

Final Terms dated 6 March 2017
The Royal Bank of Scotland Group plc
Issue of €1,500,000,000 Fixed to Floating Rate Notes due 8 March 2023
under the £90,000,000,000
Euro Medium Term Note Programme

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 16 December 2016 and the supplemental Prospectus dated 24 February 2017 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, as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at

http://www.rns-pdf.londonstockexchange.com/rns/1639S_1-2016-12-16.pdf

http://www.rns-pdf.londonstockexchange.com/rns/8477X_1-2017-2-24.pdf

1. Issuer: The Royal Bank of Scotland Group plc
2. (i) Series Number: 3492
(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: Euro (€)
4. Aggregate Nominal Amount:
 - (i) Series: €1,500,000,000
 - (ii) Tranche: €1,500,000,000
5. Issue Price: 100 per cent. of the Aggregate Nominal Amount
6. (i) Specified Denominations: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000
(ii) Calculation Amount: €1,000
7. (i) Issue Date: 8 March 2017
(ii) Interest Commencement Date: 8 March 2017
8. Maturity Date: 8 March 2023

9. Interest Basis: 2.000 per cent. Fixed Rate from (and including) the Issue Date to (but excluding) 8 March 2022
Thereafter, 3-month EURIBOR + 2.039 per cent. Floating Rate
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: The Interest Basis shall change from Fixed Rate to Floating Rate from (and including) 8 March 2022
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

14. Fixed Rate Note Provisions: Applicable to (but excluding) 8 March 2022
- (i) Rate(s) of Interest: 2.000 per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): 8 March in each year from (and including) 8 March 2018 up to and including 8 March 2022
- (iii) Fixed Coupon Amount(s): €20.00 per Calculation Amount
- (iv) Broken Amount(s): Not Applicable
- (v) Day Count Fraction: Actual/Actual (ICMA)
- (vi) Determination Dates: 8 March in each year
- (vii) Business Day Convention: Not Applicable
- (viii) Business Centre(s): Not Applicable
15. Reset Note Provisions: Not Applicable
16. Floating Rate Note Provisions: Applicable from (and including) 8 March 2022
- (i) Interest Period(s)/Specified Interest Payment Dates: 8 June 2022, 8 September 2022, 8 December 2022 and 8 March 2023
- (ii) Business Day Convention: Modified Following Business Day Convention

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|--------|---|--|
| (iii) | Business Centre(s): | Not Applicable |
| (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: | 3-month EURIBOR |
| | – Interest Determination Date(s): | Second day on which the TARGET 2 System is open prior to the start of each Interest Period |
| | – Relevant Screen Page: | Reuters Page EURIBOR01 |
| (vii) | ISDA Determination: | Not Applicable |
| (viii) | Linear Interpolation: | Not Applicable |
| (ix) | Margin(s): | + 2.039 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: 5 days
Maximum period: 30 days |
| 19. | Redemption for Capital Disqualification Event: | Not Applicable |
| 20. | Issuer Call: | Applicable |
| | (i) Optional Redemption Date(s): | 8 March 2022 |
| | (ii) Optional Redemption Amount(s): | €1,000 per Calculation Amount |


	(iii) Redeemable in part:	No
	(iv) If redeemable in part:	Not Applicable
	(v) Notice periods:	Minimum period: 5 days Maximum period: 30 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 Note:	Not Applicable
21.	Redemption for Loss Absorption Disqualification Event:	Condition 5(e): Applicable from the Issue Date
	(i) Loss Absorption Disqualification Event for partial exclusion:	Applicable
	(ii) Notice periods for Condition 5(e):	Minimum period: 5 days Maximum period: 30 days
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount:	€1,000 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:	€1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	
	(a) Form:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event

- (b) NGN: Yes
- (c) CMU Notes: No
26. Additional Financial Centre(s): London
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

Signed on behalf of The Royal Bank of Scotland Group plc:

By:  _____
Duly authorised

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 8 March 2017
- (ii) Estimate of total expenses relating to admission to trading: £3,650

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
Standard & Poor's Credit Market Services Europe Limited: BBB-
Moody's Investors Service Limited: Ba1
Fitch Ratings Limited: BBB+

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Subscription and Sale", 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: 2.000 per cent. per annum

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 EURIBOR rates can be obtained from Reuters.

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1575979148
- (ii) Common Code: 157597914
- (iii) CMU Instrument Number: Not Applicable
- (iv) Clearing System: Euroclear Bank S.A./N.V. and Clearstream Banking S.A.
- (v) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Names and addresses of: Not Applicable

additional Paying Agent(s)
(if any):

- (vii) Intended to be held in a manner which would allow Eurosystem eligibility:

Yes

Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositaries as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.