

SUPPLEMENTARY PROSPECTUS DATED 14 FEBRUARY 2020



The Royal Bank of Scotland Group plc

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

£40,000,000,000

Euro Medium Term Note Programme

This supplement (the "**3rd Supplementary Prospectus**") to the Prospectus dated 21 November 2019 (as supplemented, the "**Prospectus**"), which comprises a base prospectus for the purpose of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), constitutes a supplementary prospectus for the purposes of Article 23 of the Prospectus Regulation and has been prepared in connection with the £40,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by, The Royal Bank of Scotland Group plc (the "**Issuer**" or "**RBSG**"). 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.

The Issuer accepts responsibility for the information contained in this 3rd Supplementary Prospectus. To the best of the knowledge of the Issuer such information is in accordance with the facts and makes no omission likely to affect its import.

Purpose of the Supplementary Prospectus

The purpose of this 3rd Supplementary Prospectus is to:

- (a) incorporate by reference into the Prospectus certain sections of the 2019 Annual Report and Accounts of RBSG (as defined below);
- (b) following publication of the 2019 Annual Report and Accounts of RBSG, update the statements of no significant change and no material adverse change for RBSG;
- (c) update the forward-looking statements information set out in the Prospectus;
- (d) update the risk factors set out in the Prospectus;
- (e) update certain information relating to ring-fencing;
- (f) update certain information relation to legal proceedings; and
- (g) update certain information relating to external auditors and financial information of the Issuer.

Incorporation of Information by Reference

By virtue of this 3rd Supplementary Prospectus the following sections of the 2019 annual report and accounts of RBSG (the "**2019 Annual Report and Accounts of RBSG**"), which were published via the regulatory news service of the London Stock Exchange plc on 14 February 2020:

- (i) Strategic report on pages 2 to 49:
 - 2019 highlights and our future strategy on pages 3 to 15;
 - How we do business on pages 16 to 27;
 - Building a more sustainable bank on pages 28 to 41;
 - Risk Management on pages 42 to 44; and
 - Governance and compliance on pages 45 to 49;
- (ii) Business Review on pages 50 to 61:
 - Presentation of information on page 50;
 - Segmental reporting on page 50;
 - Financial summary on pages 51 to 55; and
 - Segment performance on pages 56 to 61;
- (iii) Governance on pages 62 to 111:
 - Our Board on pages 62 to 63;
 - Corporate governance on pages 64 to 67;
 - Report of the Group Nominations and Governance Committee on pages 68 to 69;
 - Report of the Group Audit Committee on pages 70 to 73;
 - Report of the Group Board Risk Committee on pages 74 to 76;
 - Report of the Group Sustainable Banking Committee on page 77;
 - Report of the Technology and Innovation Committee on page 78;
 - Directors' remuneration report on pages 79 to 105;
 - Compliance report on pages 106 to 107;
 - Report of the directors on pages 108 to 110; and
 - Statement of directors' responsibilities on page 111;
- (iv) Capital and risk management on pages 112 to 189:
 - Presentation of information on page 112;
 - Risk management framework on pages 112 to 119;
 - Capital, liquidity and funding risk on pages 120 to 131;
 - Credit risk on pages 132 to 173;
 - Market risk on pages 174 to 184;
 - Pension risk on page 185;
 - Compliance & conduct risk on pages 185 to 186;
 - Financial crime on page 186;
 - Climate-related financial risk on pages 186 to 187;
 - Operational risk on pages 187 to 188;
 - Model risk on page 189; and
 - Reputational risk on page 189;
- (v) Financial Statements on pages 190 to 276:
 - Independent auditor's report on pages 191 to 201;
 - Consolidated income statement on page 202;
 - Consolidated statement of comprehensive income on page 203;
 - Consolidated balance sheet on page 204;

- Consolidated statement of changes in equity on pages 205 to 206;
 - Consolidated cash flow statement on page 207;
 - Accounting policies on pages 208 to 212;
 - Notes on the consolidated accounts on pages 213 to 263; and
 - Parent company financial statements and notes on pages 264 to 276;
- (vi) Non-IFRS financial measures on pages 277 to 280;
- (vii) Risk Factors on pages 281 to 295;
- (viii) Material contracts on pages 296 to 297;
- (ix) Shareholder information on pages 298 to 299; and
- (x) Forward looking statements on page 300,

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

For at least ten years from the date 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 the Issuer at <https://investors.rbs.com/regulatory-news/company-announcements.aspx> and from the London Stock Exchange plc's website at <https://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.

Statement of No Significant Change and No Material Adverse Change

There has been no significant change in the financial position or financial performance of the Group taken as a whole since 31 December 2019 (the end of the last financial period for which the latest audited or interim financial information of the Group has been published).

There has been no material adverse change in the prospects of RBSG since 31 December 2019 (the last date to which the latest audited published financial information of the Group was prepared).

Updating the forward-looking statements information set out in the Prospectus

The reference to the "2018 Annual Report and Accounts of RBSG" in the paragraph titled "Forward-looking statements" on page v of the Prospectus shall be deleted and replaced with a reference to the "2019 Annual Report and Accounts of RBSG".

Updating the risk factors set out in the Prospectus

- (a) The first paragraph of the section entitled "Risk Factors relating to the Issuer" set out on page 6 of the Prospectus shall be deleted and replaced with the following:

"Prospective investors should consider the section entitled "*Risk Factors*" at pages 281 to 295 in the 2019 Annual Report and Accounts of RBSG as referred to in, and incorporated by reference into, this Prospectus."

- (b) The risk factor "*Update on the UK's withdrawal from the European Union ("Brexit")*" on page 6 of the Prospectus shall be deleted.
- (c) The risk factor "*The Notes may be written down or converted into ordinary shares*" commencing on page 13 of the Prospectus shall be updated so that the seventh sentence is deleted and replaced with the following:

"See further (i) "*The RBS Group may become subject to the application of UK statutory stabilisation or resolution powers which may result in, among other actions, the cancellation, transfer or dilution of ordinary shares, or the write-down or conversion of certain other of the RBS Group's securities.*" on pages 291 to 292 of the 2019 Annual Report and Accounts of RBSG and (ii) "*The RBS Group may not meet the prudential regulatory requirements for capital and MREL, or manage its capital effectively, which could trigger the execution of certain management actions or recovery options.*" on page 289 of the 2019 Annual Report and Accounts of RBSG, each as referred to in, and incorporated by reference into, this Prospectus."

Updating the ring-fencing disclosure set out in the Prospectus

The section entitled "Ring-Fencing" on page 75 of the Prospectus shall be updated so that the fourth sentence is deleted and replaced with the following:

"Further information regarding the Group's ring-fencing structure can be found in the 2019 Annual Report and Accounts of RBSG, including at page 50 (under the heading "*RBS Group ring-fencing*") of the 2019 Annual Report and Accounts of RBSG (as referred to in, and incorporated by reference into, this Prospectus)."

Updating the legal proceedings disclosure set out in the Prospectus

The section entitled "Legal Proceedings" on page 75 of the Prospectus shall be deleted and replaced with the following:

"Legal Proceedings

For a description of the material governmental, legal or arbitration proceedings that RBSG and the Group face, see the section entitled "*Litigation, investigations and reviews*" in the "Notes" at pages 256 to 261 of the 2019 Annual Report and Accounts of RBSG as referred to in, and incorporated by reference into, this Prospectus."

Legal Proceedings

Other than as referred to in the section entitled "*Litigation, investigations and reviews*" in the "Notes" at pages 256 to 261 of the 2019 Annual Report and Accounts of RBSG, 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 3rd Supplementary Prospectus, a significant effect on the financial position or profitability of RBSG or the Group.

Information on Auditors and Financial Statements

The section entitled "Auditors and Financial Statements" on page 110 of the Prospectus shall be amended to include the following:

"The consolidated financial statements of RBSG for the year ended 31 December 2019 have been audited by EY.

The financial information incorporated by reference in this Prospectus in relation to RBSG does not constitute RBSG's statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 to which the financial information in this Prospectus relates will be delivered to the Registrar of Companies in Scotland.

EY has reported on such statutory accounts for the year ended 31 December 2019 and the report in respect of such year was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006."

Other Information

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

Save as disclosed in this 3rd Supplementary Prospectus no other significant new factor, material mistake or material 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.