruction has been placed in the market. If your instruction has not been placed in the market it may be possible to cancel it. You would need to contact Computershare on +44 (0)370 702 0109.

#### 17. What price will my RBS shares be sold at if I sell my RBS shares straight away?

Under normal circumstances, your RBS shares will be sold at the market rate available to Computershare at the time the sale is placed on the market, and will reflect market conditions and the level of demand for RBS shares at that time.

#### 18. Can I cancel my instruction to sell?

#### Online

You will not be able to cancel your instruction to exercise and sell all or some of your RBS shares once you have entered your PIN to confirm the transaction.

Once you have submitted your sale instruction you can try and cancel the instruction if it's still in a pending\* state. If your original instruction has been placed in the market, it will not be possible to cancel.

If you cancel your sale instruction, you will need to submit a new instruction online in order to exercise your option and sell your RBS shares.

\*To cancel a pending election click on 'Pending Transactions' from the 'Transaction History' menu and select cancel. You must re-enter your PIN to confirm the cancellation and then click 'submit'. To re-enter a transaction click on 'All Transactions' and follow the online instructions.

#### Exercise Form

You will not be able to cancel your instruction to sell some or all of your RBS shares if your instruction has been placed in the market. If your instruction has not been placed in the market it may be possible to cancel it. You would need to contact Computershare on +44 (0)370 702 0109.

#### 19. If I sell my RBS shares when will I receive the sale proceeds?

If you decide to exercise your option and sell some or all of your RBS shares, you will receive your net sale proceeds

normally within two Stock Exchange Trading Days following the trade date.

If Computershare are unable to transfer your sale proceeds to your nominated bank account they will issue a Sterling Cheque and mail this to your registered home address.

Irish participants will receive a Sterling Cheque which will be mailed to your registered home address.

#### 20. Can I transfer some or all of my RBS shares?

If you wish to transfer some or all of your RBS shares to your spouse or civil partner\* or to an Individual Savings Account (ISA)\*\* you would need to submit an instruction to exercise and keep your RBS shares. You can do this by selecting:-

- 'Transfer Shares' from the Maturity Choice page drop down menu on Your Shares; or
- 'Exercise and Keep' on the Sharesave Maturity Exercise Form.

Your RBS shares would be transferred into an RBS nominee account. You would then need to access the nominee account and request a paper share certificate by selecting 'Transfer'. You should receive your paper share certificate within 10 days of your request. On receipt of your share certificate you would then be free to transfer your RBS shares to your spouse, civil partner or to an ISA\*\*.

*\* To enter into a civil partnership the partners must have complied with the legal procedures in the Civil Partnership Act 2004.*

*\*\*ISA only applicable for UK participants.*

#### 21. Can I transfer the RBS shares to my spouse/civil partner for him/her to keep the RBS shares?

Yes. You can transfer some or all of your RBS shares to your spouse/civil partner. To do this you will need to request a paper share certificate (please refer to question 20) for the number of RBS shares you wish to transfer to your spouse/civil partner. The share certificate will be issued in your name and you should receive this within 10 days of your request. You would then need to complete a 'CREST Transfer' Form to transfer your RBS shares into the name of your spouse/civil partner.

#### 22. Why might I choose to transfer my RBS shares to my spouse/civil partner for him/her to keep my RBS shares?

You may wish to consider transferring your RBS shares to a spouse/civil partner as part of your tax planning. However, if you give your RBS shares to someone other than your spouse/civil partner then the tax implications will differ.

If you're in any doubt as to the tax implications, you should contact an appropriate financial adviser.

#### 23. Why might I transfer my RBS shares into an ISA? (UK only)

You may wish to consider placing your RBS shares into an ISA\* as it provides a shelter from Capital Gains Tax. You would need to transfer your RBS shares into an ISA within 90 days of the date of exercise of your Sharesave Option.

If you pay tax at the higher and/or additional rate of tax any dividends due on your shares would normally be subject to additional tax. However, if your shares are held within an ISA and you receive dividends on those shares, then no further Income Tax is due.

*\*ISA only applicable for UK participants.*

#### 24. How much can I transfer into an ISA? (UK only)

In the current tax year you can transfer shares up to a value of £15,240 into an ISA. However, you can not subscribe to more than one ISA in the same tax year.

#### 25. When do I have to transfer my RBS shares into an ISA by? (UK only)

If you want to transfer your RBS shares into an ISA, this must be done within 90 days of exercising your Sharesave option. To do this you would need to exercise your option and keep your RBS shares. Once your RBS shares are transferred into the Nominee Account you would need to request a paper share certificate for the number of RBS shares you wish to transfer to your ISA. The share certificate will be issued in your name and you should receive this within 10 days of your request.

#### 26. What is the minimum time RBS shares have to be held in an ISA? (UK only)

There is no time limit on how long RBS shares must be held in an ISA before they can be sold.

#### 27. Can I transfer my RBS shares to my existing stockbroker?

Yes. To do this you would need to exercise your option and keep your RBS shares. Once your RBS shares are transferred into the Nominee Account you would need to request a paper share certificate for the number of RBS shares you wish to transfer to your stockbroker. The share certificate will be issued in your name and you should receive this within 10 days of your request.

#### 28. I have not received my Share Certificate.

Your share certificate will be mailed to your home address and should arrive within 10 days of your request. If you do not receive your share certificate and inform Computershare within 30 days of your instruction to 'Transfer', there will be no administration charge for the letter of indemnity but there may be a charge for the countersignature if applicable. This depends on the value of the RBS shares in question.

Please note if you do not inform Computershare that you have not received your share certificate within 30 days of your instruction to 'Transfer' you will be liable to pay any applicable indemnity fees for a duplicate share certificate to be issued.



### 29. What do I need to do to go into the Nominee Account?

Once you agree to the relevant Terms and Conditions. Select 'Transfer Shares' from the Maturity Choice page drop down menu and follow the onscreen instructions.

### 30. If I submit my instructions online, when will they be processed?

For UK Sharesave participants, if your instructions are submitted online during standard business hours (which are defined as the trading hours of the London Stock Exchange), your instructions will normally be processed on the day of submission. Online instructions submitted outside of these hours will normally be processed on the next business day.

For Irish Sharesave participants options will usually be exercised weekly on a Thursday, subject to Instruction Forms being received the previous Friday.

### 31. Why can't I see a maturity link against my holding?

The maturity link will only show against your holding if you have made the full amount of payments necessary for your plan. For the 7 year plan you must have made all 60 payments and have left your savings on deposit for a further 2 years (after the 5<sup>th</sup> anniversary).

If the option is underwater (i.e. the option price is less than the current market value of RBS shares), the maturity link will not show. For further information please refer to question 34.

### 32. If I have missed less than 6 payments, what can I do?

If you have missed less than 6 payments and have already been in contact with your payroll department, bank or Computershare to re-start these payments, then payments will continue to be taken from your net salary or bank account (if you have had to set up a standing order) until all outstanding payments have been made. Once your last payment has been made, your contract will mature and you will receive any applicable bonus. Please note you will not be contacted again when your Sharesave plan matures.

If you have missed less than 6 payments and wish to re-start these you should contact Computershare on +44 (0)370 702 0109.

Please note if you miss 7 payments your option will automatically lapse and you will lose the right to exercise the option.

### 33. What does 'option underwater' mean?

If your option price is more than the current market price of RBS shares it is classed as being 'underwater'. When the RBS share price is either lower than or close to the option price a warning sign will appear next to the grant date and a share price warning message will show.

To exercise an 'underwater' option you will need to contact Computershare and request a paper Exercise Form. Please contact Computershare on +44 (0)370 702 0109.

If, at the time of executing the exercise instructions the option price is more than the market price of an RBS share (i.e., the option is 'underwater') you may be contacted to confirm that it is your intention to exercise your option and that you wish to proceed regardless of the market price.

Example:-

- Option price £2.333000 - Current RBS share price £2.40 - Instruction processed;
- Option price £2.333000 - Current RBS share price £2.00 - Instruction rejected.

### 34. What are the benefits of the RBS Nominee Account?

A nominee account is a convenient way for you to hold your RBS shares. The benefits of the RBS nominee include:-

- No administration charges;
- You will not receive paper share certificates, unless you request to transfer your RBS shares out of the RBS nominee;
- Your RBS shares will be held electronically;
- You will receive any declared dividends on your RBS shares;
- You will automatically receive all shareholder benefits and communications such as Annual Report and Accounts or other notifications; &
- You can sell or transfer your RBS shares via the nominee account.

### 35. What if I decide not to buy the RBS shares?

If you decide not to exercise your option to buy your RBS shares you can give an online instruction for your savings account to be closed. Your savings and any applicable interest or bonus will be paid to the bank account held on Your Shares. For Irish participant funds will be returned via payroll to your salary bank account. If this is not possible you will receive a Euro cheque.

You can check and update your bank account details on Your Shares by selecting 'My Profile' before placing your closure instruction or alternatively you can update these details when placing your closure instruction.

If you do not have access to the online system and require a paper closure instruction form please contact

Computershare on +44 (0)370 702 0109.

36. What are the charities that will benefit from any cash residue from my savings after buying my RBS shares?

#### **UK Sharesave Plan**

After buying your RBS shares, there may be a small amount of money left over. The residual funds which are less than the value of one RBS share will automatically be donated to charity unless you indicate otherwise when you submit your exercise instruction. The charities that will benefit are:-

- Cancer Research UK (No.1089464)
- World Wildlife Fund for Nature UK (No.1081247)
- Save the Children (No. 213890)
- British Red Cross Society (No. 220949)
- Shelter (No. 263710)

#### **Irish Sharesave Plan**

The charity option is not available for participants in the Irish Sharesave Plan. Instead after buying your RBS shares, if there is a small amount of money left over in your savings account, Ulster Bank will send you a Euro cheque for any residue amount or the funds may be returned via your payroll.

37. Which plan rules govern this maturity?

**UK Sharesave Plan** - The Royal Bank of Scotland Group plc 2007 Sharesave Plan.

**Irish Sharesave Plan** - The Royal Bank of Scotland Group plc 2007 Irish Sharesave Plan.