

SUPPLEMENT DATED 22 AUGUST 2018 TO THE PROGRAMME DOCUMENT DATED 5 MARCH 2018 RELATING TO THE STRUCTURED NOTE PROGRAMME



NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc)

(incorporated under the laws of Scotland with limited liability under the Companies Act 1948 to 1980, registered number SC090312)

U.S.\$7,000,000,000 Structured Note Programme

This supplement (this "**Supplement**") to the Programme Document dated 5 March 2018 (the "**Programme Document**") comprises a supplementary listing particulars for the purposes of the Listing Rules of the Global Exchange Market and has been approved by The Irish Stock Exchange plc (trading as Euronext Dublin). Terms defined in the Programme Document have the same meanings when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Programme Document and any previous supplements to it, issued by NatWest Markets Plc (formerly known as The Royal Bank of Scotland plc) (the "**Issuer**" or "**NWM**"), a subsidiary of The Royal Bank of Scotland Group plc.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to:

- (a) incorporate by reference into the Programme Document:
 - (i) the NWM Interim Results 2018 (as defined below);
 - (ii) the 2 July Capital Reduction Announcement (as defined below);
 - (iii) the Moody's Announcement (as defined below);
 - (iv) the 31 July Ring-Fencing Announcement (as defined below);
 - (v) the 13 August Ring-Fencing Announcement (as defined below); and
 - (vi) the Interim Dividend Announcement (as defined below).
- (b) following the publication of the NWM Interim Results 2018, update the statement of no significant change for NWM;
- (c) update certain information relating to legal proceedings, litigation and investigations;
- (d) update the Terms and Conditions of the Notes in light of regulatory and market developments relating to benchmarks; and

- (e) update certain sections of the Programme Document in light of regulatory developments in Singapore.

Incorporation of Information by Reference

By virtue of this Supplement:

- (a) the unaudited Interim Results 2018 of NWM (the "**NWM Interim Results 2018**"), which were published via the regulatory news service of the London Stock Exchange plc on 3 August 2018;
- (b) the announcement entitled "Capital reduction - notice of completion" (except for the fifth paragraph and the column entitled "*31 May 2018 pro forma post Reduction*" of the table below such paragraph) (the "**2 July Capital Reduction Announcement**"), which was published via the regulatory news service of the London Stock Exchange plc on 2 July 2018;
- (c) the announcement entitled "RBS welcomes credit ratings action by Moody's" (the "**Moody's Announcement**"), which was published via the regulatory news service of the London Stock Exchange plc on 17 July 2018;
- (d) the announcement entitled "The Royal Bank of Scotland Group plc - update on ring-fencing plans", which was published via the regulatory news service of the London Stock Exchange plc on 31 July 2018 (the "**31 July Ring-Fencing Announcement**");
- (e) the announcement entitled "The Royal Bank of Scotland Group plc - update on ring-fencing plans", which was published via the regulatory news service of the London Stock Exchange plc on 13 August 2018 (the "**13 August Ring-Fencing Announcement**"); and
- (f) the announcement entitled "The Royal Bank of Scotland Group plc – Declaration of Interim Dividend" (the "**Interim Dividend Announcement**"), which was published via the regulatory news service of the London Stock Exchange plc on 14 August 2018,

shall be incorporated in, and form part of, the Programme Document.

A copy of any or all of the information which is incorporated by reference in the Programme Document can be obtained from the website of the Issuer at <https://investors.rbs.com/regulatory-news/company-announcements.aspx>.

If a document which is incorporated by reference in the Programme Document by virtue of this Supplement itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Programme Document except where such information or other documents are specifically incorporated by reference in, or attached to, the Programme Document by virtue of this Supplement. Any parts of the document incorporated by reference which are specifically excluded from the information incorporated by reference in this Supplement are either not relevant for prospective investors or the information is included elsewhere in the Programme Document.

Statement of No Significant Change

There has been no significant change in the financial position of the Issuer Group taken as a whole since 30 June 2018.

Updating the legal proceedings disclosure set out in the Programme Document

The section entitled "Legal Proceedings" on page 345 of the Programme Document shall be deleted and replaced with the following:

"Legal Proceedings

For a description of the material governmental, legal or arbitration proceedings that the Issuer and the Issuer Group face, see (i) the section entitled "Litigation, investigations and reviews" in the "Notes" at pages 18 to 26 of the NWM Interim Results 2018 and (ii) the Interim Dividend Announcement, each as referred to in, and incorporated by reference into, this Programme Document."

Litigation and Investigations

Other than as referred to in (i) the section entitled "Litigation, investigations and reviews" in the "Notes" at pages 18 to 26 of the NWM Interim Results 2018 and (ii) the Interim Dividend Announcement, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Supplement, a significant effect on the financial position or profitability of the Issuer and/or the Issuer Group.

Terms and Conditions of the Notes

In light of regulatory and market developments relating to benchmarks, the Terms and Conditions of the Notes shall be updated as set out in the Annex hereto.

Singapore regulatory developments

In light of regulatory developments in Singapore, certain sections of the Programme Document shall be updated as follows:

- (a) the information set out on page 8 of the Programme Document shall be supplemented to include the following:

"PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The applicable Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the applicable Pricing Supplement will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA."

- (b) the sub-section entitled "Form of Pricing Supplement" on pages 52 to 122 of the Programme Document shall be supplemented to include the following paragraph on page 52, before the paragraph beginning with "Prohibition of Sales to EEA Retail Investors":

"[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the

Securities and Futures (Capital Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**") that the Notes are "[prescribed capital markets products]/[capital markets products other than prescribed capital markets products]" (as defined in the SF (CMP) Regulations) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]"

Other Information

To the extent that there is any inconsistency between any statement in or incorporated by reference in the Programme Document by virtue of this Supplement and any other statement in or incorporated by reference in the Programme Document, the statements in or incorporated by reference in the Programme Document by virtue of this Supplement will prevail.

Save as disclosed in this Supplement, there has been: (1) no significant change affecting any matter contained in the Programme Document (as supplemented at the date hereof) since the publication of the Programme Document; or (2) no significant new matter which has arisen, the inclusion of information in respect of which would have been so required had it arisen at the time the Programme Document was prepared.

ANNEX

By virtue of this Supplement, Condition 3(g) (*Benchmark replacement*) in the section entitled "Terms and Conditions of the Notes" commencing on page 123 of the Programme Document shall be deleted in its entirety and replaced with the following:

(g) *Benchmark replacement*

Notwithstanding the provisions above in this Condition 3, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent and the Agent or the Registrar, as the case may be (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s))) determines that a Benchmark Event has occurred or considers that there may be a Successor Rate, in either case, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than 3 Business Days prior to the Interest Determination Date (as applicable) relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(g));
- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with subparagraph (1) above, then the Issuer (in consultation, to the extent practicable, with the Calculation Agent and the Agent or the Registrar, as the case may be (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) and acting in good faith) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(g)); **provided, however, that** if this subparagraph (2) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this subparagraph (2), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period (which may be the initial Rate of Interest) (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period for which the Rate of Interest was determined, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period);
- (3) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate (as applicable) shall be the relevant Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 3(g));
- (4) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer determines that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such

Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the Interest Determination Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

- (5) if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread, in accordance with the above provisions, the Independent Adviser or the Issuer may also, following consultation, to the extent practicable, with the Calculation Agent and the Agent or the Registrar, as the case may be (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, Interest Payment Dates and/or the definition of the Reference Rate or Adjustment Spread applicable to the Notes (and in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(g)). Subject as provided in the Trust Deed, the Trustee shall, at the direction and expense of the Issuer, use its reasonable endeavours to effect such consequential amendments to the Trust Deed, the Agency Agreement and these Terms and Conditions as may be required in order to give effect to this Condition 3(g) and the Trustee shall not be liable to any party for any consequences thereof (provided, however, that the Trustee shall not be obliged to agree to any such consequential amendments if the same would, in the sole opinion of the Trustee, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce, or amend its rights and/or the protective provisions afforded to it). An Independent Adviser appointed pursuant to this Condition 3(g) shall act in good faith and (in the absence of bad faith, gross negligence and wilful misconduct) shall have no liability whatsoever to the Issuer, the Trustee, the Calculation Agent, the Agent or the Registrar, as the case may be (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 3(g). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer, Trustee, Calculation Agent, Agent or Registrar (if required); and
- (6) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to subparagraph (5) above to the Trustee, the Calculation Agent, the Agent or the Registrar, as the case may be, and the Noteholders. No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer confirming (i) that a Benchmark Event has occurred or that there is a Successor Rate, (ii) the Successor Rate or Alternative Reference Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any changes pursuant to subparagraph (5) above.

For the purposes of this Condition 3(g):

Adjustment Spread means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines should be applied to the relevant

Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the relevant Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is recommended in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer in its discretion (as applicable) determines (acting in good faith) to be appropriate;

Alternative Reference Rate means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines, each in its own discretion, acting in good faith, is most comparable to the relevant Reference Rate;

Benchmark Event means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or
- (v) it has or will become unlawful for the Calculation Agent, the Agent or the Registrar, as the case may be (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable);

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

Relevant Nominating Body means, in respect of a reference rate:

- (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

Successor Rate means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body.