

SUPPLEMENTARY PROSPECTUS DATED 22 NOVEMBER 2016



The Royal Bank of Scotland Group plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC045551)

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)

£90,000,000,000

Euro Medium Term Note Programme

This supplement (the “**3rd Supplementary Prospectus**”) to the Prospectus dated 7 March 2016 (the “**Prospectus**”), which comprises a base prospectus for the purpose of Directive 2003/71/EC (as amended), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and has been prepared in connection with the £90,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by The Royal Bank of Scotland Group plc (“**RBSG**”) and The Royal Bank of Scotland plc (“**RBS**”) (each, an “**Issuer**” and together, the “**Issuers**”). Terms defined in the Prospectus have the same meaning when used in this 3rd Supplementary Prospectus.

This 3rd Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein. This 3rd Supplementary Prospectus should also be read and construed in conjunction with the supplementary prospectuses dated 7 June 2016 and 19 August 2016 (the “**Previous Supplementary Prospectuses**”) and the documents incorporated by reference therein.

Each Issuer accepts responsibility for the information contained in this 3rd Supplementary Prospectus. To the best of the knowledge of each Issuer (each having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplementary Prospectus

The purpose of this 3rd Supplementary Prospectus is to:

- (a) incorporate by reference into the Prospectus:
 - (i) the 30 September RNS (as defined below);
 - (ii) the RBSG Q3 2016 IMS (as defined below); and
 - (iii) the 8 November RNS (as defined below);
- (b) following publication of the RBSG Q3 2016 IMS, update the statement of no significant change and no material adverse change for RBSG;
- (c) following publication of the RBSG Q3 2016 IMS, update the statement of no significant change and no material adverse change for RBS; and

- (d) update certain information relating to litigation and investigations.

Incorporation of Information by Reference

By virtue of this 3rd Supplementary Prospectus:

- (a) the announcement entitled “RBS Announces Proposed Future Ring-Fenced Legal Entity Structure and Investment in Customer Brands”, which was published via the Regulatory News Service of the London Stock Exchange plc (the “RNS”) on 30 September 2016 (the “**30 September RNS**”);
- (b) the unaudited Interim Management Statement Q3 2016 of RBSG (the “**RBSG Q3 2016 IMS**”), which was published via the RNS on 28 October 2016; and
- (c) the announcement entitled “RBS Launches a New Complaints Process and Refund of Complex Fees for SME customers in GRG”, which was published via the RNS on 8 November 2016 (the “**8 November RNS**”),

each of which has been (1) previously published and (2) filed with the Financial Conduct Authority (the “FCA”), shall be incorporated in, and form part of, the Prospectus.

A copy of any or all of the information which is incorporated by reference in the Prospectus can be obtained from the website of RBSG at <http://www.rbs.com> and from the London Stock Exchange plc’s website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

If a document which is incorporated by reference in the Prospectus by virtue of this 3rd Supplementary Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Prospectus except where such information or other documents are specifically incorporated by reference in, or attached to, the Prospectus by virtue of this 3rd Supplementary Prospectus.

It should be noted that, except as set forth above, no other portion of the above documents is incorporated by reference into the Prospectus. In addition, where sections of any of the above documents which are incorporated by reference into the Prospectus cross-reference other sections of the same document, such cross-referenced information shall not form part of the Prospectus, unless otherwise incorporated by reference herein. Those parts of the documents incorporated by reference which are not specifically incorporated by reference in this 3rd Supplementary Prospectus are either not relevant for prospective investors or the information is included elsewhere in the Prospectus.

Statement of No Significant Change and No Material Adverse Change – RBSG

There has been no significant change in the trading or financial position of the Group taken as a whole since 30 September 2016 (the end of the last financial period for which the latest unaudited interim financial information of the Group has been published), save in relation to the estimated £400 million litigation and conduct costs to be recognised in Q4 2016 in relation to the FCA’s review of the treatment of small and medium enterprise customers in RBS’s former Global Restructuring Group, as announced on 8 November 2016.

There has been no material adverse change in the prospects of RBSG since 31 December 2015 (the last date to which the latest audited published financial information of the Group was prepared), save in relation to the matters disclosed in the RBSG Q3 2016 Interim Management Statement in relation to: (i) the business previously described as Williams & Glyn (page 7); (ii) the

current low interest rate and low growth environment which presents a range of uncertainties which could impact the performance of the core business: whilst the Group remains committed to achieving the previously announced long term cost:income ratio and return targets they are now not expected to be achieved by 2019 (page 8); and (iii) the range of uncertainties in the external environment and conduct-related investigations and litigation being managed, including US RMBS: substantial additional charges and costs may be recognised in the coming quarters, which would have an impact on the Group's level of capital (page 8).

Statement of No Significant Change and No Material Adverse Change – RBS

There has been no significant change in the financial position of the Issuer Group taken as a whole since 30 June 2016 (the end of the last financial period for which the latest unaudited interim financial information of the Issuer Group has been published), save in relation to the estimated £400 million litigation and conduct costs to be recognised in Q4 2016 in relation to the FCA's review of the treatment of small and medium enterprise customers in RBS's former Global Restructuring Group, as announced on 8 November 2016.

There has been no material adverse change in the prospects of RBS since 31 December 2015 (the last date to which the latest audited published financial information of the Issuer Group was prepared), save in relation to the matters disclosed in the RBSG Q3 2016 Interim Management Statement in relation to: (i) the business previously described as Williams & Glyn (page 7); (ii) the current low interest rate and low growth environment which presents a range of uncertainties which could impact the performance of the core business: whilst the Group remains committed to achieving the previously announced long term cost:income ratio and return targets they are now not expected to be achieved by 2019 (page 8); and (iii) the range of uncertainties in the external environment and conduct-related investigations and litigation being managed, including US RMBS: substantial additional charges and costs may be recognised in the coming quarters, which would have an impact on the Group's level of capital (page 8).

Litigation and Investigations

Save as set out (i) in the section entitled "Litigation, investigations and reviews" on pages 85 to 105 of the RBSG Interim Results 2016 and (ii) in the section entitled "Litigation, investigations and reviews" on pages 32 to 34 of the RBSG Q3 2016 IMS, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which RBSG or RBS is aware), which may have or have had during the 12 months preceding the date of this 3rd Supplementary Prospectus, a significant effect on the financial position or profitability of RBSG, RBS, the Group and/or, as the case may be, the Issuer Group.

Other Information

To the extent that there is any inconsistency between any statement in or incorporated by reference in the Prospectus by virtue of this 3rd Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus or the Previous Supplementary Prospectuses, the statements in or incorporated by reference in the Prospectus by virtue of this 3rd Supplementary Prospectus will prevail.

Save as disclosed in the Previous Supplementary Prospectuses and this 3rd Supplementary Prospectus or in any document incorporated by reference in the Prospectus by virtue of the Previous Supplementary Prospectuses or this 3rd Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

The hyperlinks included in this 3rd Supplementary Prospectus are included for information purposes only and the websites and their content are not incorporated into, and do not form part of, this 3rd Supplementary Prospectus or the Prospectus.