

24 September 2013

**The Royal Bank of Scotland N.V.**  
(incorporated in the Netherlands with its statutory seat in Amsterdam)

and

**The Royal Bank of Scotland plc**  
(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980  
registered number SC090312)

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SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WPPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 29 JUNE 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2010**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE EXCHANGEABLE SECURITIES** (THE "**REVERSE EXCHANGEABLE SECURITIES 2010**")  
(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 15 JULY 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2011")  
(EIGHTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD  
CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES,  
FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 18 JANUARY 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2010**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2010")  
(TWELFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 16 DECEMBER 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS DECEMBER 2010**")

RELATING TO **WARRANTS (THE "WARRANTS DECEMBER 2010")  
(TENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JANUARY 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2012")  
(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JUNE 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JUNE 2012")  
(FIFTH SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2010, THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE SECURITIES 2012, THE WARRANTS JANUARY 2010, THE WARRANTS DECEMBER 2010, THE WARRANTS JANUARY 2012 AND THE WARRANTS JUNE 2012, THE "**SECURITIES**")

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**If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.**

**The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.**

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website).

The purpose of this Supplement is:

- (i) to update the Base Prospectuses with respect to the registration document of The Royal Bank of Scotland plc ("**RBS**") dated 12 March 2013 which was published on 13 March 2013;
- (ii) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") of a further sale of Direct Line Group ("**DLG**") ordinary shares held by RBSG which was published on 13 March 2013;
- (iii) to update the Base Prospectuses with respect to the Annual Report and Accounts 2012 of RBSG for the year ended 31 December 2012 which were published on 27 March 2013;
- (iv) to update the Base Prospectuses with respect to the Annual Report 2012 of RBS Holdings N.V. ("**RBS Holdings**") which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2012 which was published on 27 March 2013;
- (v) to update the Base Prospectuses with respect to the Abbreviated Financial Statements for the financial year ended 31 December 2012 of The Royal Bank of Scotland N.V. ("**RBS N.V.**") which were published on 27 March 2013;
- (vi) to update the Base Prospectuses with respect to the Annual Report and Accounts 2012 of RBS for the year ended 31 December 2012 which were published on 5 April 2013;
- (vii) to update the Base Prospectuses with respect to an announcement by RBSG of planned management changes which was published on 9 May 2013;
- (viii) to update the Base Prospectuses with respect to an announcement by RBSG that Stephen Hester will be stepping down as the Group's Chief Executive which was published on 12 June 2013;
- (ix) to update the Base Prospectuses with respect to planned changes in the Markets division of RBS which were announced on 13 June 2013;
- (x) to update the Base Prospectuses with respect to the registration document of RBS Holdings and RBS N.V. dated 15 July 2013;
- (xi) to update the Base Prospectuses with respect to an announcement by RBSG that Ross McEwan has been appointed as RBSG Chief Executive which was published on 2 August 2013;
- (xii) to update the Base Prospectuses with respect to the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013; and
- (xiii) to update the Base Prospectuses with respect to the unaudited Interim Results for the half year ended 30 June 2013 of RBS Holdings, the unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2013 of RBS N.V. and the unaudited Results for the half year ended 30 June 2013 of RBS, all of which were published on 30 August 2013.

1. On the cover page of the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, the second paragraph shall be replaced by the following paragraph:

This Base Prospectus must be read in connection with the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 15 July 2013 (the "**RBS N.V. Registration Document**") which was approved by the competent authority in the Netherlands (Autoriteit Financiële Markten) (the "**AFM**"), in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**RBS Registration Document**" and together with the RBS N.V. Registration Document the "Registration Documents") which was approved by the competent authority in the United Kingdom (Financial Services Authority) (the "**FSA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**"). The RBS N.V. Registration Document and the RBS Registration Document are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG.

2. On the cover page of the Warrants Base Prospectus June 2012 and the REX Base Prospectus 2012 the third paragraph shall be replaced as follows:

This Base Prospectus must be read in connection with the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 15 July 2013 (the "**RBS N.V. Registration Document**") which was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**"), in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**RBS Registration Document**" and together with the RBS N.V. Registration Document the "**Registration Documents**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*) (the "**FSA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**"). The RBS N.V. Registration Document and the RBS Registration Document are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG.

3. In the Base Prospectuses, in the section "SUMMARY", the first paragraph shall be replaced as follows:

*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any Securities issued by The Royal Bank of Scotland N.V. or The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 15 July 2013 (the "RBS N.V. Registration Document") which was approved by the competent authority in the Netherlands (Autoriteit Financiële Markten) (the "AFM"), the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "RBS Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) (the "FSA"), and which are both incorporated into this Base Prospectus by reference, any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland N.V. and to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus and the relevant Final Terms. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

4. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**SUMMARY**", the second paragraph under the heading "**Overview**" shall be replaced as follows:

The Issuer operates across Europe, the Middle East and Africa (EMEA), the Americas and Asia. According to the Annual Report and Accounts 2012 for the financial year ended 31 December 2012 of RBS Holdings, the Group had total consolidated assets of EUR 71 billion as at 31 December 2012, the Group's Tier 1 and Core Tier 1 capital ratios were 13.9 per cent. and 11.7 per cent., respectively, as at that date.



5. In the the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**SUMMARY**" the second paragraph under the heading "**RBS N.V. – Overview**" shall be replaced as follows:

RBS N.V. operates across Europe, the Middle East and Africa (EMEA), the Americas and Asia. According to the Annual Report and Accounts 2012 for the financial year ended 31 December 2012 of RBS Holdings, the Group had total consolidated assets of EUR 71 billion as at 31 December 2012, the Group's Tier 1 and Core Tier 1 capital ratios were 13.9 per cent. and 11.7 per cent., respectively, as at that date.

6. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**SUMMARY**", the paragraph with the heading "**Financial Information relating to the Issuer**" shall be replaced as follows:

**Financial Information relating to the Issuer:**

According to the Abbreviated Financial Statements 2012 of the Issuer, the Issuer recorded a loss for 2012 of EUR 999 million. Its total assets were EUR 71 billion at 31 December 2012.

7. In the the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**SUMMARY**" the paragraph with the heading "**Financial Information relating to RBS N.V.**" shall be replaced as follows:

**Financial Information relating to  
RBS N.V.:**

According to the Abbreviated Financial Statements 2012 of RBS N.V., RBS N.V. recorded a loss for 2012 of EUR 999 million. Its total assets were EUR 71 billion at 31 December 2012.

8. In the Base Prospectuses, in the section "**SUMMARY**", the second and the third paragraph under the heading "**General Information about RBS**" shall be replaced as follows:

According to the Annual Report and Accounts 2012 of RBSG, the RBSG Group had total assets of £1,312 billion and owners's equity of £68 billion as at 31 December 2012. The RBSG Group's capital ratios as at that date were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

According to the unaudited Results for the half year ended 30 June 2013 of RBS, the RBS Group had total assets of £1,203 billion and shareholder's equity of £59 billion as at 30 June 2013. The RBS Group's capital ratios as at that date were a total capital ratio of 16.4 per cent, a Core Tier 1 capital ratio of 10.2 per cent and a Tier 1 capital ratio of 11.9 per cent.

9. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**SUMMARY**", the paragraph with the heading "**Risk Factors relating to the Issuer and the Guarantor**" shall be replaced as follows:

**Risk Factors relating to the Issuer and the Guarantor:**

- The Group is reliant on the RBSG Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The Group has significant exposure to the continuing economic crisis in Europe.
- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group is subject to other global risks. By virtue of the Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the Group's business, financial condition and results of operations.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- Changes in interest rates, foreign exchange rates,

credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.

- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratio and liquidity.
- The execution and/or any delay in the execution (or non-completion) of the approved transfers of a substantial part of the business activities of the Issuer to RBS may have a material adverse effect on the Group.
- As a condition to the RBSG Group receiving HM Treasury support, the Group was prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments. If the Group becomes subject to such restrictions again in the future, this may impair the Group's ability to raise new capital through the issuance of securities.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant

regulatory developments and changes in the approach of the Group's key regulators could have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.

- The Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation or accounting standards.
- Operational risks are inherent in the Group's businesses.
- The Group's operations are highly dependent on its information technology systems.
- The Group may suffer losses due to employee misconduct.
- The Group's operations have inherent reputational risk.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer losses if it does not maintain good employee relations.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.

Since the Group is reliant on the RBSG Group, risk factors which relate to RBSG or the RBSG Group will also be of

relevance to prospective investors:

- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The RBSG Group has significant exposure to the continuing economic crisis in Europe.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group is subject to political risks. Although the effect of either a potential Scottish independence from the United Kingdom or any referendum on the United Kingdom's EU membership, if either were to occur, is not possible to predict fully, it could have a material adverse effect on the RBSG Group's business, financial condition, results of operations and prospects.
- The RBSG Group and its UK bank subsidiaries may face the risk of full nationalisation.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of securities issued by the RBSG Group.
- The RBSG Group is subject to other global risks. By virtue of the RBSG Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the



RBSG Group's business, financial condition and results of operations.

- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- In the UK and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The RBSG Group's business performance could be

adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.

- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the UK Government's credit ratings.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on there being no adverse changes to regulatory requirements.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the RBSG Group's key regulators could have a material adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the RBSG Group, including the write off, write-down or conversion of the RBSG Group's securities.
- The RBSG Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on

competition and possible structural reforms in the UK banking industry has been adopted by the UK Government which intends to implement the recommendations substantially as proposed. In addition, other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the RBSG Group's US operations together with the UK reforms could require structural changes to the RBSG Group's business. Any of these changes could have a material adverse effect on the RBSG Group.

- The RBSG Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBSG Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits.
- Operational risks are inherent in the RBSG Group's businesses.
- The RBSG Group's operations are highly dependent on its information technology systems.
- The RBSG Group may suffer losses due to employee misconduct.
- The RBSG Group's operations have inherent reputational risk.

- The RBSG Group could fail to attract or retain senior management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations.

10. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**SUMMARY**", the paragraph with the heading "**Risk Factors relating to RBS N.V. and the Guarantor**" shall be replaced as follows:

**Risk Factors relating to RBS N.V. and the Guarantor:**

- The Group is reliant on the RBSG Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The Group has significant exposure to the continuing economic crisis in Europe.
- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group is subject to other global risks. By virtue of the Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the Group's business, financial condition and results of operations.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices,

basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.

- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratio and liquidity.
- The execution and/or any delay in the execution (or non-completion) of the approved transfers of a substantial part of the business activities of the Issuer to RBS may have a material adverse effect on the Group.
- As a condition to the RBSG Group receiving HM Treasury support, the Group was prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments. If the Group becomes subject to such restrictions again in the future, this may impair the Group's ability to raise new capital through the issuance of securities.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach

of the Group's key regulators could have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.

- The Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation or accounting standards.
- Operational risks are inherent in the Group's businesses.
- The Group's operations are highly dependent on its information technology systems.
- The Group may suffer losses due to employee misconduct.
- The Group's operations have inherent reputational risk.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer losses if it does not maintain good employee relations.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.

Since the Group is reliant on the RBSG Group, risk factors which relate to RBSG or the RBSG Group will also be of relevance to prospective investors:

- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The RBSG Group has significant exposure to the continuing economic crisis in Europe.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group is subject to political risks. Although the effect of either a potential Scottish independence from the United Kingdom or any referendum on the United Kingdom's EU membership, if either were to occur, is not possible to predict fully, it could have a material adverse effect on the RBSG Group's business, financial condition, results of operations and prospects.
- The RBSG Group and its UK bank subsidiaries may face the risk of full nationalisation.
- Her Majesty's Treasury ("HM Treasury") (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of securities issued by the RBSG Group.
- The RBSG Group is subject to other global risks. By virtue of the RBSG Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the RBSG Group's business, financial condition and



results of operations.

- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- In the UK and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The RBSG Group's business performance could be adversely affected if its capital is not managed

effectively or as a result of changes to capital adequacy and liquidity requirements.

- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the UK Government's credit ratings.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on there being no adverse changes to regulatory requirements.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the RBSG Group's key regulators could have a material adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the RBSG Group, including the write off, write-down or conversion of the RBSG Group's securities.
- The RBSG Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and possible structural reforms in the UK

banking industry has been adopted by the UK Government which intends to implement the recommendations substantially as proposed. In addition, other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the RBSG Group's US operations together with the UK reforms could require structural changes to the RBSG Group's business. Any of these changes could have a material adverse effect on the RBSG Group.

- The RBSG Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBSG Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits.
- Operational risks are inherent in the RBSG Group's businesses.
- The RBSG Group's operations are highly dependent on its information technology systems.
- The RBSG Group may suffer losses due to employee misconduct.
- The RBSG Group's operations have inherent reputational risk.
- The RBSG Group could fail to attract or retain senior

management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations.

11. In the Base Prospectuses, in the section "**SUMMARY**", the subsection "**Risk Factors relating to RBS**" shall be replaced as follows:

**Risk Factors relating to RBS:**

RBS is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the RBSG Group will also be of relevance to RBS and the RBS Group.

- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The RBSG Group has significant exposure to the continuing economic crisis in Europe.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group is subject to political risks. Although the effect of either a potential Scottish independence from the United Kingdom or any referendum on the United Kingdom's EU membership, if either were to occur, is not possible to predict fully, it could have a material adverse effect on the RBSG Group's business, financial condition, results of operations and prospects.
- The RBSG Group and its United Kingdom bank subsidiaries may face the risk of full nationalisation.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of securities issued by the RBSG Group.
- The RBSG Group is subject to other global risks. By virtue of the RBSG Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other

measures taken by sovereign governments that can hinder economic or financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the RBSG Group's business, financial condition and results of operations.

- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential

obligations.

- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on there being no adverse changes to regulatory requirements.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the RBSG Group's key regulators could have a material adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being

taken in relation to any securities of the RBSG Group, including the write off, write-down or conversion of the RBSG Groups' securities.

- The RBSG Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and possible structural reforms in the UK banking industry has been adopted by the UK Government which intends to implement the recommendations substantially as proposed. In addition, other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the RBSG Group's US operations together with the UK reforms could require structural changes to the RBSG Group's business. Any of these changes could have a material adverse effect on the RBSG Group.
- The RBSG Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBSG Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits.
- Operational risks are inherent in the RBSG Group's businesses.
- The RBSG Group's operations are highly dependent



on its information technology systems.

- The RBSG Group may suffer losses due to employee misconduct.
- The RBSG Group's operations have inherent reputational risk.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.

12. In the Base Prospectuses, in the section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", the first paragraph shall be replaced as follows:

*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland N.V. oder von der The Royal Bank of Scotland plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der RBS Holdings N.V. und der The Royal Bank of Scotland N.V. vom 15. Juli 2013 (das „RBS N.V. Registrierungsformular“), das von der zuständigen niederländischen Finanzmarktbehörde (Autoriteit Financiële Markten) (die „AFM“) gebilligt wurde, des Registrierungsformulars der The Royal Bank of Scotland plc vom 12. März 2013 (das „RBS Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) (die „FSA“) gebilligt wurde und die beide per Verweis in diesen Basisprospekt einbezogen werden, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland N.V. und die The Royal Bank of Scotland plc können in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts und den maßgeblichen Endgültigen Bedingungen gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des Europäischen Wirtschaftsraumes (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.*

13. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Überblick**" shall be replaced as follows:

Die Emittentin ist in Europa, im Nahen Osten und Afrika (EMEA), in Amerika und Asien tätig. Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBS Holdings hatte die Gruppe zum 31. Dezember 2012 konsolidierte Vermögenswerte von EUR 71 Mrd., und betragen die Kernkapitalquote (*Tier 1*) und die harte Kernkapitalquote (*Core Tier 1*) der Gruppe zu diesem Datum 13,9% bzw. 11,7%.

14. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**RBS N.V. – Überblick**" shall be replaced as follows:

RBS N.V. ist in Europa, im Nahen Osten und Afrika (EMEA), in Amerika und Asien tätig. Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBS Holdings hatte die Gruppe zum 31. Dezember 2012 konsolidierte Vermögenswerte von EUR 71 Mrd., und betragen die Kernkapitalquote (*Tier 1*) und die harte Kernkapitalquote (*Core Tier 1*) der Gruppe zu diesem Datum 13,9% bzw. 11,7%.

15. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the paragraph with the heading "**Finanzangaben der Emittentin**" shall be replaced as follows:

**Finanzangaben der Emittentin:**

Nach den verkürzten Finanzinformationen 2012 (*Abbreviated Financial Statements 2012*) der Emittentin verzeichnete die Emittentin für 2012 einen Verlust in Höhe von EUR 999 Mio. Ihre Gesamtvermögenswerte betragen zum 31. Dezember 2012 EUR 71 Mrd.

16. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" the paragraph under the heading "**Finanzangaben der RBS N.V.**" shall be replaced as follows:

**Finanzangaben der RBS N.V.:**

Nach den verkürzten Finanzinformationen 2012 (*Abbreviated Financial Statements 2012*) der RBS N.V. verzeichnete die RBS N.V. für 2012 einen Verlust in Höhe von EUR 999 Mio. Ihre Gesamtvermögenswerte betragen zum 31. Dezember 2012 EUR 71 Mrd.

17. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second and the third paragraph under the heading "**Allgemeine Informationen über die RBS**" shall be replaced as follows:

Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBSG betragen die Gesamtvermögenswerte der RBSG Gruppe zum 31. Dezember 2012 £1.312 Mrd., und das Eigenkapital betrug £68 Mrd. Die Kapitalquoten der RBSG Gruppe zu diesem Datum betragen 14,5% für die Gesamtkapitalquote, 10,3% für die Kernkapitalquote (*Core Tier 1*) und 12,4% für die Kapitalquote (*Tier 1*).

Nach den ungeprüften Finanzinformationen der RBS zum 30. Juni 2013 (*Results for the half year ended 30 June 2013*) betragen die Gesamtvermögenswerte der RBS Gruppe zum 30. Juni 2013 £1.203 Mrd. und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der RBS Gruppe zu diesem Datum betragen 16,4 % für die Gesamtkapitalquote, 10,2 % für die Kernkapitalquote (*Core Tier 1*) und 11,9 % für die Kapitalquote (*Tier 1*).

18. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the paragraph with the heading "**Risikofaktoren in Bezug auf die Emittentin und die Garantin**" shall be replaced as follows:

**Risikofaktoren in Bezug auf die Emittentin und die Garantin:**

- Die Gruppe ist abhängig von der RBSG Gruppe.
- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der Gruppe haben.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit



von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.

- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe ab.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Ein umfangreiches Restrukturierungsprogramm und eine Reduzierung der Bilanz der RBSG Gruppe ist noch nicht abgeschlossen und kann sich negativ auf die Geschäftsentwicklung der Gruppe, die Finanz- und Ertragslage, die finanziellen Verhältnisse, die Eigenkapitalquote und die Liquidität auswirken.
- Die Ausführung und/oder jegliche Verzögerung in der Ausführung (oder Nicht-Fertigstellung) der genehmigten

Übertragung eines wesentlichen Teils der Geschäftstätigkeit der Emittentin auf die RBS kann eine wesentliche nachteilige Auswirkung auf die Gruppe haben.

- Um die Unterstützung des britischen Schatzamts (HM Treasury) für die RBSG Gruppe zu erhalten, war es der Gruppe untersagt, in ihrem Ermessen stehende Zahlungen auf Coupons zu leisten und Ankaufsoptionen in Bezug auf bestimmte bestehende hybride Kapitalinstrumente der Gruppe auszuüben. Falls der Gruppe zukünftig erneut solche Beschränkungen auferlegt werden, kann dies die Fähigkeit der Gruppe zur Aufnahme neuen Kapitals durch die Ausgabe von Wertpapieren beeinträchtigen.
- Alle Geschäftsbereiche der Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen in der Vorgehensweise der wichtigsten Aufsichtsbehörden für die Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Das Geschäft der Gruppe birgt betriebsbedingte

Risiken.

- Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte, einschließlich Aufsichtsrats- und Vorstandsmitglieder der Gruppe, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Verluste erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Die rechtliche Spaltung der (ehemaligen) ABN AMRO Bank N.V. führte zu einer beidseitigen Haftung und änderte den rechtlichen Rückgriff, der Investoren zur Verfügung stand.

Da die Gruppe von der RBSG Gruppe abhängig ist, sind für potenzielle Anleger auch Risikofaktoren, die sich auf die RBSG und die RBSG Gruppe beziehen, relevant:

- Die Geschäfte und die Entwicklung der RBSG Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die RBSG Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die RBSG Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die RBSG Gruppe unterliegt politischen Risiken. Obwohl es nicht möglich ist, die Auswirkungen einer möglichen Unabhängigkeit Schottlands vom Vereinigten Königreich oder eines Referendums zur EU-Mitgliedschaft des Vereinigten Königreichs abschließend zu beurteilen, kann der Eintritt eines

dieser Ereignisse zu einer wesentlichen Beeinträchtigung des Geschäfts der RBSG Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen.

- Die RBSG Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung ausgesetzt sein.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die RBSG Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere der RBSG Gruppe beeinträchtigen.
- Die RBSG Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der RBSG Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der RBSG Gruppe haben.
- Die Ertrags- und Finanzlage der RBSG Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der RBSG Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere

Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.

- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die RBSG Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der RBSG Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die RBSG Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Es kann sein, dass die RBSG Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die Fähigkeit der RBSG Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der RBSG Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der RBSG Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der RBSG Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre

Liquidität hängen entscheidend von dem Kreditrating der RBSG Gruppe sowie von dem Kreditrating des britischen Staates ab.

- Falls die RBSG Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der RBSG Gruppe beeinträchtigen.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Die Fähigkeit der RBSG Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der RBSG Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die RBSG Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Alle Geschäftsbereiche der RBSG Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die RBSG Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der RBSG Gruppe auswirken.
- Die RBSG Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der RBSG Gruppe zu Folge haben kann und unter anderem Abschreibungen oder Wertberichtigungen auf Wertpapiere der RBSG Gruppe und die Umwandlung von Wertpapieren der RBSG Gruppe beinhaltet.

- Die RBSG Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der Regierung des Vereinigten Königreichs übernommen. Die Regierung beabsichtigt, die darin enthaltenen Empfehlungen im Wesentlichen umzusetzen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank (*Federal Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der RBSG Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der RBSG Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die RBSG Gruppe haben.
- Die RBSG Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der RBSG Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der RBSG Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Die Werthaltigkeit bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der RBSG Gruppe ab, ausreichende

zukünftige steuerpflichtige Gewinne zu erzielen.

- Das Geschäft der RBSG Gruppe birgt betriebsbedingte Risiken.
- Der Geschäftsbetrieb der RBSG Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die RBSG Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der RBSG Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der RBSG Gruppe nicht gelingt, Führungskräfte, einschließlich Verwaltungsratsmitglieder, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Verluste erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.



19. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the paragraph with the heading "**Risikofaktoren in Bezug auf die RBS N.V. und die Garantin**" shall be replaced as follows:

**Risikofaktoren in Bezug auf die RBS  
N.V. und die Garantin:**

- Die Gruppe ist abhängig von der RBSG Gruppe.
- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der Gruppe haben.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten

durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.

- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe ab.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Ein umfangreiches Restrukturierungsprogramm und eine Reduzierung der Bilanz der RBSG Gruppe ist noch nicht abgeschlossen und kann sich negativ auf die Geschäftsentwicklung der Gruppe, die Finanz- und Ertragslage, die finanziellen Verhältnisse, die Eigenkapitalquote und die Liquidität auswirken.
- Die Ausführung und/oder jegliche Verzögerung in der Ausführung (oder Nicht-Fertigstellung) der genehmigten Übertragung eines wesentlichen Teils der Geschäftstätigkeit der Emittentin auf die RBS kann eine

wesentliche nachteilige Auswirkung auf die Gruppe haben.

- Um die Unterstützung des britischen Schatzamts (HM Treasury) für die RBSG Gruppe zu erhalten, war es der Gruppe untersagt, in ihrem Ermessen stehende Zahlungen auf Coupons zu leisten und Ankaufsoptionen in Bezug auf bestimmte bestehende hybride Kapitalinstrumente der Gruppe auszuüben. Falls der Gruppe zukünftig erneut solche Beschränkungen auferlegt werden, kann dies die Fähigkeit der Gruppe zur Aufnahme neuen Kapitals durch die Ausgabe von Wertpapieren beeinträchtigen.
- Alle Geschäftsbereiche der Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen in der Vorgehensweise der wichtigsten Aufsichtsbehörden für die Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.

- Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte, einschließlich Aufsichtsrats- und Vorstandsmitglieder der Gruppe, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Verluste erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Die rechtliche Spaltung der (ehemaligen) ABN AMRO Bank N.V. führte zu einer beidseitigen Haftung und änderte den rechtlichen Rückgriff, der Investoren zur Verfügung stand.

Da die Gruppe von der RBSG Gruppe abhängig ist, sind für potenzielle Anleger auch Risikofaktoren, die sich auf die RBSG und die RBSG Gruppe beziehen, relevant:

- Die Geschäfte und die Entwicklung der RBSG Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die RBSG Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die RBSG Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die RBSG Gruppe unterliegt politischen Risiken. Obwohl es nicht möglich ist, die Auswirkungen einer möglichen Unabhängigkeit Schottlands vom Vereinigten Königreich oder eines Referendums zur EU-Mitgliedschaft des Vereinigten Königreichs abschließend zu beurteilen, kann der Eintritt eines dieser Ereignisse zu einer wesentlichen

Beeinträchtigung des Geschäfts der RBSG Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen.

- Die RBSG Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung ausgesetzt sein.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die RBSG Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere der RBSG Gruppe beeinträchtigen.
- Die RBSG Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der RBSG Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der RBSG Gruppe haben.
- Die Ertrags- und Finanzlage der RBSG Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der RBSG Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die

vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.

- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die RBSG Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der RBSG Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die RBSG Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Es kann sein, dass die RBSG Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die Fähigkeit der RBSG Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der RBSG Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der RBSG Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der RBSG Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating

der RBSG Gruppe sowie von dem Kreditrating des britischen Staates ab.

- Falls die RBSG Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der RBSG Gruppe beeinträchtigen.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Die Fähigkeit der RBSG Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der RBSG Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die RBSG Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Alle Geschäftsbereiche der RBSG Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die RBSG Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der RBSG Gruppe auswirken.
- Die RBSG Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der RBSG Gruppe zu Folge haben kann und unter anderem Abschreibungen oder Wertberichtigungen auf Wertpapiere der RBSG Gruppe und die Umwandlung von Wertpapieren der RBSG Gruppe beinhaltet.
- Die RBSG Gruppe unterliegt verschiedenen

regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der Regierung des Vereinigten Königreichs übernommen. Die Regierung beabsichtigt, die darin enthaltenen Empfehlungen im Wesentlichen umzusetzen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank (*Federal Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der RBSG Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der RBSG Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die RBSG Gruppe haben.

- Die RBSG Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der RBSG Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der RBSG Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Die Werthaltigkeit bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der RBSG Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.



- Das Geschäft der RBSG Gruppe birgt betriebsbedingte Risiken.
- Der Geschäftsbetrieb der RBSG Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die RBSG Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der RBSG Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der RBSG Gruppe nicht gelingt, Führungskräfte, einschließlich Verwaltungsratsmitglieder, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Verluste erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.

20. In the Base Prospectuses, in the section " **ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the subsection "**Risikofaktoren in Bezug auf die RBS**" shall be replaced as follows:

**Risikofaktoren in Bezug auf die RBS:** Die RBS ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die RBSG Gruppe beziehen, auch für die RBS und die RBS-Gruppe relevant.

- Die Geschäfte und die Entwicklung der RBSG Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die RBSG Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die RBSG Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die RBSG Gruppe unterliegt politischen Risiken. Obwohl es nicht möglich ist, die Auswirkungen einer möglichen Unabhängigkeit Schottlands vom Vereinigten Königreich oder eines Referendums zur EU-Mitgliedschaft des Vereinigten Königreichs abschließend zu beurteilen, kann der Eintritt eines dieser Ereignisse zu einer wesentlichen Beeinträchtigung des Geschäfts der RBSG Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen.
- Die RBSG Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung ausgesetzt sein.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die RBSG Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den

Preis der Wertpapiere der RBSG Gruppe beeinträchtigen.

- Die RBSG Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der RBSG Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der RBSG Gruppe haben.
- Die Ertrags- und Finanzlage der RBSG Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der RBSG Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die RBSG Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere

Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der RBSG Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.

- Die RBSG Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Es kann sein, dass die RBSG Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die Fähigkeit der RBSG Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der RBSG Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der RBSG Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der RBSG Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der RBSG Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Falls die RBSG Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der RBSG Gruppe beeinträchtigen.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger

Weise ändern.

- Die Fähigkeit der RBSG Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der RBSG Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die RBSG Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Alle Geschäftsbereiche der RBSG Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die RBSG Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der RBSG Gruppe auswirken.
- Die RBSG Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der RBSG Gruppe zu Folge haben kann und u.a. Abschreibungen oder Wertberichtigungen auf Wertpapiere der RBSG Gruppe und die Umwandlung von Wertpapieren der RBSG Gruppe beinhaltet.
- Die RBSG Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der Regierung des Vereinigten Königreichs übernommen. Die Regierung beabsichtigt, die darin enthaltenen Empfehlungen im Wesentlichen umzusetzen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank (*Federal*

*Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der RBSG Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der RBSG Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die RBSG Gruppe haben.

- Die RBSG Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der RBSG Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der RBSG Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Die Werthaltigkeit bestimmter von der RBSG Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der RBSG Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Das Geschäft der RBSG Gruppe birgt betriebsbedingte Risiken.
- Der Geschäftsbetrieb der RBSG Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die RBSG Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der RBSG Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der RBSG Gruppe nicht gelingt, Führungskräfte, einschließlich Verwaltungsrat-

mitglieder, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.

21. In the Base Prospectuses, in the section "RISK FACTORS", the second paragraph shall be replaced as follows:

***Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, potential purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of RBS Holdings N.V. (the "Guarantor") and The Royal Bank of Scotland N.V. ("RBS N.V.") dated 15 July 2013 (the "RBS N.V. Registration Document") which was approved by the competent authority in the Netherlands (Autoriteit Financiële Markten) (the "AFM"), the registration document of The Royal Bank of Scotland plc ("RBS") dated 12 March 2013 (the "RBS Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) (the "FSA"), and which are both incorporated into this Base Prospectus by reference, as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, potential purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.***



22. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE GUARANTEE**", the subsection "**RBS N.V. Registration Document**" shall be replaced as follows:

### **RBS N.V. Registration Document**

The required information about RBS N.V. as Issuer and RBS Holdings N.V. as guarantor (the "**Guarantor**" or "**RBS Holdings**") for all liabilities of RBS N.V. incurred in connection with legal acts performed by it as Issuer after 15 June 1998 (the "**Guarantee**") as well as the Guarantee is contained in the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 15 July 2013 (the "**RBS N.V. Registration Document**").

As a result of the Proposed Dutch Scheme (as defined and further set out in the subsection "Proposed Dutch Scheme" within the section "Information about The Royal Bank of Scotland plc"), RBS has become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee has, from the effective date of the Proposed Dutch Scheme, ceased to apply in relation to any securities for which RBS has become the issuer.

The RBS N.V. Registration Document was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**") and is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference") excluding

- (a) the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document; and
- (b) items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document.

23. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND N.V., THE GUARANTOR AND THE GUARANTEE**", the subsection "**RBS N.V. Registration Document**" shall be replaced as follows:

### **RBS N.V. Registration Document**

The required information about RBS N.V. as Issuer and RBS Holdings N.V. as guarantor (the "**Guarantor**" or "**RBS Holdings**") for all liabilities of RBS N.V. incurred in connection with legal acts performed by it as Issuer after 15 June 1998 (the "**Guarantee**") as well as the Guarantee is contained in the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 15 July 2013 (the "**RBS N.V. Registration Document**").

As a result of the Proposed Dutch Scheme (as defined and further set out in the subsection "Proposed Dutch Scheme" within the section "Information about The Royal Bank of Scotland plc"), RBS has become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee has, from the effective date of the Proposed Dutch Scheme, ceased to apply in relation to any securities for which RBS has become the issuer.

The RBS N.V. Registration Document was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**") and is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference") excluding

- (a) the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document; and
- (b) items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document.

24. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, in the section "**INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE GUARANTEE**", the subsections "**Additional information about the Issuer and the Guarantor**", "**Significant Changes**" and "**Rating of the Issuer**" shall be replaced as follows:

### **Additional information about the Issuer and the Guarantor**

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*statuten*) of each of the Guarantor and the Issuer as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the Annual Report and Accounts 2012 of RBS Holdings (the "**Annual Report 2012 of RBS Holdings**") (excluding the section headed "Business Review – Risk Factors" on page 10 and the section headed "Additional Information – Risk Factors" on pages 243 to 251) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2012 (prepared in accordance with International Financial Reporting Standards (IFRS)). The audited consolidated annual financial statements of RBS Holdings appear on pages 116 up to and including 219 of the Annual Report 2012 of RBS Holdings and the auditor's report thereon appears on page 221 of the Annual Report and Accounts 2012 of RBS Holdings;
- (c) the Annual Report and Accounts 2011 of RBS Holdings (the "**Annual Report 2011 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information - Risk Factors" on pages 236 to 245) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with IFRS)). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report 2011 of RBS Holdings and the auditor's report thereon appears on page 215 of the Annual Report 2011 of RBS Holdings; and
- (d) the unaudited Interim Results for the half year ended 30 June 2013 of RBS Holdings (the "**Unaudited Interim Results 2013 of RBS Holdings**") which include unaudited condensed consolidated financial statements of RBS Holdings for the half year ended 30 June 2013.

The Abbreviated Financial Statements 2012 of the Issuer (the "**Financial Statements 2012 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2012 are attached as [Annex 1](#).

The Abbreviated Financial Statements 2011 of the Issuer (the "**Financial Statements 2011 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2011 are attached as [Annex 2](#).

The unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Financial Report 2013 of the Issuer**") which includes the unaudited abbreviated interim financial statements of the Issuer for the half year ended 30 June 2013 is attached as Annex 3.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about RBS N.V. and the Guarantor.

### **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including the Issuer) since 30 June 2013 and there has been no significant change in the financial position of the Issuer since 30 June 2013. There has been no material adverse change in the prospects of the Guarantor since 31 December 2012, and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.

### **Rating of the Issuer**

As of 24 September 2013, the credit ratings<sup>1</sup> of the Issuer assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch Ratings**"), were as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Negative
Fitch Ratings	A	F1	Stable

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<sup>1</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.

### **Moody's Investors Service definitions**

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P 1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive", "Negative", "Stable", and "Developing" (contingent upon an event).

### **Standard and Poor's definitions**

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard & Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B", "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

If Standard & Poor's anticipates that a credit rating may change in the coming 6 to 24 months, it may issue an updated ratings outlook indicating whether the possible change is likely to be "positive", "negative", "stable" or "developing" (meaning it's uncertain whether a rating might go up or down).

### ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B", "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

*The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)), respectively. They have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

25. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT RBS N.V., THE GUARANTOR AND THE GUARANTEE", the subsections "Additional information about RBS N.V. and the Guarantor", "Significant Changes" and "Rating of RBS N.V." shall be replaced as follows:

### **Additional information about RBS N.V. and the Guarantor**

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*statuten*) of each of the Guarantor and RBS N.V. as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the Annual Report and Accounts 2012 of RBS Holdings (the "**Annual Report and Accounts 2012 of RBS Holdings**") (excluding the section headed "Business Review – Risk Factors" on page 10 and the section headed "Additional Information – Risk Factors" on pages 243 to 251) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2012 (prepared in accordance with International Financial Reporting Standards (*IFRS*)). The audited consolidated annual financial statements of RBS Holdings appear on pages 116 up to and including 219 of the Annual Report and Accounts 2012 of RBS Holdings and the auditor's report thereon appears on page 221 of the Annual Report and Accounts 2012 of RBS Holdings;
- (c) the Annual Report and Accounts 2011 of RBS Holdings (the "**Annual Report and Accounts 2011 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information – Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with IFRS). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report and Accounts 2011 of RBS Holdings and the auditor's report thereon appears on page 215 of the Annual Report and Accounts 2011 of RBS Holdings; and
- (d) the unaudited Interim Results for the half year ended 30 June 2013 of RBS Holdings (the "**Unaudited Interim Results 2013 of RBS Holdings**") which include unaudited condensed consolidated financial statements of RBS Holdings for the half year ended 30 June 2013.

The Abbreviated Financial Statements 2012 of RBS N.V. (the "**Financial Statements 2012 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2012 are attached as Annex 1.

The Abbreviated Financial Statements 2011 of RBS N.V. (the "**Financial Statements 2011 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2011 are attached as Annex 2.

The unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2013 of RBS N.V. (the "**Unaudited Interim Financial Report 2013 of RBS N.V.**") which includes the unaudited abbreviated interim financial statements of the Issuer for the half year ended 30 June 2013 is attached as Annex 3.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about RBS N.V. and the Guarantor.

### **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including RBS N.V.) since 30 June 2013 and there has been no significant change in the financial position of RBS N.V. since 30 June 2013. There has been no material adverse change in the prospects of the Guarantor since 31 December 2012, and there has been no material adverse change in the prospects of RBS N.V. since 31 December 2012.

### **Rating of RBS N.V.**

As of 24 September 2013, the credit ratings<sup>1</sup> of RBS N.V. assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch Ratings**"), were as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Negative
Fitch Ratings	A	F1	Stable

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<sup>1</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.



### ***Moody's Investors Service definitions***

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P 1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive", "Negative", "Stable", and "Developing" (contingent upon an event).

### ***Standard and Poor's definitions***

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard & Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B", "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

If Standard & Poor's anticipates that a credit rating may change in the coming 6 to 24 months, it may issue an updated ratings outlook indicating whether the possible change is likely to be "positive", "negative", "stable" or "developing" (meaning it's uncertain whether a rating might go up or down).

### ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B", "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

*The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)), respectively. They have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

26. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, the sections "**ANNEX 1: PRESS RELEASE DATED 19 APRIL 2011**" to "**ANNEX 4: UNAUDITED INTERIM FINANCIAL REPORT 2012 OF THE ISSUER**" shall be replaced by the following sections "**ANNEX 1: FINANCIAL STATEMENTS 2012 OF THE ISSUER**", "**ANNEX 2: FINANCIAL STATEMENTS 2011 OF THE ISSUER**" and "**ANNEX 3: UNAUDITED INTERIM FINANCIAL REPORT 2013 OF THE ISSUER**":

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**ANNEX 1: FINANCIAL STATEMENTS 2012 OF THE ISSUER**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2012

Amsterdam, 27 March 2013  
KVK number: 33002587

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## Abbreviated Financial Statements 2012

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3	Basis of presentation
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5	Company balance sheets
6	Independent auditor's report

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## Managing Board's report on the abbreviated financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. (RBS N.V.) as at 31 December 2012 and for the period then ended.

Amsterdam, 27 March 2013

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

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## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the Managing Board. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 22 March 2013 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the results of RBS N.V. are fully consolidated in the 2012 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2012 dated 27 March 2013.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'RBSH Group' refers to RBS Holdings N.V. and its consolidated subsidiaries. The term 'RBSG Group' refers to The Royal Bank of Scotland Group plc, which is the ultimate parent company of RBS N.V. The abbreviation '€m' represents millions of euros.

RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank.

The company income statements and company balance sheets as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on pages 210 to 213 of the RBS Holdings N.V.'s Annual Report and Accounts 2012, dated 27 March 2013.

An unqualified auditor's report is provided on the consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2012 on page 221.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2012 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS as issued by the International Accounting Standards Board which vary in certain significant respects from accounting principles generally accepted in the United States or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2012 and for the year then ended of RBS Holdings N.V. We refer to page 121 to 132 of the RBS Holdings N.V. Annual Report and Accounts 2012 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code (Code Frijns) is formally applicable to the company. For all the relevant information, we refer to the Annual Report and Accounts 2012 of RBS Holdings N.V. on page 102 to 114.

### Subsequent events

Since 31 December 2012, a portfolio of loans (€639 million) included within the balance sheet as 'Loans and advances to customers' were sold. There have been no other significant events between the year end and the date of approval of these accounts which would require a change to or disclosure in the accounts.

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## Company income statements

for the year ended 31 December 2012

	2012 €m	2011 €m
Net interest income	407	501
Results from consolidated subsidiaries	(16)	(119)
Non-interest income	(289)	3,013
Total income	102	3,395
Operating expenses	(1,145)	(1,830)
Impairment losses	(34)	(1,740)
Operating (loss)/profit before tax	(1,077)	(175)
Tax (charge)/credit	61	(460)
(Loss)/profit from continuing operations	(1,016)	(635)
Profit/(loss) from discontinued operations, net of tax	17	40
(Loss)/profit for the year	(999)	(595)



## Company balance sheets

as at 31 December 2012

	2012 €m	2011 €m
<b>Assets</b>		
Cash and balances at central banks	2,068	11,812
Loans and advances to banks	20,869	53,750
Loans and advances to customers	3,793	24,979
Debt securities	20,678	38,211
Equity shares	1,065	2,955
Settlement balances	26	2,576
Derivatives	8,268	18,606
Intangible assets	3	46
Property, plant and equipment	-	74
Deferred tax	409	395
Prepayments, accrued income and other assets	3,318	7,728
Assets of disposal groups	10,904	4,264
<b>Total assets</b>	<b>71,401</b>	<b>165,396</b>
<b>Liabilities and equity</b>		
Deposits by banks	41,271	76,911
Customer accounts	1,667	33,469
Debt securities in issue	1,672	17,473
Settlement balances and short positions	107	3,386
Derivatives	9,586	19,323
Accruals, deferred income and other liabilities	1,487	2,938
Retirement benefit liabilities	-	58
Deferred tax	36	132
Subordinated liabilities	4,417	4,449
Liabilities of disposal groups	9,362	3,856
Shareholder's equity	1,796	3,401
<b>Total liabilities and equity</b>	<b>71,401</b>	<b>165,396</b>

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## Independent auditor's report

**To the Shareholder, Supervisory Board and Managing Board of RBS Holdings N.V.**

### **Report on the abbreviated financial statements**

The accompanying abbreviated financial statements, which comprise the company balance sheets as at 31 December 2012 and the company income statements for the year then ended, are derived from the audited financial statements of RBS Holdings N.V. for the year ended 31 December 2012. We expressed an unqualified audit opinion on those financial statements in our report dated 27 March 2013.

The abbreviated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Reading the abbreviated financial statements, therefore, is not a substitute for reading the audited financial statements of RBS Holdings N.V.

### **Management responsibility**

Management is responsible for the preparation of a summary of the audited financial statements on the bases described in the basis of preparation.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the abbreviated financial statements based on our procedures, which were conducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

### **Opinion**

In our opinion, the abbreviated financial statements derived from the audited financial statements of RBS Holdings N.V. for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the bases described in the basis of preparation.

Amsterdam, 27 March 2013

Deloitte Accountants B.V.

s/ R. Koppen

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**ANNEX 2: FINANCIAL STATEMENTS 2011 OF THE ISSUER**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2011

Amsterdam, 22 March 2012  
KVK number: 33002587

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## Managing Board's report on the abbreviated financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. ('RBS N.V.') as at 31 December 2011 and for the period then ended.

Amsterdam, 22 March 2012

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. ('RBS N.V.') is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the Managing Board. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company ('RBS Holdings N.V.') is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the results of RBS N.V. are fully consolidated in the 2011 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2011 dated 22 March 2012.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'RBSH Group' refers to RBS Holdings N.V. and its consolidated subsidiaries. The term 'RBSG Group' refers to The Royal Bank of Scotland Group plc, which is the ultimate parent company of RBS N.V. The abbreviation '€m' represents millions of euros.

Legal separation of ABN AMRO Bank N.V. occurred on 1 April 2010, with the shares in that entity being transferred by RBS Holdings N.V. to a holding company called ABN AMRO Group N.V., which is owned by the Dutch State.

Following the legal separation, RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank.

The company income statements and company balance sheets as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on page 205 to 209 of the RBS Holdings N.V.'s Annual Report and Accounts 2011, dated 22 March 2012.

An unqualified auditor's report is provided on the consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2011 on page 215.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2011 are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued by the International Accounting Standards Board which vary in certain significant respects from accounting principles generally accepted in the United States or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2011 and for the year then ended of RBS Holdings N.V. We refer to page 113 to 124 of the RBS Holdings N.V. Annual Report and Accounts 2011 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code ('Code Frijns') is formally applicable to the company. For all the relevant information, we refer to the Annual Report and Accounts 2011 of RBS Holdings N.V. on page 94 to 106.

### Subsequent events

In January 2012, RBS N.V. made a dividend distribution of €15 million to RBS Holdings N.V.

On 29 February 2012, the General Meeting of Shareholders of RBS N.V. conditionally approved a reduction of the issued capital of the Company to €50,000 through a purchase of 255,562,593 own shares from its sole shareholder for no consideration followed by a cancellation of those shares, and to reduce its authorized capital to €225,000.

In March 2012, RBS Holdings N.V. has agreed the sale of the cash equities, corporate finance and sector advisory, corporate actions and transaction support services, corporate financing and risk solutions (CFRS), and equity capital markets businesses in the Netherlands to ABN AMRO Bank N.V. The sale is expected to close in the second quarter of 2012, subject to certain conditions, including obtaining approvals from regulators and our social partners.

On 22 March 2012, RBS N.V. declared a dividend distribution of €5 million to RBS Holdings N.V.

There have been no other subsequent events between the year end and the date of approval of these abbreviated financial statements.

Company income statements  
for the year ended 31 December 2011

	2011 €m	2010 €m
Net interest income	501	833
Results from consolidated subsidiaries	(119)	(100)
Non-interest income	2,936	2,374
Total income	3,318	3,107
Operating expenses	(1,830)	(2,620)
Impairment losses	(1,740)	115
Operating (loss)/profit before tax	(252)	602
Tax charge	(444)	(282)
(Loss)/profit from continuing operations	(696)	320
Profit/(loss) from discontinued operations, net of tax	40	(122)
(Loss)/profit for the year	(656)	198



Company balance sheets  
as at 31 December 2011

	2011	2010
	€m	€m
<b>Assets</b>		
Cash and balances at central banks	11,812	7,321
Loans and advances to banks	53,750	35,113
Loans and advances to customers	24,979	44,844
Debt securities	38,211	53,048
Equity shares	2,955	21,805
Settlement balances	2,576	3,389
Derivatives	18,606	27,582
Intangible assets	46	95
Property, plant and equipment	74	80
Deferred tax	395	5,163
Prepayments, accrued income and other assets	7,100	9,250
Assets of disposal groups	4,788	1,966
<b>Total assets</b>	<b>165,292</b>	<b>209,656</b>
<b>Liabilities and equity</b>		
Deposits by banks	76,911	42,554
Customer accounts	33,469	62,986
Debt securities in issue	17,473	49,778
Settlement balances and short positions	3,386	4,982
Derivatives	19,323	34,743
Accruals, deferred income and other liabilities	2,938	3,275
Retirement benefit liabilities	58	73
Deferred tax	47	47
Subordinated liabilities	4,449	4,661
Liabilities of disposal groups	3,914	1,602
Shareholder's equity	3,324	4,955
<b>Total liabilities and equity</b>	<b>165,292</b>	<b>209,656</b>

## Independent auditors' report

**To the Shareholder, Supervisory Board and Managing Board of:  
The Royal Bank of Scotland N.V.**

### **Independent auditor's report**

#### **Report on the abbreviated financial statements of The Royal Bank of Scotland N.V.**

We have audited whether the accompanying abbreviated financial statements of The Royal Bank of Scotland N.V., consisting of the company balance sheet as at 31 December 2011 and the company income statement for the year then ended of The Royal Bank of Scotland N.V., legally seated in Amsterdam, the Netherlands, as included in this document on pages 4 and 5 are consistent, in all material respects, with the audited consolidated financial statements as included in the Annual Report and Accounts 2011 of RBS Holdings N.V. dated 22 March 2012 from which they have been derived. We expressed an unqualified opinion on these consolidated financial statements.

The abbreviated financial statements do not contain the disclosures required by the International Financial Reporting Standards as endorsed by the European Union that have been applied in the preparation of the audited consolidated financial statements. Therefore, the abbreviated financial statements are not a substitute for reading the audited consolidated financial statements.

#### **Management responsibility**

Management is responsible for the preparation of the abbreviated financial statements in accordance with the same accounting policies as applied in the consolidated financial statements of RBS Holdings N.V. from which they have been derived.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these abbreviated financial statements. We conducted our audit in accordance with Dutch law and the International Standard on Auditing 810 'Engagements to report on summary financial statements'. We planned and performed the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the consolidated financial statements of RBS Holdings N.V. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the audited consolidated financial statements of RBS Holdings N.V.

#### **Emphasis of matter**

Without impacting our opinion above, we emphasise that for a better understanding of the company's financial position and results and the scope of our audit, the abbreviated financial statements of The Royal Bank of Scotland N.V. should be read in conjunction with the unabridged consolidated financial statements of RBS Holdings N.V., from which the abbreviated financial statements of The Royal Bank of Scotland N.V. were derived and our unqualified independent auditor's report thereon dated 22 March 2012.

Amsterdam, 22 March, 2012

Deloitte Accountants B.V.

M.B. Hengeveld

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**ANNEX 3: UNAUDITED INTERIM FINANCIAL REPORT 2013 OF THE ISSUER**

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**The Royal Bank of Scotland N.V.**  
**Abbreviated Interim Financial Report for the half year ended 30 June 2013**

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Basis of presentation	3
Company income statement	4
Company balance sheet	5

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**Appendix**  
RBS Holdings N.V. Interim Results for the half year ended 30 June 2013

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## **Management's report on the abbreviated interim financial statements**

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The Managing Board declares that, to the best of its knowledge, the abbreviated interim financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. as at 30 June 2013 and for the six month period then ended.

Amsterdam  
29 August 2013

Jan de Ruiter  
Chairman of the Managing Board

Cornelis Visscher  
Chief Financial Officer

## Basis of presentation

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On the basis of article 403 of part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated company financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 22 March 2013 and filed with the Chamber of Commerce in Amsterdam.

Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. In accordance with the AFM Transparency Directive, the interim financial statements of an issuer which is not required to prepare and file consolidated financial statements, should include abbreviated financial statements comprising a company income statement and a company balance sheet with the same line items as were included in the latest published financial statements.

RBS N.V. is fully consolidated in the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2013, dated 29 August 2013, which are included as an appendix to this report.

The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 are presented in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the RBS Holdings N.V. audited Annual Report and Accounts for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

Both the abbreviated interim financial statements of RBS N.V. and the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 are unaudited.

**RBS N.V.**  
**Company income statement**  
**for the half year ended 30 June 2013 (unaudited)**

	Half year ended	
	30 June 2013 €m	30 June 2012* €m
Net interest income	46	260
Results from consolidated subsidiaries	261	(37)
Non-interest income	(202)	(325)
<b>Total Income</b> Operating	<b>105</b>	<b>(102)</b>
expenses Impairment	(189)	(793)
recoveries/(losses)	33	(97)
<b>Operating loss before tax</b>	<b>(51)</b>	<b>(992)</b>
Tax credit	27	36
Profit from discontinued operations	11	11
<b>Loss for the period attributable to controlling interests</b>	<b>(13)</b>	<b>(945)</b>

\*Restated - refer to page 14 of the Appendix for details.

**RBS N.V.**  
**Company balance sheet**  
**at 30 June 2013 (unaudited)**

	30 June 2013 €m	31 December 2012 (audited) €m
<b>Assets</b>		
Cash and balances at central banks	3,070	2,068
Loans and advances to banks	12,647	17,920
Loans and advances to customers	3,585	3,793
Amounts due from ultimate holding company	2,446	2,949
Debt securities	19,082	20,678
Equity shares	592	1,065
Settlement balances	139	26
Derivatives	7,429	8,268
Deferred taxation	46	409
Prepayments, accrued income and other assets	3,353	3,321
Assets of disposal groups	3,130	10,904
<b>Total assets</b>	<b>55,519</b>	<b>71,401</b>
<b>Liabilities and equity</b>		
Deposits by banks	32,655	41,271
Customer accounts	3,483	1,667
Debt securities in issue	1,153	1,672
Settlement balances and short positions	292	107
Derivatives	8,226	9,586
Accruals, deferred income and other liabilities	1,039	1,487
Deferred taxation	-	36
Subordinated liabilities	4,526	4,417
Liabilities of disposal groups	1,664	9,362
Controlling interests	2,481	1,796
<b>Total liabilities and equity</b>	<b>55,519</b>	<b>71,401</b>



27. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, the sections "**ANNEX 1: PRESS RELEASE DATED 19 APRIL 2011**" to "**ANNEX 4: UNAUDITED INTERIM FINANCIAL REPORT 2012 OF RBS N.V.**" shall be replaced by the following sections "**ANNEX 1: FINANCIAL STATEMENTS 2012 OF RBS N.V.**", "**ANNEX 2: FINANCIAL STATEMENTS 2011 OF RBS N.V.**" and "**ANNEX 3: UNAUDITED INTERIM FINANCIAL REPORT 2013 OF RBS N.V.**":

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**ANNEX 1: FINANCIAL STATEMENTS 2012 OF RBS N.V.**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2012

Amsterdam, 27 March 2013  
KVK number: 33002587

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## Abbreviated Financial Statements 2012

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4	Company income statements
5	Company balance sheets
6	Independent auditor's report

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## Managing Board's report on the abbreviated financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. (RBS N.V.) as at 31 December 2012 and for the period then ended.

Amsterdam, 27 March 2013

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

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## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the Managing Board. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 22 March 2013 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the results of RBS N.V. are fully consolidated in the 2012 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2012 dated 27 March 2013.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'RBSH Group' refers to RBS Holdings N.V. and its consolidated subsidiaries. The term 'RBSG Group' refers to The Royal Bank of Scotland Group plc, which is the ultimate parent company of RBS N.V. The abbreviation '€m' represents millions of euros.

RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank.

The company income statements and company balance sheets as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on pages 210 to 213 of the RBS Holdings N.V.'s Annual Report and Accounts 2012, dated 27 March 2013.

An unqualified auditor's report is provided on the consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2012 on page 221.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2012 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS as issued by the International Accounting Standards Board which vary in certain significant respects from accounting principles generally accepted in the United States or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2012 and for the year then ended of RBS Holdings N.V. We refer to page 121 to 132 of the RBS Holdings N.V. Annual Report and Accounts 2012 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code (Code Frijns) is formally applicable to the company. For all the relevant information, we refer to the Annual Report and Accounts 2012 of RBS Holdings N.V. on page 102 to 114.

### Subsequent events

Since 31 December 2012, a portfolio of loans (€639 million) included within the balance sheet as 'Loans and advances to customers' were sold. There have been no other significant events between the year end and the date of approval of these accounts which would require a change to or disclosure in the accounts.

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## Company income statements

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	2012 €m	2011 €m
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## Company balance sheets

as at 31 December 2012

	2012 €m	2011 €m
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Cash and balances at central banks	2,068	11,812
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Shareholder's equity	1,796	3,401
<b>Total liabilities and equity</b>	<b>71,401</b>	<b>165,396</b>

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## Independent auditor's report

**To the Shareholder, Supervisory Board and Managing Board of RBS Holdings N.V.**

### **Report on the abbreviated financial statements**

The accompanying abbreviated financial statements, which comprise the company balance sheets as at 31 December 2012 and the company income statements for the year then ended, are derived from the audited financial statements of RBS Holdings N.V. for the year ended 31 December 2012. We expressed an unqualified audit opinion on those financial statements in our report dated 27 March 2013.

The abbreviated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Reading the abbreviated financial statements, therefore, is not a substitute for reading the audited financial statements of RBS Holdings N.V.

### **Management responsibility**

Management is responsible for the preparation of a summary of the audited financial statements on the bases described in the basis of preparation.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the abbreviated financial statements based on our procedures, which were conducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

### **Opinion**

In our opinion, the abbreviated financial statements derived from the audited financial statements of RBS Holdings N.V. for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the bases described in the basis of preparation.

Amsterdam, 27 March 2013

Deloitte Accountants B.V.

s/ R. Koppen



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**ANNEX 2: FINANCIAL STATEMENTS 2011 OF RBS N.V.**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2011

Amsterdam, 22 March 2012  
KVK number: 33002587

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## Managing Board's report on the abbreviated financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. ('RBS N.V.') as at 31 December 2011 and for the period then ended.

Amsterdam, 22 March 2012

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. ('RBS N.V.') is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the Managing Board. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company ('RBS Holdings N.V.') is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the results of RBS N.V. are fully consolidated in the 2011 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2011 dated 22 March 2012.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'RBSH Group' refers to RBS Holdings N.V. and its consolidated subsidiaries. The term 'RBSG Group' refers to The Royal Bank of Scotland Group plc, which is the ultimate parent company of RBS N.V. The abbreviation '€m' represents millions of euros.

Legal separation of ABN AMRO Bank N.V. occurred on 1 April 2010, with the shares in that entity being transferred by RBS Holdings N.V. to a holding company called ABN AMRO Group N.V., which is owned by the Dutch State.

Following the legal separation, RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank.

The company income statements and company balance sheets as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on page 205 to 209 of the RBS Holdings N.V.'s Annual Report and Accounts 2011, dated 22 March 2012.

An unqualified auditor's report is provided on the consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2011 on page 215.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2011 are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued by the International Accounting Standards Board which vary in certain significant respects from accounting principles generally accepted in the United States or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2011 and for the year then ended of RBS Holdings N.V. We refer to page 113 to 124 of the RBS Holdings N.V. Annual Report and Accounts 2011 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code ('Code Frijns') is formally applicable to the company. For all the relevant information, we refer to the Annual Report and Accounts 2011 of RBS Holdings N.V. on page 94 to 106.

### Subsequent events

In January 2012, RBS N.V. made a dividend distribution of €15 million to RBS Holdings N.V.

On 29 February 2012, the General Meeting of Shareholders of RBS N.V. conditionally approved a reduction of the issued capital of the Company to €50,000 through a purchase of 255,562,593 own shares from its sole shareholder for no consideration followed by a cancellation of those shares, and to reduce its authorized capital to €225,000.

In March 2012, RBS Holdings N.V. has agreed the sale of the cash equities, corporate finance and sector advisory, corporate actions and transaction support services, corporate financing and risk solutions (CFRS), and equity capital markets businesses in the Netherlands to ABN AMRO Bank N.V. The sale is expected to close in the second quarter of 2012, subject to certain conditions, including obtaining approvals from regulators and our social partners.

On 22 March 2012, RBS N.V. declared a dividend distribution of €5 million to RBS Holdings N.V.

There have been no other subsequent events between the year end and the date of approval of these abbreviated financial statements.

Company income statements  
for the year ended 31 December 2011

	2011 €m	2010 €m
Net interest income	501	833
Results from consolidated subsidiaries	(119)	(100)
Non-interest income	2,936	2,374
Total income	3,318	3,107
Operating expenses	(1,830)	(2,620)
Impairment losses	(1,740)	115
Operating (loss)/profit before tax	(252)	602
Tax charge	(444)	(282)
(Loss)/profit from continuing operations	(696)	320
Profit/(loss) from discontinued operations, net of tax	40	(122)
(Loss)/profit for the year	(656)	198

Company balance sheets  
as at 31 December 2011

	2011	2010
	€m	€m
<b>Assets</b>		
Cash and balances at central banks	11,812	7,321
Loans and advances to banks	53,750	35,113
Loans and advances to customers	24,979	44,844
Debt securities	38,211	53,048
Equity shares	2,955	21,805
Settlement balances	2,576	3,389
Derivatives	18,606	27,582
Intangible assets	46	95
Property, plant and equipment	74	80
Deferred tax	395	5,163
Prepayments, accrued income and other assets	7,100	9,250
Assets of disposal groups	4,788	1,966
<b>Total assets</b>	<b>165,292</b>	<b>209,656</b>
<b>Liabilities and equity</b>		
Deposits by banks	76,911	42,554
Customer accounts	33,469	62,986
Debt securities in issue	17,473	49,778
Settlement balances and short positions	3,386	4,982
Derivatives	19,323	34,743
Accruals, deferred income and other liabilities	2,938	3,275
Retirement benefit liabilities	58	73
Deferred tax	47	47
Subordinated liabilities	4,449	4,661
Liabilities of disposal groups	3,914	1,602
Shareholder's equity	3,324	4,955
<b>Total liabilities and equity</b>	<b>165,292</b>	<b>209,656</b>

## Independent auditors' report

**To the Shareholder, Supervisory Board and Managing Board of:  
The Royal Bank of Scotland N.V.**

### **Independent auditor's report**

#### **Report on the abbreviated financial statements of The Royal Bank of Scotland N.V.**

We have audited whether the accompanying abbreviated financial statements of The Royal Bank of Scotland N.V., consisting of the company balance sheet as at 31 December 2011 and the company income statement for the year then ended of The Royal Bank of Scotland N.V., legally seated in Amsterdam, the Netherlands, as included in this document on pages 4 and 5 are consistent, in all material respects, with the audited consolidated financial statements as included in the Annual Report and Accounts 2011 of RBS Holdings N.V. dated 22 March 2012 from which they have been derived. We expressed an unqualified opinion on these consolidated financial statements.

The abbreviated financial statements do not contain the disclosures required by the International Financial Reporting Standards as endorsed by the European Union that have been applied in the preparation of the audited consolidated financial statements. Therefore, the abbreviated financial statements are not a substitute for reading the audited consolidated financial statements.

#### **Management responsibility**

Management is responsible for the preparation of the abbreviated financial statements in accordance with the same accounting policies as applied in the consolidated financial statements of RBS Holdings N.V. from which they have been derived.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these abbreviated financial statements. We conducted our audit in accordance with Dutch law and the International Standard on Auditing 810 'Engagements to report on summary financial statements'. We planned and performed the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the consolidated financial statements of RBS Holdings N.V. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the audited consolidated financial statements of RBS Holdings N.V.

#### **Emphasis of matter**

Without impacting our opinion above, we emphasise that for a better understanding of the company's financial position and results and the scope of our audit, the abbreviated financial statements of The Royal Bank of Scotland N.V. should be read in conjunction with the unabridged consolidated financial statements of RBS Holdings N.V., from which the abbreviated financial statements of The Royal Bank of Scotland N.V. were derived and our unqualified independent auditor's report thereon dated 22 March 2012.

Amsterdam, 22 March, 2012

Deloitte Accountants B.V.

M.B. Hengeveld



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**ANNEX 3: UNAUDITED INTERIM FINANCIAL REPORT 2013 OF RBS N.V.**

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**The Royal Bank of Scotland N.V.**  
**Abbreviated Interim Financial Report for the half year ended 30 June 2013**

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Management's report on the abbreviated interim financial statements	2
Basis of presentation	3
Company income statement	4
Company balance sheet	5

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**Appendix**  
RBS Holdings N.V. Interim Results for the half year ended 30 June 2013

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## **Management's report on the abbreviated interim financial statements**

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The Managing Board declares that, to the best of its knowledge, the abbreviated interim financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. as at 30 June 2013 and for the six month period then ended.

Amsterdam  
29 August 2013

Jan de Ruiter  
Chairman of the Managing Board

Cornelis Visscher  
Chief Financial Officer

## Basis of presentation

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On the basis of article 403 of part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated company financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 22 March 2013 and filed with the Chamber of Commerce in Amsterdam.

Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. In accordance with the AFM Transparency Directive, the interim financial statements of an issuer which is not required to prepare and file consolidated financial statements, should include abbreviated financial statements comprising a company income statement and a company balance sheet with the same line items as were included in the latest published financial statements.

RBS N.V. is fully consolidated in the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2013, dated 29 August 2013, which are included as an appendix to this report.

The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 are presented in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the RBS Holdings N.V. audited Annual Report and Accounts for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

Both the abbreviated interim financial statements of RBS N.V. and the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2013 are unaudited.

**RBS N.V.**  
**Company income statement**  
**for the half year ended 30 June 2013 (unaudited)**

	Half year ended	
	30 June 2013 €m	30 June 2012* €m
Net interest income	46	260
Results from consolidated subsidiaries	261	(37)
Non-interest income	(202)	(325)
<b>Total Income</b> Operating	<b>105</b>	<b>(102)</b>
expenses Impairment	(189)	(793)
recoveries/(losses)	33	(97)
<b>Operating loss before tax</b>	<b>(51)</b>	<b>(992)</b>
Tax credit	27	36
Profit from discontinued operations	11	11
<b>Loss for the period attributable to controlling interests</b>	<b>(13)</b>	<b>(945)</b>

\*Restated - refer to page 14 of the Appendix for details.

**RBS N.V.**  
**Company balance sheet**  
**at 30 June 2013 (unaudited)**

	30 June 2013 €m	31 December 2012 (audited) €m
<b>Assets</b>		
Cash and balances at central banks	3,070	2,068
Loans and advances to banks	12,647	17,920
Loans and advances to customers	3,585	3,793
Amounts due from ultimate holding company	2,446	2,949
Debt securities	19,082	20,678
Equity shares	592	1,065
Settlement balances	139	26
Derivatives	7,429	8,268
Deferred taxation	46	409
Prepayments, accrued income and other assets	3,353	3,321
Assets of disposal groups	3,130	10,904
<b>Total assets</b>	<b>55,519</b>	<b>71,401</b>
<b>Liabilities and equity</b>		
Deposits by banks	32,655	41,271
Customer accounts	3,483	1,667
Debt securities in issue	1,153	1,672
Settlement balances and short positions	292	107
Derivatives	8,226	9,586
Accruals, deferred income and other liabilities	1,039	1,487
Deferred taxation	-	36
Subordinated liabilities	4,526	4,417
Liabilities of disposal groups	1,664	9,362
Controlling interests	2,481	1,796
<b>Total liabilities and equity</b>	<b>55,519</b>	<b>71,401</b>

28. In the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010, the Warrants Base Prospectus January 2012, the REX Base Prospectus 2010 and the REX Base Prospectus 2011, the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" shall be replaced as follows:

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## **INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**

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### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc ("**RBS**") acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the subsection "Assets, owners' equity and capital ratios" on page 25 of the Registration Document, the subsection "Large exposure regime" on page 26 of the Registration Document, the subsection "No Significant Change and No Material Adverse Change" on page 59 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 of the Registration Document) (see subsection "Documents Incorporated by Reference").

The information contained in the RBS Registration Document shall be updated by the following subsection "Assets, owners' equity and capital ratios" and "Recent developments".

### **Assets, owners' equity and capital ratios**

The Royal Bank of Scotland Group plc ("**RBSG**") together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBSG Group**") had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. The RBSG Group's capital ratios as at 31 December 2012 were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the RBS Group's capital ratios were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

## Recent developments

### *Direct Line Group – further share sale*

On 13 March 2013, the RBSG Group announced a further sale of Direct Line Group ("**DLG**") ordinary shares held by the RBSG Group, reducing the RBSG Group's ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

### *Replacement of the FSA*

On 1 April 2013, the UK Financial Services Authority (FSA) was replaced by the Prudential Regulation Authority and the Financial Conduct Authority. With effect from this date, RBS (which was previously supervised by the FSA) is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority.

### *Large exposure regime*

RBS is subject to the PRA's large exposure regime and specific application to intra-group exposures. Following the grant of a direction by the PRA, RBS is no longer in breach of current rules relevant to intra-group exposures and no longer operating within the scope of a PRA-agreed remediation plan.

### *Planned management changes*

On 9 May 2013, RBSG announced planned changes to its management team and Board. Bruce Van Saun (currently Group Finance Director) is to become Chairman and Chief Executive of RBS Citizens Financial Group ("**Citizens**"), replacing Ellen Alemany who will retire from Citizens after more than 5 years service. Nathan Bostock (currently Chief Risk Officer) will become Group Finance Director. Nathan Bostock will be replaced by David Stephen (currently Deputy Group Chief Risk Officer) as Chief Risk Officer. The appointments will take effect on 1 October 2013 at which point Nathan Bostock will replace Bruce Van Saun as an Executive Director of RBSG. All will be members of the Group Executive Committee.

### *Stephen Hester to leave the Group*

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

### *Refocusing of the Markets division of RBS*

On 13 June 2013, RBS announced that it will be refocusing its Markets division to concentrate on its core wholesale fixed income product strengths across rates, currencies, asset-backed products and credit and debt capital markets. As part of this exercise, RBS plans to exit all structured retail investor



products (which includes new primary market issuance of Securities offered under this Base Prospectus), equity derivatives (other than liquid equity index products within its Dynamic Strategies and Hybrids businesses), as well as peripheral market-making activities. The businesses that RBS plans to exit will be transferred to a business unit of RBS managed in the Markets division where it is intended that they will be divested through a sales process or otherwise exited through a managed wind-down process. RBS intends to continue to provide secondary market liquidity for all relevant products where it is legally or contractually required to do so. The Exchange Traded Product business of RBS will, for the time being, continue to issue certain products during the sales process. Save for Exchange Traded Products, primary market transactions will only be executed on an exceptions basis. RBS remains committed to meeting its existing obligations to its customers.

#### *Ross McEwan appointed as RBSG Chief Executive*

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

### **Additional Information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of RBS (the "**Annual Report 2012 of RBS**") (including the audited consolidated annual financial statements of RBS, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including the audited consolidated annual financial statements of RBS, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results 2013 of RBS for the half year ended 30 June 2013 (the "**Unaudited Interim Results 2013 of RBS**") which were published via the RNS on 30 August 2013;
4. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;

- (v) Consolidated statement of changes in equity on pages 356 to 358;
- (vi) Consolidated cash flow statement on page 359;
- (vii) Accounting policies on pages 360 to 372;
- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading – Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

6. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the **"Unaudited Interim Results 2013 of RBSG"**) which were published via the RNS on 2 August 2013;
7. the press release entitled "RBS announces planned management changes" of RBSG (the **"Press Release dated 9 May 2013"**) which was published via the RNS on 9 May 2013;
8. the press release entitled "Stephen Hester to leave RBS" of RBSG (the **"Press Release dated 12 June 2013"**) which was published via the RNS on 12 June 2013; and
9. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the **"Press Release dated 2 August 2013"**) which was published via the RNS on 2 August 2013.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about RBS.

### **Significant changes**

There has been no significant change in the financial position of RBS and the RBS Group taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the RBS Group has been published).

There has been no material adverse change in the prospects of RBS and the RBS Group taken as a whole since 31 December 2012 (the date of the last published audited financial statements of the RBS Group).

29. In the Warrants Base Prospectus June 2012 and in the REX Base Prospectus 2012, the section "INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC" shall be replaced as follows:

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## INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC

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### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc ("**RBS**") acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as Issuer is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the subsection "Assets, owners' equity and capital ratios" on page 25 of the Registration Document, the subsection "Large exposure regime" on page 26 of the Registration Document, the subsection "No Significant Change and No Material Adverse Change" on page 59 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 of the Registration Document) (see subsection "Documents Incorporated by Reference").

The information contained in the RBS Registration Document shall be updated by the following subsection "Assets, owners' equity and capital ratios" and "Recent developments".

### **Assets, owners' equity and capital ratios**

The Royal Bank of Scotland Group plc ("**RBSG**") together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBSG Group**") had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. The RBSG Group's capital ratios as at 31 December 2012 were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the RBS Group's capital ratios were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

### **Recent developments**

#### *Direct Line Group – further share sale*

On 13 March 2013, the RBSG Group announced a further sale of Direct Line Group ("**DLG**") ordinary shares held by the RBSG Group, reducing the RBSG Group's ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

#### *Replacement of the FSA*

On 1 April 2013, the UK Financial Services Authority (FSA) was replaced by the Prudential Regulation Authority and the Financial Conduct Authority. With effect from this date, RBS (which was previously supervised by the FSA) is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority.

#### *Large exposure regime*

RBS is subject to the PRA's large exposure regime and specific application to intra-group exposures. Following the grant of a direction by the PRA, RBS is no longer in breach of current rules relevant to intra-group exposures and no longer operating within the scope of a PRA-agreed remediation plan.

#### *Planned management changes*

On 9 May 2013, RBSG announced planned changes to its management team and Board. Bruce Van Saun (currently Group Finance Director) is to become Chairman and Chief Executive of RBS Citizens Financial Group ("**Citizens**"), replacing Ellen Alemany who will retire from Citizens after more than 5 years service. Nathan Bostock (currently Chief Risk Officer) will become Group Finance Director. Nathan Bostock will be replaced by David Stephen (currently Deputy Group Chief Risk Officer) as Chief Risk Officer. The appointments will take effect on 1 October 2013 at which point Nathan Bostock will replace Bruce Van Saun as an Executive Director of RBSG. All will be members of the Group Executive Committee.

#### *Stephen Hester to leave the Group*

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

#### *Refocusing of the Markets division of RBS*

On 13 June 2013, RBS announced that it will be refocusing its Markets division to concentrate on its core wholesale fixed income product strengths across rates, currencies, asset-backed products and credit and debt capital markets. As part of this exercise, RBS plans to exit all structured retail investor products (which includes new primary market issuance of Securities offered under this Base Prospectus), equity derivatives (other than liquid equity index products within its Dynamic Strategies and Hybrids businesses), as well as peripheral market-making activities. The businesses that RBS plans to exit will be transferred to a business unit of RBS managed in the Markets division where it is intended that they will be divested through a sales process or otherwise exited through a managed wind-down process. RBS intends to continue to provide secondary market liquidity for all relevant products where it is legally or contractually required to do so. The Exchange Traded Product business of RBS will, for the time being, continue to issue certain products during the sales process. Save for

Exchange Traded Products, primary market transactions will only be executed on an exceptions basis. RBS remains committed to meeting its existing obligations to its customers.

*Ross McEwan appointed as RBSG Chief Executive*

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

## **Additional Information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of RBS (the "**Annual Report 2012 of RBS**") (including the audited consolidated annual financial statements of RBS, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including the audited consolidated annual financial statements of RBS, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results 2013 of RBS for the half year ended 30 June 2013 (the "**Unaudited Interim Results 2013 of RBS**") which were published via the RNS on 30 August 2013;
4. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;
  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
  - (vii) Accounting policies on pages 360 to 372;
  - (viii) Notes on the consolidated accounts on pages 373 to 474;
  - (ix) Parent company financial statements and notes on pages 475 to 486;
  - (x) Essential reading – Highlights on pages 2 to 3;

- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;



- (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading – Highlights on page 1;
  - (xi) Chairman’s statement on page 9;
  - (xii) Group Chief Executive’s review on pages 10 to 11;
  - (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
  - (xix) Directors’ remuneration report on pages 274 to 295;
  - (xx) Report of the Directors on pages 298 to 302;
  - (xxi) Directors’ interests in shares on page 303;
  - (xxii) Financial Summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
6. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the "**Unaudited Interim Results 2013 of RBSG**") which were published via the RNS on 2 August 2013;
  7. the press release entitled "RBS announces planned management changes" of RBSG (the "**Press Release dated 9 May 2013**") which was published via the RNS on 9 May 2013;
  8. the press release entitled "Stephen Hester to leave RBS" of RBSG (the "**Press Release dated 12 June 2013**") which was published via the RNS on 12 June 2013; and

9. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" or RBSG (the "**Press Release dated 2 August 2013**") which was published via the RNS on 2 August 2013.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about RBS.

### **Significant changes**

There has been no significant change in the financial position of RBS and the RBS Group taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the RBS Group has been published).

There has been no material adverse change in the prospects of RBS and the RBS Group taken as a whole since 31 December 2012 (the date of the last published audited financial statements of the RBS Group).

30. In the Warrants Base Prospectus January 2010 and the REX Base Prospectus 2010, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(n) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of the Issuer;
- (e) the Financial Statements 2011 of the Issuer;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of the Issuer;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) this Base Prospectus and any Supplements; and
- (n) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

31. In the Warrants Base Prospectus December 2010, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(o) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of the Issuer;
- (e) the Financial Statements 2011 of the Issuer;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of the Issuer;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) the Warrants Base Prospectus January 2010 and any Supplements thereto;
- (n) this Base Prospectus and any Supplements;
- (o) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

32. In the Warrants Base Prospectus January 2012, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(p) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of the Issuer;
- (e) the Financial Statements 2011 of the Issuer;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of the Issuer;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) the Warrants Base Prospectus January 2010 and any supplements thereto;
- (n) the Warrants Base Prospectus December 2010 and any supplements thereto;
- (o) this Base Prospectus and any Supplements; and
- (p) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted

proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**



33. In the Warrants Base Prospectus June 2012, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(q) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of RBS N.V.;
- (e) the Financial Statements 2011 of RBS N.V.;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of RBS N.V.;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) the Warrants Base Prospectus January 2010 and any supplements thereto;
- (n) the Warrants Base Prospectus December 2010 and any supplements thereto;
- (o) the Warrants Base Prospectus January 2012 and any supplements thereto;
- (p) this Base Prospectus and any Supplements; and
- (q) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted

proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

34. In the REX Base Prospectus 2011, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(o) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of the Issuer;
- (e) the Financial Statements 2011 of the Issuer;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of the Issuer;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) the REX Base Prospectus 2010 and any Supplements thereto;
- (n) this Base Prospectus and any Supplements;
- (o) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

35. In the REX Base Prospectus 2012, in the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(p) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it was possible that RBS could become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS was expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2012 of RBS N.V.;
- (e) the Financial Statements 2011 of RBS N.V.;
- (f) the Annual Report 2012 of RBS;
- (g) the Annual Report 2011 of RBS;
- (h) the Annual Report 2012 of RBS Holdings;
- (i) the Annual Report 2011 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2013 of RBS N.V.;
- (k) the Unaudited Interim Results 2013 of RBS;
- (l) the Unaudited Interim Results 2013 of RBS Holdings;
- (m) the REX Base Prospectus 2010 and any supplements thereto;
- (n) the REX Base Prospectus 2011 and any supplements thereto;
- (o) this Base Prospectus and any Supplements; and
- (p) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted

proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

36. In the Warrants Base Prospectus January 2010 and the REX Base Prospectus 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (n) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (o) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and
- (p) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (m) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (n)-(p) were filed with the FSA and the FCA, respectively.



During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

37. In the Warrants Base Prospectus December 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (n) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (o) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (p) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and
- (q) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (n) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (o)-(q) were filed with the FSA and the FCA, respectively. The document referred to in (m) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

38. In the Warrants Base Prospectus January 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (n) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (p) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and

(r) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (o) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (p)-(r) were filed with the FSA and the FCA, respectively. The documents referred to in (m) and (n) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

39. In the Warrants Base Prospectus June 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report and Accounts 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);



- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (n) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Conditions January 2012 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (p) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (q) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and

(s) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (p) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (q)-(s) were filed with the FSA and the FCA, respectively. The documents referred to in (m)-(o) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

40. In the REX Base Prospectus 2011, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (n) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (o) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (p) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and
- (q) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (n) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (o)-(q) were filed with the FSA and the FCA, respectively. The document referred to in (m) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

41. In the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding the reference to the "RBSG Risk Factors" and the "RBSG Registration Document" in the last sentence in the second paragraph of the section "Risk Factors" on page 4 of the RBS N.V. Registration Document and items (a) to (i) in the section "Documents Incorporated by Reference" on pages 64 to 66 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding
  - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
  - (ii) the subsection "Large exposure regime" on page 26;
  - (iii) the subsection "No Significant Change and No Material Adverse Change" under the section "General Information" on page 59; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (incorporated under the heading "RBS Registration Document" of the section "Information about The Royal Bank of Scotland plc");
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Annual Report 2012 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 243 to 251) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);

- (f) the Relevant Sections of the Annual Report 2012 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Annual Report 2012 of RBS (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial Review" on page 6 and "Additional Information — Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Unaudited Interim Results 2013 of RBS Holdings (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about RBS N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (k) the Unaudited Interim Results 2013 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (n) the Conditions 2011 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012;
- (p) the Press Release dated 9 May 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 12 June 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus); and

(r) the Press Release dated 2 August 2013 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus).

The documents referred to in (a), (c)-(e), (j) and (o) were filed with the AFM. The documents referred to in (b), (f)-(i), (k)-(l) and (p)-(r) were filed with the FSA and the FCA, respectively. The documents referred to in (m) and (n) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.



London, 24 September 2013

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

JÖRN PEGLOW  
Authorised Signatory

London, 24 September 2013

**The Royal Bank of Scotland plc**

By:

JÖRN PEGLOW  
Authorised Signatory

13 February 2013

**The Royal Bank of Scotland N.V.**  
(incorporated in the Netherlands with its statutory seat in Amsterdam)

and

**The Royal Bank of Scotland plc**  
(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980  
registered number SC090312)

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SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WPPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 29 JUNE 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2010**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE EXCHANGEABLE SECURITIES** (THE "**REVERSE EXCHANGEABLE SECURITIES 2010**")  
(**ELEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 15 JULY 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2011")  
(SEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD  
CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES,  
FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 18 JANUARY 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2010**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2010")  
(ELEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 16 DECEMBER 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS DECEMBER 2010**")

RELATING TO **WARRANTS (THE "WARRANTS DECEMBER 2010")  
(NINTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JANUARY 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2012")  
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JUNE 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JUNE 2012")  
(FOURTH SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2010, THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE SECURITIES 2012, THE WARRANTS JANUARY 2010, THE WARRANTS DECEMBER 2010, THE WARRANTS JANUARY 2012 AND THE WARRANTS JUNE 2012, THE "**SECURITIES**")

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**If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.**

**The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.**

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to the press release entitled "Update on past sales of Interest Rate Hedging Products" which was published by The Royal Bank of Scotland Group plc ("**RBSG**") on 31 January 2013; and

(ii) to update the Base Prospectuses with respect to the press release entitled "RBS reaches LIBOR settlements" which was published by RBSG on 6 February 2013.

1. In the Base Prospectuses, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the subsection "**FSA agreement in relation to interest rate swap products for small and medium enterprises**" shall be replaced as follows:

**FSA agreement in relation to interest rate swap products for small and medium enterprises**

On 29 June 2012, RBS announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, RBS has agreed to provide direct and immediate redress.

In its Q2 2012 results, RBSG provided £50 million for the redress it expects to offer retail clients who were sold structured collar products. As a result of an announcement by the FSA dated 31 January 2013 relating to interest rate hedging products ("**IRHP**") RBSG will, in its 2012 Annual Results, meaningfully increase its provisions to meet the additional costs of redress across its broader SME IRHP portfolio (attributable primarily to products sold in the period 2001 to 2008 when interest rates were higher). This larger provision will be determined once RBSG has further engaged with the FSA on its position. RBSG expects that this provision will remain consistent with the achievement of its target capital ratios.

2. In the Base Prospectuses, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the paragraph headed "*LIBOR*" in the subsection "**Investigations**" shall be replaced as follows:

*LIBOR*

On 6 February 2013, RBSG announced that the RBSG Group has reached a settlement with the FSA in the United Kingdom, the United States Commodity Futures Trading Commission ("**CFTC**") and the United States Department of Justice ("**DOJ**"), in relation to investigations into submissions, communications and procedures around the setting of the London Interbank Offered Rate ("**LIBOR**"). The RBSG Group has agreed to pay penalties of £87.5 million, USD 325 million and USD 150 million to the FSA, CFTC and DOJ respectively, to resolve the investigations. As part of the agreement with the DOJ, RBS has entered into a deferred prosecution agreement in relation to one count of wire fraud relating to Swiss Franc LIBOR and one count for an antitrust violation relating to Yen LIBOR. RBS Securities Japan Limited has also agreed to enter a plea of guilty to one count of wire fraud relating to Yen LIBOR. Among other things, the RBSG Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The RBSG Group will continue to cooperate in the investigations by the FSA, CFTC and DOJ, as well as investigations by various other governmental, regulatory and competition authorities. The other authorities include the European Commission and the Japan Financial Services Agency.



London, 13 February 2013

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

JÖRN PEGLOW  
Authorised Signatory

London, 13 February 2013

**The Royal Bank of Scotland plc**

By:

JÖRN PEGLOW  
Authorised Signatory

7 November 2012

**The Royal Bank of Scotland N.V.**  
*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

and

**The Royal Bank of Scotland plc**  
*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980  
registered number SC090312)*

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SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WPPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 29 JUNE 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2010**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE EXCHANGEABLE SECURITIES** (THE "**REVERSE EXCHANGEABLE SECURITIES 2010**")  
(**TENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 15 JULY 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2011")  
(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD  
CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES,  
FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(THIRD SUPPLEMENT)**

BASE PROSPECTUS DATED 18 JANUARY 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2010**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2010")  
(TENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 16 DECEMBER 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS DECEMBER 2010**")

RELATING TO **WARRANTS (THE "WARRANTS DECEMBER 2010")  
(EIGHTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JANUARY 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2012")  
(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JUNE 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JUNE 2012")  
(THIRD SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2010, THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE SECURITIES 2012, THE WARRANTS JANUARY 2010, THE WARRANTS DECEMBER 2010, THE WARRANTS JANUARY 2012 AND THE WARRANTS JUNE 2012, THE "**SECURITIES**")

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**If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.**

**The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.**

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to the press release entitled "Statement on disposal of UK Branch-based Business" which was published by The Royal Bank of Scotland Group plc ("**RBSG**") on 15 October 2012 and the press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012; and

(ii) to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q3 2012 of RBSG for the third quarter 2012 ended 30 September 2012 which were published on 2 November 2012.

1. In the Base Prospectuses, in the section "**SUMMARY**", the second paragraph under the heading "**General Information about RBS**" shall be replaced as follows:

According to the unaudited Interim Management Statement Q3 2012 of RBSG for the third quarter 2012 ended 30 September 2012, the RBSG Group had total assets of £1,377 billion and owners's equity of £73 billion as at 30 September 2012. The RBSG Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio 11.1 per cent and a Tier 1 capital ratio of 13.4 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Allgemeine Informationen über die RBS**" shall be replaced as follows:

Nach dem ungeprüften Zwischenbericht Q3 2012 des Managements (*Interim Management Statement Q3 2012*) der RBSG für das am 30. September 2012 endende dritte Quartal 2012 betragen zum 30. September 2012 die Gesamtvermögenswerte der RBSG Gruppe £1,377 Mrd., und das Eigenkapital der RBSG Gruppe betrug £73 Mrd. Die Kapitalquoten der RBSG Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 11,1% für die Kernkapitalquote (*Core Tier 1*) und 13,4% für die Kapitalquote (*Tier 1*).



3. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" the first paragraph of the subsection "**RBS Registration Document**" shall be replaced as follows:

### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"), excluding:

- (i) the following information within the section "Introduction":
  - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
  - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
  - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011";
- (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
- (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
- (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69.

4. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" the first paragraph of the subsection "**RBS Registration Document**" shall be replaced as follows:

### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as Issuer is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"), excluding:

- (i) the following information within the section "Introduction":
  - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
  - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
  - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011";
- (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
- (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
- (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69.

5. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the subsection "**Additional information about RBS**" shall be replaced as follows:

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

(a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;

- (xix) Directors' remuneration report on pages 248 to 263;
  - (xx) Directors' interests in shares on page 264;
  - (xxi) Financial summary on pages 387 to 395;
  - (xxii) Exchange rates on page 395;
  - (xxiii) Economic and monetary environment on page 396;
  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;
  - (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;
  - (xxviii) Material contracts on pages 399 to 404; and
  - (xxix) Glossary of terms on pages 434 to 439;
- (b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;
- (c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:
- (i) Independent auditors' report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet at 31 December 2011 on page 309;
  - (v) Consolidated statements of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;

- (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- (f) the unaudited Interim Management Statement Q3 2012 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the third quarter ended 30 September 2012 (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG) which was published on 2 November 2012;

- (g) the unaudited Results 2012 of RBS for the half year ended 30 June 2012 (the "**Unaudited Interim Results 2012 of RBS**") which were published on 31 August 2012;
- (h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and
- (i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published on 17 October 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

6. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" the subsection "**Additional information about RBS**" shall be replaced as follows:

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:
  - (i) Independent auditor's report on page 267;
  - (ii) Consolidated income statement on page 268;
  - (iii) Consolidated statement of comprehensive income on page 269;
  - (iv) Balance sheets as at 31 December 2010 on page 270;
  - (v) Statements of changes in equity on pages 271 to 273;
  - (vi) Cash flow statements on page 274;
  - (vii) Accounting policies on pages 275 to 286;
  - (viii) Notes on the accounts on pages 287 to 385;
  - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
  - (x) Chairman's statement on pages 2 to 3;
  - (xi) Group Chief Executive's review on pages 4 to 5;
  - (xii) Our key targets on page 7;
  - (xiii) Our business and our strategy on pages 10 to 19;
  - (xiv) Divisional review on pages 20 to 41;
  - (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
  - (xvi) Report of the directors on pages 230 to 234;
  - (xvii) Corporate governance on pages 235 to 245;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
  - (xix) Directors' remuneration report on pages 248 to 263;

- (xx) Directors' interests in shares on page 264;
  - (xxi) Financial summary on pages 387 to 395;
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  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;
  - (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;
  - (xxviii) Material contracts on pages 399 to 404; and
  - (xxix) Glossary of terms on pages 434 to 439;
- (b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;
- (c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:
- (i) Independent auditors' report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet at 31 December 2011 on page 309;
  - (v) Consolidated statements of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;
  - (xiii) Our key targets on page 13;



- (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
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  - (xx) Report of the directors on pages 298 to 302;
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  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- (f) the unaudited Interim Management Statement Q3 2012 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the third quarter ended 30 September 2012 (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG) which was published on 2 November 2012;
- (g) the unaudited Results 2012 of RBS for the half year ended 30 June 2012 (the "**Unaudited Interim Results 2012 of RBS**") which were published on 31 August 2012;

- (h) the press release entitled "Statement on disposal of UK Branch-based Business" (the **"Press Release dated 15 October 2012"**) which was published by RBSG on 15 October 2012; and
- (i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the **"Press Release dated 17 October 2012"**) which was published on 17 October 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

7. In the REX Base Prospectus 2010 and in the Warrants Base Prospectus January 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");

- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (o) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (p) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (r) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (s) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (q)-(s) were filed with the AFM. The documents referred to in (b), (g)-(k) and (m)-(p) were filed with the FSA.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(s) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

8. In the REX Base Prospectus 2011, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");

- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (p) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (s) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (t) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (r)-(t) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (o)-(q) were filed with the FSA. The document referred to in (n) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(t) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.



9. In the Warrants Base Prospectus December 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");

- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (p) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (s) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (t) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (r)-(t) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (o)-(q) were filed with the FSA. The document referred to in (n) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(t) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

10. In the Warrants Base Prospectus January 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");

- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (p) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (s) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (t) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (u) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (s)-(u) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (p)-(r) were filed with the FSA. The documents referred to in (n)-(o) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(u) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

11. In the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee");



- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Conditions 2011 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (p) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (q) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (s) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (t) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (u) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (s)-(u) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (p)-(r) were filed with the FSA. The documents referred to in (n)-(o) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(u) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

12. In the Warrants Base Prospectus June 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document, excluding:
  - (i) the following information within the section "Introduction":
    - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
    - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
    - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
  - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
  - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
  - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);

- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5 of the Unaudited Interim Statement of RBSG); (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee");

- (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
- (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (o) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (p) the Conditions January 2012 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (q) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (r) the Press Release dated 15 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (s) the Press Release dated 17 October 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (t) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (u) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (v) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (t)-(v) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (q)-(s) were filed with the FSA. The documents referred to in (n)-(p) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(v) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 7 November 2012

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

JÖRN PEGLOW  
Authorised Signatory

London, 7 November 2012

**The Royal Bank of Scotland plc**

By:

JÖRN PEGLOW  
Authorised Signatory

2 October 2012

**The Royal Bank of Scotland N.V.**  
*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

and

**The Royal Bank of Scotland plc**  
*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980  
registered number SC090312)*

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SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WPPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 29 JUNE 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2010**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE EXCHANGEABLE SECURITIES** (THE "**REVERSE EXCHANGEABLE SECURITIES 2010**")  
(**NINTH SUPPLEMENT**)

BASE PROSPECTUS DATED 15 JULY 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2011")  
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012  
(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD  
CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES,  
FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(SECOND SUPPLEMENT)**

BASE PROSPECTUS DATED 18 JANUARY 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2010**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2010")  
(NINTH SUPPLEMENT)**

BASE PROSPECTUS DATED 16 DECEMBER 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS DECEMBER 2010**")

RELATING TO **WARRANTS (THE "WARRANTS DECEMBER 2010")  
(SEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JANUARY 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2012")  
(THIRD SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT  
(THE "**WARRANTS BASE PROSPECTUS JUNE 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JUNE 2012")  
(SECOND SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2010, THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE SECURITIES 2012, THE WARRANTS JANUARY 2010, THE WARRANTS DECEMBER 2010, THE WARRANTS JANUARY 2012 AND THE WARRANTS JUNE 2012, THE "**SECURITIES**")

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**If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.**

**The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.**

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to the unaudited Interim Results for the half year ended 30 June 2012 of RBS Holdings N.V. ("**RBS Holdings**") which were published on 31 August 2012;

(ii) to update the Base Prospectuses with respect to the unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2012 of The Royal Bank of Scotland N.V. ("**RBS N.V.**") which was published on 31 August 2012; and

(iii) to update the Base Prospectuses with respect to the unaudited Results for the half year ended 30 June 2012 of The Royal Bank of Scotland plc ("**RBS**") which were published on 31 August 2012.

1. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**SUMMARY**", the second paragraph under the heading "**Overview**" shall be replaced as follows:

The Issuer operates across Europe, the Middle East and Africa (EMEA), the Americas and Asia. According to the unaudited Interim Results for the half year ended 30 June 2012 of RBS Holdings, the Group had total consolidated assets of EUR 114 billion as at 30 June 2012, the Group's Tier 1 and Core Tier 1 capital ratios were 11.7 per cent. and 8.5 per cent., respectively, as at that date.

2. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**SUMMARY**" the second paragraph under the heading "**RBS N.V. – Overview**" shall be replaced as follows:

RBS N.V. operates across Europe, the Middle East and Africa (EMEA), the Americas and Asia. According to the unaudited Interim Results for the half year ended 30 June 2012 of RBS Holdings, the Group had total consolidated assets of EUR 114 billion as at 30 June 2012, the Group's Tier 1 and Core Tier 1 capital ratios were 11.7 per cent. and 8.5 per cent., respectively, as at that date.

3. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**SUMMARY**", the paragraph with the heading "**Financial Information relating to the Issuer**" shall be replaced as follows:

**Financial Information relating to the Issuer:**

According to the unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2012 of the Issuer, the Issuer recorded a loss for 2011 of EUR 1,016 million. Its total assets were EUR 134 billion at 30 June 2012.

4. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**SUMMARY**" the paragraph with the heading "**Financial Information relating to RBS N.V.**" shall be replaced as follows:

**Financial Information relating to  
RBS N.V.:**

According to the unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2012 of RBS N.V., RBS N.V. recorded a loss for 2011 of EUR 1,016 million. Its total assets were EUR 134 billion at 30 June 2012.

5. In the Base Prospectuses, in the section "**SUMMARY**", the third paragraph under the heading "**General Information about RBS**" shall be replaced as follows:

According to the unaudited Results for the half year ended 30 June 2012 of RBS, the RBS Group had total assets of £1,359 billion and shareholder's equity of £62 billion as at 30 June 2012. The RBS Group's capital ratios as at that date were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.9 per cent and a Tier 1 capital ratio of 11.6 per cent.

6. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Überblick**" shall be replaced as follows:

Die Emittentin ist in Europa, im Nahen Osten und Afrika (EMEA), in Amerika und Asien tätig. Nach dem ungeprüften Halbjahresbericht der RBS Holdings zum 30. Juni 2012 (*Interim Results for the half year ended 30 June 2012*) hatte die Gruppe zum 30. Juni 2012 konsolidierte Vermögenswerte von EUR 114 Mrd., und betragen die Kernkapitalquote (*Tier 1*) und die harte Kernkapitalquote (*Core Tier 1*) der Gruppe zu diesem Datum 11,7 % bzw. 8,5 %.



7. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**RBS N.V. - Überblick**" shall be replaced as follows:

RBS N.V. ist in Europa, im Nahen Osten und Afrika (EMEA), in Amerika und Asien tätig. Nach dem ungeprüften Halbjahresbericht der RBS Holdings zum 30. Juni 2012 (*Interim Results for the half year ended 30 June 2012*) hatte die Gruppe zum 30. Juni 2012 konsolidierte Vermögenswerte von EUR 114 Mrd., und betragen die Kernkapitalquote (*Tier 1*) und die harte Kernkapitalquote (*Core Tier 1*) der Gruppe zu diesem Datum 11,7 % bzw. 8,5 %.

8. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012 in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the paragraph with the heading "**Finanzangaben der Emittentin**" shall be replaced as follows:

**Finanzangaben der Emittentin:**

Nach dem ungeprüften verkürzten Halbjahresbericht der Emittentin zum 30. Juni 2012 (*Abbreviated Interim Financial Report for the half year ended 30 June 2012*) verzeichnete die Emittentin für 2011 einen Verlust in Höhe von EUR 1.016 Mio. Ihre Gesamtvermögenswerte betragen zum 30. Juni 2012 EUR 134 Mrd.

9. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" the paragraph under the heading "**Finanzangaben der RBS N.V.**" shall be replaced as follows:

**Finanzangaben der RBS N.V.:**

Nach dem ungeprüften verkürzten Halbjahresbericht der RBS N.V. zum 30. Juni 2012 (*Abbreviated Interim Financial Report for the half year ended 30 June 2012*) verzeichnete die RBS N.V. für 2011 einen Verlust in Höhe von EUR 1.016 Mio. Ihre Gesamtvermögenswerte betragen zum 30. Juni 2012 EUR 134 Mrd.

10. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the third paragraph under the heading "**Allgemeine Informationen über die RBS**" shall be replaced as follows:

Nach den ungeprüften Finanzinformationen der RBS zum 30. Juni 2012 (*Results for the half year ended 30 June 2012*) betragen die Gesamtvermögenswerte der RBS-Gruppe zum 30. Juni 2012 £1.359 Mrd. und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der RBS-Gruppe zu diesem Datum betragen 15,4 % für die Gesamtkapitalquote, 9,9 % für die Kernkapitalquote (*Core Tier 1*) und 11,6 % für die Kapitalquote (*Tier 1*).

11. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE GUARANTEE**" the subsections "**Additional Information about the Issuer and the Guarantor**" and "**Significant changes**" shall be replaced as follows:

### **Additional information about the Issuer and the Guarantor**

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*Statuten*) of each of the Guarantor and the Issuer as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the announcement entitled "The Royal Bank of Scotland Group plc ("**RBS**") announces strategic and organisational changes in its investment banking/wholesale business" which was published on 12 January 2012 (the "**Announcement**");
- (c) the Annual Report and Accounts 2011 of RBS Holdings N.V. (the "**Annual Report and Accounts 2011 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report and Accounts 2011 and the auditor's report thereon appears on page 215 of the Annual Report and Accounts 2011;
- (d) the Annual Report 2010 of RBS Holdings N.V. (the "**Annual Report 2010 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 9 and the section headed "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the Annual Report 2010 and the auditor's report thereon appears on page 199 of the Annual Report 2010; and
- (e) the unaudited Interim Results for the half year ended 30 June 2012 of RBS Holdings N.V. (the "**Unaudited Interim Results 2012 of RBS Holdings**") which include unaudited condensed consolidated financial statements of RBS Holdings for the half year ended 30 June 2012.

The Issuer has published a press release dated 19 April 2011 regarding proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "**Press Release dated 19 April 2011**") which is attached hereinafter as Annex 1. For the purposes of this Base Prospectus, references in this press release regarding persons not placing any reliance on the information contained in such press release or the Pro forma financial information in connection with making an investment decision (or for any other purpose) concerning securities or guarantees which are expected to be retained by RBS N.V. shall be deemed to be deleted.

The Abbreviated Financial Statements 2011 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2011 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2011 are attached as Annex 2.

The Abbreviated Financial Statements 2010 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2010 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2010 are attached as Annex 3.

The unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2012 of The Royal Bank of Scotland N.V. (the "**Unaudited Interim Financial Report 2012 of the Issuer**") which includes the unaudited abbreviated interim financial statements of the Issuer for the half year ended 30 June 2012 is attached as Annex 4.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about the Issuer and the Guarantor.

### **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including the Issuer) since 30 June 2012 and there has been no significant change in the financial position of the Issuer since 30 June 2012. There has been no material adverse change in the prospects of the Guarantor since 31 December 2011, and there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

12. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND N.V., THE GUARANTOR AND THE GUARANTEE**" the subsections "**Additional Information about RBS N.V. and the Guarantor**" and "**Significant changes**" shall be replaced as follows:

### **Additional information about RBS N.V. and the Guarantor**

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*Statuten*) of each of the Guarantor and the Issuer as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the announcement entitled "The Royal Bank of Scotland Group plc ("**RBS**") announces strategic and organisational changes in its investment banking/wholesale business" which was published on 12 January 2012 (the "**Announcement**");
- (c) the Annual Report and Accounts 2011 of RBS Holdings N.V. (the "**Annual Report and Accounts 2011 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report and Accounts 2011 and the auditor's report thereon appears on page 215 of the Annual Report and Accounts 2011;
- (d) the Annual Report 2010 of RBS Holdings N.V. (the "**Annual Report 2010 of RBS Holdings**") (excluding the section headed "Business Review - Risk Factors" on page 9 and the section headed "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the Annual Report 2010 and the auditor's report thereon appears on page 199 of the Annual Report 2010; and
- (e) the unaudited Interim Results for the half year ended 30 June 2012 of RBS Holdings N.V. (the "**Unaudited Interim Results 2012 of RBS Holdings**") which include unaudited condensed consolidated financial statements of RBS Holdings for the half year ended 30 June 2012.

The Issuer has published a press release dated 19 April 2011 regarding proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "**Press Release dated 19 April 2011**") which is attached hereinafter as Annex 1. For the purposes of this Base Prospectus, references in this press release regarding persons not placing any reliance on the information contained in such press release or the Pro forma financial information in connection with making an investment decision (or for any other purpose) concerning securities or guarantees which are expected to be retained by RBS N.V. shall be deemed to be deleted.

The Abbreviated Financial Statements 2011 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2011 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2011 are attached as Annex 2.

The Abbreviated Financial Statements 2010 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2010 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2010 are attached as Annex 3.

The unaudited Abbreviated Interim Financial Report for the half year ended 30 June 2012 of The Royal Bank of Scotland N.V. (the "**Unaudited Interim Financial Report 2012 of RBS N.V.**") which includes the unaudited abbreviated interim financial statements of RBS N.V. for the half year ended 30 June 2012 is attached as Annex 4.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about RBS N.V. and the Guarantor.

## **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including RBS N.V.) since 30 June 2012 and there has been no significant change in the financial position of RBS N.V. since 30 June 2012. There has been no material adverse change in the prospects of the Guarantor since 31 December 2011, and there has been no material adverse change in the prospects of RBS N.V. since 31 December 2011.



13. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012 after the section "**ANNEX 3: FINANCIAL STATEMENTS 2010 OF THE ISSUER**" the following section shall be inserted:

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**ANNEX 4: UNAUDITED INTERIM FINANCIAL REPORT 2012 OF THE ISSUER**

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# **The Royal Bank of Scotland N.V.**

**Abbreviated Interim Financial Report for the half year ended  
30 June 2012**

**Amsterdam, 31 August 2012**

**The Royal Bank of Scotland N.V.**  
**Abbreviated interim financial report for the half year ended 30 June 2012**

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## Management's report on the abbreviated interim financial statements

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The Managing Board declares that, to the best of its knowledge, the abbreviated interim financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. (RBS N.V.) as at 30 June 2012 and for the period then ended.

Amsterdam,  
30 August 2012

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

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## Abbreviated interim financial statements

## Basis of presentation

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On the basis of article 403 of part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam.

Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. In accordance with the AFM Transparency Directive, which is effective as of 1 January 2009, the interim financial statements of an Issuer which is not required to prepare and file consolidated financial statements, should include in the abbreviated balance sheet and in the abbreviated income statement the same items as were included in the latest published financial statements. The assets and liabilities and the income statement of RBS N.V. are fully consolidated in the interim condensed consolidated financial statements for the half year ended 30 June 2012 of RBS Holdings N.V., dated 30 August 2012.

The income statement and balance sheet as presented on pages 5 and 6 of this report are derived from the presentation of the RBS N.V. income statement and balance sheet on pages 52 up to and including 54 of the RBS Holdings N.V. Interim Financial Results for the half year ended 30 June 2012, dated 30 August 2012, which is included as an appendix to this report.

Both the abbreviated interim financial statements of RBS N.V. and the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are unaudited.

The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are presented in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements for the half year ended 30 June 2012 of RBS Holdings N.V. do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with RBS Holdings N.V.'s audited Annual Report and Accounts for the year ended 31 December 2011, which was prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

**RBS N.V.**  
**Company income statement**  
**for the half year ended 30 June 2012 (unaudited)**

	First half 2012 €m	First half 2011 €m
Net interest income	260	254
Results from consolidated subsidiaries	(37)	130
Non-interest (loss)/income	(346)	268
<b>Total Income</b>	<b>(123)</b>	652
Operating expenses	(793)	(1,104)
Impairment losses	(97)	(1,090)
<b>Operating loss before tax</b>	<b>(1,013)</b>	(1,542)
Tax (charge)/credit	(14)	86
Profit from discontinued operations	11	22
<b>Loss for the reporting period</b>	<b>(1,016)</b>	(1,434)
Non-controlling interests	-	-
<b>Loss attributable to controlling interests</b>	<b>(1,016)</b>	(1,434)

**RBS N.V.**  
**Company balance sheet**  
**at 30 June 2012 (unaudited)**

	30 June 2012 €m	31 December 2011 €m
<b>Assets</b>		
Cash and balances at central banks	529	11,812
Loans and advances to banks	38,658	53,750
Loans and advances to customers	5,454	24,979
Debt securities	24,140	38,211
Equity shares	903	2,955
Settlement balances	359	2,576
Derivatives	12,696	18,606
Intangible assets	11	46
Property, plant and equipment	17	74
Deferred taxation	329	395
Investment in Group undertakings	2,649	2,863
Prepayments, accrued income and other assets	1,331	4,237
Assets of disposal groups	47,366	4,788
<b>Total assets</b>	<b>134,442</b>	<b>165,292</b>
<b>Liabilities and equity</b>		
Deposits by banks	56,341	76,911
Customer accounts	3,655	33,469
Debt securities in issue	8,027	17,473
Settlement balances and short positions	578	3,386
Derivatives	12,429	19,323
Accruals, deferred income and other liabilities	1,841	2,938
Retirement benefit liabilities	31	58
Deferred taxation	6	47
Subordinated liabilities	4,565	4,449
Liabilities of disposal groups	44,490	3,914
Controlling interests	2,479	3,324
<b>Total liabilities and equity</b>	<b>134,442</b>	<b>165,292</b>



14. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012 after the section "**ANNEX 3: FINANCIAL STATEMENTS 2010 OF RBS N.V.**" the following section shall be inserted:

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**ANNEX 4: UNAUDITED INTERIM FINANCIAL REPORT 2012 OF RBS N.V.**

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# **The Royal Bank of Scotland N.V.**

**Abbreviated Interim Financial Report for the half year ended  
30 June 2012**

**Amsterdam, 31 August 2012**

**The Royal Bank of Scotland N.V.**  
**Abbreviated interim financial report for the half year ended 30 June 2012**

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## Management's report on the abbreviated interim financial statements

---

The Managing Board declares that, to the best of its knowledge, the abbreviated interim financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. (RBS N.V.) as at 30 June 2012 and for the period then ended.

Amsterdam,  
30 August 2012

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

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## Abbreviated interim financial statements

## Basis of presentation

---

On the basis of article 403 of part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam.

Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. In accordance with the AFM Transparency Directive, which is effective as of 1 January 2009, the interim financial statements of an Issuer which is not required to prepare and file consolidated financial statements, should include in the abbreviated balance sheet and in the abbreviated income statement the same items as were included in the latest published financial statements. The assets and liabilities and the income statement of RBS N.V. are fully consolidated in the interim condensed consolidated financial statements for the half year ended 30 June 2012 of RBS Holdings N.V., dated 30 August 2012.

The income statement and balance sheet as presented on pages 5 and 6 of this report are derived from the presentation of the RBS N.V. income statement and balance sheet on pages 52 up to and including 54 of the RBS Holdings N.V. Interim Financial Results for the half year ended 30 June 2012, dated 30 August 2012, which is included as an appendix to this report.

Both the abbreviated interim financial statements of RBS N.V. and the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are unaudited.

The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are presented in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements for the half year ended 30 June 2012 of RBS Holdings N.V. do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with RBS Holdings N.V.'s audited Annual Report and Accounts for the year ended 31 December 2011, which was prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

**RBS N.V.**  
**Company income statement**  
**for the half year ended 30 June 2012 (unaudited)**

	First half 2012 €m	First half 2011 €m
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<b>Operating loss before tax</b>	<b>(1,013)</b>	(1,542)
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<b>Loss for the reporting period</b>	<b>(1,016)</b>	(1,434)
Non-controlling interests	-	-
<b>Loss attributable to controlling interests</b>	<b>(1,016)</b>	(1,434)

**RBS N.V.**  
**Company balance sheet**  
**at 30 June 2012 (unaudited)**

	30 June 2012 €m	31 December 2011 €m
<b>Assets</b>		
Cash and balances at central banks	529	11,812
Loans and advances to banks	38,658	53,750
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Debt securities	24,140	38,211
Equity shares	903	2,955
Settlement balances	359	2,576
Derivatives	12,696	18,606
Intangible assets	11	46
Property, plant and equipment	17	74
Deferred taxation	329	395
Investment in Group undertakings	2,649	2,863
Prepayments, accrued income and other assets	1,331	4,237
Assets of disposal groups	47,366	4,788
<b>Total assets</b>	<b>134,442</b>	<b>165,292</b>
<b>Liabilities and equity</b>		
Deposits by banks	56,341	76,911
Customer accounts	3,655	33,469
Debt securities in issue	8,027	17,473
Settlement balances and short positions	578	3,386
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Subordinated liabilities	4,565	4,449
Liabilities of disposal groups	44,490	3,914
Controlling interests	2,479	3,324
<b>Total liabilities and equity</b>	<b>134,442</b>	<b>165,292</b>



15. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the subsection "**Additional information about RBS**" shall be replaced as follows:

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

(a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;

- (xix) Directors' remuneration report on pages 248 to 263;
  - (xx) Directors' interests in shares on page 264;
  - (xxi) Financial summary on pages 387 to 395;
  - (xxii) Exchange rates on page 395;
  - (xxiii) Economic and monetary environment on page 396;
  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;
  - (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;
  - (xxviii) Material contracts on pages 399 to 404; and
  - (xxix) Glossary of terms on pages 434 to 439;
- (b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;
- (c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:
- (i) Independent auditors' report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet at 31 December 2011 on page 309;
  - (v) Consolidated statements of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;

- (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
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  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- (f) the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 (the "**Unaudited Interim Results of RBSG**") which were published on 3 August 2012; and
- (g) the unaudited Results 2012 of RBS for the half year ended 30 June 2012 (the "**Unaudited Interim Results 2012 of RBS**") which were published on 31 August 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published

by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

16. In the REX Base Prospectus 2012 and the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" the subsection "**Additional information about RBS**" shall be replaced as follows:

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:
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The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain

from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.



17. In the Base Prospectuses, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the subsection "**Significant changes**" shall be replaced as follows:

### **Significant changes**

There has been no significant change in the financial position of RBS and RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") taken as a whole since 30 June 2012.

There has been no material adverse change in the prospects of RBS and the RBS Group taken as a whole since 31 December 2011.

18. In the REX Base Prospectus 2010 and the Warrants Base Prospectus January 2010, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(n) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2012 of the Issuer;
- (k) the Unaudited Interim Results 2012 of RBS;
- (l) the Unaudited Interim Results 2012 of RBS Holdings;
- (m) this Base Prospectus and any Supplements; and
- (n) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent,

which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

19. In the REX Base Prospectus 2011, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (n)-(p) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (k) the Unaudited Interim Financial Report 2012 of the Issuer;
- (l) the Unaudited Interim Results 2012 of RBS;
- (m) the Unaudited Interim Results 2012 of RBS Holdings;
- (n) the Base Prospectus 2010 and any supplements thereto;
- (o) this Base Prospectus and any Supplements; and
- (p) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent,

which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

20. In the Warrants Base Prospectus December 2010, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(o) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2012 of the Issuer;
- (k) the Unaudited Interim Results 2012 of RBS;
- (l) the Unaudited Interim Results 2012 of RBS Holdings;
- (m) the Base Prospectus January 2010 and any supplements thereto;
- (n) this Base Prospectus and any Supplements; and
- (o) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent,

which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

21. In the Warrants Base Prospectus January 2012, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(p) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2012 of the Issuer;
- (k) the Unaudited Interim Results 2012 of RBS;
- (l) the Unaudited Interim Results 2012 of RBS Holdings N.V.;
- (m) the Base Prospectus January 2010 and any supplements thereto;
- (n) the Base Prospectus December 2010 and any supplements thereto;
- (o) this Base Prospectus and any Supplements; and
- (p) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a



prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

22. In the REX Base Prospectus 2012, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(p) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of RBS N.V.;
- (e) the Financial Statements 2010 of RBS N.V.;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2012 of RBS N.V.;
- (k) the Unaudited Interim Results 2012 of RBS;
- (l) the Unaudited Interim Results 2012 of RBS Holdings;
- (m) the Base Prospectus 2010 and any supplements thereto;
- (n) the Base Prospectus 2011 and any supplements thereto;
- (o) this Base Prospectus and any Supplements; and
- (p) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a

prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of The Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, The Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

23. In the Warrants Base Prospectus June 2012, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (m)-(q) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of RBS N.V.;
- (e) the Financial Statements 2010 of RBS N.V.;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Unaudited Interim Financial Report 2012 of RBS N.V.;
- (k) the Unaudited Interim Results 2012 of RBS;
- (l) the Unaudited Interim Results 2012 of RBS Holdings N.V.;
- (m) the Base Prospectus January 2010 and any supplements thereto;
- (n) the Base Prospectus December 2010 and any supplements thereto;
- (o) the Base Prospectus January 2012 and any supplements thereto;
- (p) this Base Prospectus and any Supplements; and
- (q) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor

offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of The Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, The Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

24. In the REX Base Prospectus 2010 and in the Warrants Base Prospectus January 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (o) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (p) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (q) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (o)-(q) were filed with the AFM. The documents referred to in (b), (g)-(k) and (m)-(n) were filed with the FSA.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(q) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.



25. In the REX Base Prospectus 2011, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (p) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (q) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (r) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (o)-(r) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (o) were filed with the FSA. The document referred to in (n) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(r) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

26. In the Warrants Base Prospectus December 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (p) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (q) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (r) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (o)-(r) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (o) were filed with the FSA. The document referred to in (n) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(r) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

27. In the Warrants Base Prospectus January 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about the Issuer and the Guarantor" of the section "Information about the Issuer, the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (p) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (q) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;



(r) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and

(s) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (q)-(s) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (p) were filed with the FSA. The documents referred to in (n)-(o) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(s) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

28. In the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Conditions 2011 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (p) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (q) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;

(r) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and

(s) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (q)-(s) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (p) were filed with the FSA. The documents referred to in (n)-(o) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(s) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

29. In the Warrants Base Prospectus June 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings) (incorporated under the heading

- "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Unaudited Interim Results 2012 of RBS Holdings (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee");
  - (m) the Unaudited Interim Results 2012 of RBS (incorporated under the heading "Additional information about RBS" of the section "Information about the Royal Bank of Scotland plc");
  - (n) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (p) the Conditions January 2012 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (q) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);

- (r) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (s) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (t) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f), (l) and (r)-(t) were filed with the AFM. The documents referred to in (b), (g)-(k), (m) and (q) were filed with the FSA. The documents referred to in (n)-(p) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(t) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 2 October 2012

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

London, 2 October 2012

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory



28 August 2012

**The Royal Bank of Scotland N.V.**

*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

and

**The Royal Bank of Scotland plc**

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

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SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

*(WERTPAPIERPROSPEKTGESETZ; "WPPG")*

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 29 JUNE 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2010**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE EXCHANGEABLE SECURITIES** (THE "**REVERSE EXCHANGEABLE SECURITIES 2010**")

(**EIGHTH SUPPLEMENT**)

BASE PROSPECTUS DATED 15 JULY 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2011")  
(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012  
(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD  
CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES,  
FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES (THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FIRST SUPPLEMENT)**

BASE PROSPECTUS DATED 18 JANUARY 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2010**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2010")  
(EIGHTH SUPPLEMENT)**

BASE PROSPECTUS DATED 16 DECEMBER 2010 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS DECEMBER 2010**")

RELATING TO **WARRANTS (THE "WARRANTS DECEMBER 2010")  
(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JANUARY 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT  
(THE "**WARRANTS BASE PROSPECTUS JANUARY 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JANUARY 2012")  
(SECOND SUPPLEMENT)**

BASE PROSPECTUS DATED 26 JUNE 2012  
(THE "**WARRANTS BASE PROSPECTUS JUNE 2012**")

RELATING TO **WARRANTS (THE "WARRANTS JUNE 2012")  
(FIRST SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2010, THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE SECURITIES 2012, THE WARRANTS JANUARY 2010, THE WARRANTS DECEMBER 2010, THE WARRANTS JANUARY 2012 AND THE WARRANTS JUNE 2012, THE "**SECURITIES**")

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**If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.**

**The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.**

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update certain information relating to the credit ratings of The Royal Bank of Scotland N.V. ("**RBS N.V.**") and the expected ratings of notes to be issued by The Royal Bank of Scotland plc ("**RBS**") in the future and rated by Moody's Investors Service Limited ("**Moody's Investors Service**") on an individual basis. Moody's Investors Service announced revisions to those ratings at 22.20 hours (British Summer Time) on 21 June 2012;

(ii) to provide information relating to an agreement with the United Kingdom Financial Services Authority in relation to interest rate swap products for small and medium enterprises which was published at 8.26 hours (British Summer Time) on 29 June 2012;

(iii) to update certain information relating to the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS with respect to announcements made at 17.16 hours (British Summer Time) on 4 July 2012 and at 11.05 hours (British Summer Time) on 20 July 2012;

(iv) to update the Base Prospectuses with respect to the unaudited Interim Results 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") which were published at 7.00 hours (British Summer Time) on 3 August 2012; and

(v) to update the Base Prospectuses with respect to certain information relating to the ongoing litigation and investigations in connection with the setting of the London Interbank Offered Rate (LIBOR) and to provide information in relation to a recent technology incident affecting the RBSG group, all of which was published at 7.00 hours (British Summer Time) on 3 August 2012.

1. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**SUMMARY**", the paragraphs with the heading "**Proposed Transfer of Activities**" up to (and including) the paragraphs with the heading "**Risk Factors relating to RBS**" shall be replaced as follows:

**Proposed Transfer of Activities:**

On 19 April 2011, the Group announced that it had approved the proposed transfers of a substantial part of its business activities of RBS N.V. to RBS, (the "**Proposed Transfers**"). It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the Proposed Transfers is expected to have taken place by the end of 2012. The Proposed Transfers include a proposal to change the issuer of a number of securities issued by RBS N.V. which will include some or all of the securities issued by RBS N.V. between 19 April 2011 and the date that the Proposed Transfers take effect.

On 17 October 2011, the Group completed the transfer of a substantial part of the UK activities of RBS N.V. to RBS pursuant to Part VII of UK Financial Services and Markets Act 2000.

On 26 March 2012, the Group announced that (1) RBS N.V. (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with the Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in the Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the transferring businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"),

followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in the Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the Proposed Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland.

The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.

As a result of the Proposed Dutch Scheme, RBS will become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee will, from the effective date of the Proposed Dutch Scheme, cease to apply in relation to any securities for which RBS will become the issuer.

On 23 March 2012, RBS N.V. and RBS published a list of securities of RBS N.V. for which it is possible that RBS will become the issuer of the Securities, accordingly, indicating whether or not RBS is expected to become the

issuer of those securities pursuant to the Proposed Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Proposed Dutch Scheme).

**Financial Information relating to the Issuer:**

According to the Abbreviated Financial Statements 2011 of the Issuer, the Issuer recorded a loss for 2011 of EUR 656 million. Its total assets were EUR 165 billion at 31 December 2011.

**General Information about RBS:**

RBS (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**RBS Group**") is a public limited company incorporated in Scotland with registration number SC090312 and incorporated under Scots law on 31 October 1984. RBS is a wholly-owned subsidiary of RBSG.

According to the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012, the RBSG Group had total assets of £1,415 billion and owners' equity of £74 billion as at 30 June 2012. The RBSG Group's capital ratios at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 11.1 per cent and a Tier 1 capital ratio of 13.4 per cent.

According to the Annual Report and Accounts 2011 of RBS, the RBS Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The RBS Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 9.2 per cent and a Tier 1 capital ratio of 11.0 per cent.

**Rating of the Issuer:**

As at 28 August 2012, the credit ratings<sup>1</sup> of the Issuer assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch**

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<sup>1</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.



**Ratings**"), are as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Stable
Fitch Ratings	A	F1	Stable

- **Moody's Investors Service definitions**

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P-1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive",

"Negative", "Stable", and "Developing" (contingent upon an event).

- ***Standard and Poor's definitions***

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB"; "BB"; "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard & Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B" "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

"Stable" means that a rating is not likely to change.

- ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic

conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B", "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moodys.com](http://www.moodys.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)), respectively.

**Risk Factors:**

The purpose of the risk factors description is to protect potential purchasers of the Securities from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities. Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision.

**Risk Factors relating to the Issuer and the Guarantor:**

The Group is reliant on the RBSG Group. Prospective investors should note that the Group is subject to certain risks specific to the RBSG Group including, without limitation, instability in the global financial markets, lack of liquidity, depressed asset valuations, geopolitical

conditions, full nationalisation and other resolution procedures under the United Kingdom Banking Act 2009 and risks related to the entry into the asset protection scheme. Accordingly, risk factors below which relate to RBSG and the RBSG Group will also be of relevance to the Issuer and the Group:

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS N.V.
- If securities issued by RBS N.V. are transferred to RBS, the fact of such transfer and/or the fact that RBS is a Scottish incorporated company might impact holders of such securities, whether for tax reasons or otherwise.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of securities issued by RBS N.V.
- As a condition to the RBSG Group receiving Her Majesty's Treasury ("**HM Treasury**") support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in

borrower and counterparty credit quality and further deteriorations, could arise due to prevailing economic and market conditions, and legal and regulatory developments.

- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.

- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.

- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.

- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.

- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.

- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.

- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.

- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory

developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.

- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the Group's businesses.
- The Group's operations have inherent reputational risk.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts (the "**Contracts**") entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly-owned subsidiaries.
- The extensive governance, asset management and information requirements under the conditions of the asset protection scheme, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group. In addition, any changes or modifications to the conditions of the asset protection scheme may have a negative impact on the expected benefits of the Contracts and may have an adverse impact on the Group.
- Any changes to the expected regulatory capital treatment of the Contracts may have a material adverse impact on the Group.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that

changes the legal recourse available to investors.

**Risk Factors relating to RBS:**

RBS is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the RBSG Group will also be of relevance to RBS and the RBS Group.

- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The Independent Commission on Banking which was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system has published its final report on competition and possible structural reforms in the UK banking industry (the "**Final Report**"). The Final Report made a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) increased loss-absorbency (including bail-in, i.e. the ability to write down debt or convert it into an issuer's ordinary shares in certain circumstances) and (iii) promotion of competition. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. ("**RBS N.V.**") to RBS may have a material adverse effect on the RBSG Group.

- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any Securities.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.



- The RBSG Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the

RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.

- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the UK asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the RBSG Group and the expected benefits of the asset protection scheme.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares issued by RBSG and the contingent B shares that RBSG may issue may have a material adverse impact on the RBSG Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group's results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.

2. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**SUMMARY**" the third paragraph under the heading "**Proposed Transfer of Activities of RBS N.V. to RBS**" shall be replaced as follows:

On 26 March 2012, the Group announced that (1) RBS N.V. as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with the Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in the Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the transferring businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in the Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the Proposed Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA has been advised of the delay and has no objections. De

Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland.

The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.

3. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the paragraphs with the heading "**Geplante Übertragung von Aktivitäten**" up to (and including) the paragraphs with the heading "**Risikofaktoren in Bezug auf die RBS**" shall be replaced as follows:

**Geplante Übertragung von  
Aktivitäten:**

Am 19. April 2011 hat die Gruppe mitgeteilt, dass sie einer geplanten Übertragung eines wesentlichen Teils ihrer Geschäftsaktivitäten von der RBS N.V. auf die RBS zugestimmt hat (die „**Geplanten Übertragungen**“). Es wird erwartet, dass die Geplanten Übertragungen in mehreren Stufen bis zum 31. Dezember 2013 durchgeführt werden. Ein großer Teil der Geplanten Übertragungen soll den Planungen zufolge bis Ende 2012 erfolgt sein. Die Geplanten Übertragungen beinhalten eine Ersetzung der Emittentin für eine Vielzahl der von der RBS N.V. begebenen Wertpapiere. Dies wird auch für einen Teil oder alle der von der RBS N.V. zwischen dem 19. April 2011 und dem Zeitpunkt des Wirksamwerdens der Geplanten Übertragungen begebenen Wertpapiere gelten.

Am 17. Oktober 2011 hat die Gruppe die Übertragung wesentlicher Teile der englischen Geschäftstätigkeiten der RBS N.V. auf die RBS nach Teil VII des britischen *Financial Services and Markets Act 2000* abgeschlossen.

Am 26. März 2012 teilte die Gruppe mit, dass (1) die RBS N.V. (als abspaltende Gesellschaft) und die RBS II B.V. (als übernehmende Gesellschaft) an diesem Tag bei dem niederländischen Handelsregister einen Abspaltungsantrag eingereicht haben und (2) die RBS und die RBS II B.V. an diesem Tag nach einer vorläufigen Anhörung vor dem schottischen Zivilgerichtshof (*Court of Session*) Anträge auf eine geplante grenzüberschreitende Verschmelzung der RBS II B.V. auf die RBS (zusammen mit dem Abspaltungsantrag das „**Geplante Niederländische Verfahren**“) bei dem Companies House im Vereinigten Königreich bzw. dem niederländischen Handelsregister

eingereicht haben. Nach Umsetzung des Geplanten Niederländischen Verfahrens wird ein wesentlicher Teil der Geschäftstätigkeit der RBS N.V. in den Niederlanden sowie in bestimmten Niederlassungen der RBS N.V. in einer Reihe von Staaten in Europa auf die RBS übertragen (die „**Übertragenen Geschäftsbereiche**“). Die Umsetzung des Geplanten Niederländischen Verfahrens erfolgt durch Abspaltung der Übertragenen Geschäftsbereiche in die RBS II B.V. im Wege eines gesetzlich vorgesehenen Abspaltungsverfahrens in den Niederlanden (die „**Abspaltung**“) mit anschließender Verschmelzung der RBS II B.V. auf die RBS im Wege einer grenzüberschreitenden Verschmelzung (die „**Verschmelzung**“). Die RBS II B.V. ist eine in den Niederlanden als Bank zugelassene Gesellschaft, die eigens für Zwecke des Geplanten Niederländischen Verfahrens gegründet wurde. Die Umsetzung des Geplanten Niederländischen Verfahrens ist u.a. abhängig von aufsichtsrechtlichen und gerichtlichen Genehmigungen. Im Falle einer Gestattung werden die aufsichtsrechtlichen Genehmigungen unter dem Vorbehalt gewährt, dass die Abspaltung nicht vorgenommen wird, sofern nicht danach auch die Verschmelzung erfolgt. Am 18. Juni 2012 hat der schottische Zivilgerichtshof unter anderem die Durchführung der Verschmelzung nach Art. 11 der Richtlinie 2005/56/EG des Europäischen Parlaments und des Rates der Europäischen Union genehmigt.

Am 4. Juli 2012 haben die RBSG, RBS, RBS Holdings, RBS N.V. und RBS II B.V. beschlossen, die Umsetzung des Geplanten Niederländischen Verfahrens, die ursprünglich am 9. Juli 2012 erfolgen sollte, im Hinblick auf technische Probleme der RBSG-Gruppe im Vereinigten Königreich und in Irland vorsorglich zu verschieben. Die britische Finanzmarktaufsichtsbehörde (*Financial Services Authority*) wurde über die Verschiebung unterrichtet und hat keine Einwände. Die niederländische Zentralbank (*De Nederlandsche Bank*)

wurde über die Verschiebung unterrichtet.

Am 20. Juli 2012 haben die RBSG, RBS, RBS Holdings, RBS N.V. und RBS II B.V. mitgeteilt, dass die Umsetzung des Geplanten Niederländischen Verfahrens voraussichtlich am 10. September 2012 stattfinden wird. Die Umsetzung zu diesem Datum ist unter anderem von aufsichtsbehördlichen Genehmigungen sowie der Genehmigung des Court of Session in Schottland abhängig.

Im Falle einer Änderung dieses Datums wird die Emittentin einen Nachtrag zu dem Basisprospekt veröffentlichen.

Als Folge des Geplanten Niederländischen Verfahrens wird die RBS für bestimmte, ursprünglich von der RBS N.V. begebene Wertpapiere als Emittentin an die Stelle der RBS N.V. treten. Für den Fall einer wirksamen Umsetzung des Geplanten Niederländischen Verfahrens enden sämtliche Verpflichtungen der RBS Holdings gemäß der Garantie in Bezug auf die Wertpapiere, die auf die RBS als neue Emittentin übergehen.

Entsprechend haben die RBS N.V. und die RBS am 23. März 2012 eine Liste mit bereits von der RBS N.V. begebenen Wertpapieren veröffentlicht, für die die Möglichkeit besteht, dass die RBS nach dem Geplanten Niederländischen Verfahren nachträglich zur Emittentin der Wertpapiere wird. Diese Liste bezeichnet die Wertpapiere, bei denen davon ausgegangen wird, dass die RBS nachträglich zur Emittentin für diese Wertpapiere wird (soweit diese Wertpapiere vor dem Geplanten Niederländischen Verfahren weder ausgeübt, noch gekündigt oder zurückgekauft und eingezogen wurden).

**Finanzangaben der Emittentin:**

Nach den verkürzten Finanzinformationen 2011 (*Abbreviated Financial Statements 2011*) der Emittentin verzeichnete die Emittentin für 2011 einen Verlust in Höhe von EUR 656 Mio. Ihre Gesamtvermögenswerte betragen EUR 165 Mrd. zum 31. Dezember 2011.

**Allgemeine Informationen über die**

Die RBS (zusammen mit ihren gemäß Internationalen

**RBS:**

Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**RBS-Gruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die RBS ist eine hundertprozentige Tochtergesellschaft der RBSG.

Nach dem ungeprüften Zwischenbericht 2012 (*Interim Results 2012*) der RBSG für die am 30. Juni 2012 endenden sechs Monate betragen zum 30. Juni 2012 die Gesamtvermögenswerte der RBSG-Gruppe £1.415 Mrd., und das Eigenkapital der RBSG-Gruppe betrug £74 Mrd. Die Kapitalquoten der RBSG-Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 11,1% für die Kernkapitalquote (*Core Tier 1*) und 13,4% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der RBS betragen die Gesamtvermögenswerte der RBS-Gruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der RBS-Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 9,2% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

**Rating der Emittentin:**

Zum 28. August 2012 lauten die Kreditratings<sup>2</sup> der Emittentin, die durch Moody's Investors Service Ltd., London, Vereinigtes Königreich („**Moody's Investors Service**“), Standard & Poor's Credit Market Services Europe Limited, London, Vereinigtes Königreich („**Standard & Poor's**“), und Fitch Ratings Limited, London, Vereinigtes Königreich („**Fitch Ratings**“), vergeben wurden, wie folgt:

	Langfristig	Kurzfristig	Ausblick
Moody's Investors	A3	P-2	Negativ

<sup>2</sup> Die in diesem Abschnitt aufgeführten Ratingagenturen sind gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen (die „**Verordnung**“) registriert, wie auf der Internetseite der European Securities and Markets Authority gemäß Artikel 18(3) der Verordnung veröffentlicht.



Service

Standard & Poor's	A	A-1	Stabil
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Fitch Ratings	A	F1	Stabil
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- **Moody's Investors Service Definitionen**

Verbindlichkeiten, die mit „A“ eingestuft sind, werden als Verbindlichkeiten der „oberen Mittelklasse“ zugerechnet und bergen ein geringes Kreditrisiko.

Die von Moody's Investors Service verwendete Rating-Skala für langfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „Aaa“, die die Kategorie höchster Qualität mit einem minimalen Kreditrisiko bezeichnet, über die Kategorien „Aa“, „A“, „Baa“, „Ba“, „B“, „Caa“, „Ca“, bis zur niedrigsten Kategorie „C“, die langfristige Verbindlichkeiten bezeichnet, bei denen ein Zahlungsausfall in der Regel bereits eingetreten ist und eine geringe Aussicht auf Rückzahlung von Kapital und Zinsen besteht. Moody's Investors Service verwendet innerhalb der Kategorien „Aa“ bis „Caa“ zusätzlich numerische Unterteilungen („1“, „2“ oder „3“). Der Zusatz „1“ weist darauf hin, dass die jeweilige langfristige Verbindlichkeit zum oberen Drittel der jeweiligen Rating-Kategorie gehört, während der Zusatz „2“ auf eine Klassifizierung im mittleren Drittel und der Zusatz „3“ auf eine solche im unteren Drittel hinweist.

Emittenten mit der Einstufung „P-2“ verfügen in hohem Maße über die Fähigkeit, ihre kurzfristigen Schuldverschreibungen zurückzuzahlen.

Die von Moody's Investors Service verwendete Rating-Skala für die Fähigkeit eines Emittenten zur Erfüllung seiner kurzfristigen Finanzverbindlichkeiten hat verschiedene Kategorien und reicht von „P-1“ über die Kategorien „P-2“ und „P-3“ bis zur niedrigsten Kategorie „NP“, die verdeutlicht, dass ein Emittent zu keiner der „Prime“-Rating-Kategorien gehört.

Ein Rating-Ausblick ist eine Meinung über die Richtung,

in die sich ein Rating mittelfristig voraussichtlich entwickeln wird. Die Ausblicke werden in die folgenden vier Kategorien unterteilt: „positiv“, „negativ“, „stabil“ und „noch unbestimmt“ (d. h. ereignisabhängig).

- **Standard and Poor's Definitionen**

Die Fähigkeit eines Schuldners mit einem Standard & Poor's-Rating von „A“, seine finanziellen Verpflichtungen zu erfüllen, ist stark, aber etwas anfälliger gegenüber nachteiligen Auswirkungen von Veränderungen äußerer Umstände und wirtschaftlicher Bedingungen als bei Schuldnern, die in einer höheren Rating-Kategorie eingestuft sind.

Die von Standard & Poor's verwendete Rating-Skala für die langfristige Fähigkeit eines Schuldners zur Erfüllung seiner Verbindlichkeiten hat verschiedene Rating-Kategorien und reicht von „AAA“, die die Kategorie höchster Bonität bezeichnet, über die Kategorien „AA“, „A“, „BBB“, „BB“, „B“, „CCC“, „CC“, „R“ und „SD“ bis zur niedrigsten Kategorie „D“, die kennzeichnet, dass Standard & Poor's davon ausgeht, dass der Zahlungsausfall einen allgemeinen Ausfall darstellen wird und Zahlungsausfälle bei allen oder nahezu allen fälligen Verpflichtungen des Schuldners eintreten werden. Den Kategorien „AA“ bis „CCC“ kann jeweils ein Pluszeichen („+“) oder Minuszeichen („-“) hinzugefügt werden, um die relative Stellung innerhalb der Haupt-Rating-Kategorien zu verdeutlichen.

Die kurzfristige Fähigkeit eines Schuldners zur Erfüllung seiner finanziellen Verpflichtungen mit einem „A-1“-Rating ist stark. Er ist mit der höchsten Rating-Kategorie von Standard & Poor's bewertet.

Die von Standard & Poor's verwendete Rating-Skala für die kurzfristige Fähigkeit eines Schuldners zur Erfüllung seiner Verbindlichkeiten hat verschiedene Rating-Kategorien und reicht von „A-1“, welche die Kategorie höchsten Bonität bezeichnet, über die Kategorien „A-2“, „A-3“, „B“, „C“, „R“ und „SD“ bis zur niedrigsten Kategorie „D“, die kennzeichnet, dass Standard & Poor's davon ausgeht, dass der Zahlungsausfall einen

allgemeinen Ausfall darstellen wird und Zahlungsausfälle bei allen oder nahezu allen fälligen Verpflichtungen des Schuldners eintreten werden.

„Stabil“ bedeutet, dass sich die Bonitätseinstufung voraussichtlich nicht ändern wird.

- ***Fitch Ratings Definitionen***

Ein „A“-Rating steht für ein gering eingeschätztes Kreditrisiko. Es bezeichnet eine gute Fähigkeit zur fristgerechten Zahlung der Verbindlichkeiten. Diese Fähigkeit ist jedoch durch ungünstige geschäftliche oder wirtschaftliche Ereignisse mehr gefährdet als bei höheren Ratings.

Die von Fitch Ratings verwendete Rating-Skala für langfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „AAA“, die für die höchste Kreditqualität steht, über die Kategorien „AA“, „A“, „BBB“, „BB“, „B“, „CCC“, „CC“, „C“, „RD“ bis zur niedrigsten Kategorie „D“, die nach Fitch Ratings' Einschätzung kennzeichnet, dass ein Emittent sich in einem Insolvenzverfahren, unter Zwangsverwaltung, in einem Vergleichsverfahren, in Auflösung oder einem anderen formellen Verfahren zur Abwicklung befindet oder in sonstiger Weise seine Geschäftstätigkeit eingestellt hat. Den Kategorien kann jeweils ein Plus („+“) oder Minuszeichen („-“) beigefügt werden, um eine relative Einordnung innerhalb der Haupt-Rating-Kategorien auszudrücken. Solche Zusätze werden nicht der Rating-Kategorie „AAA“ oder den Rating-Kategorien unter „B“ beigefügt.

Ein „F1“-Rating bezeichnet die beste Fähigkeit für eine fristgerechte Zahlung der kurzfristigen Verbindlichkeiten.

Die von Fitch Ratings verwendete Rating-Skala für kurzfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „F1“, die für die höchste Kreditqualität steht, über die Kategorien „F2“, „F3“, „B“, „C“ und „RD“ bis zur niedrigsten Kategorie „D“, die einen weitgehenden Zahlungsausfall eines Schuldners kennzeichnet.

Die oben aufgeführten Rating-Definitionen stammen in englischer Sprache von der jeweiligen Internetseite von Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) bzw. Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)).

**Risikofaktoren:**

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor der Tätigkeit von Anlagen zu schützen, die nicht für ihre Zwecke geeignet sind, sowie die wirtschaftlichen und rechtlichen Risiken, die mit einer Anlage in die Wertpapiere verbunden sind, aufzuzeigen. Potenzielle Käufer der Wertpapiere sollten vor einer Anlageentscheidung die mit einer Anlage in die Wertpapiere verbundenen Risiken bedenken.

**Risikofaktoren in Bezug auf die Emittentin und die Garantin:**

Die Gruppe ist abhängig von der RBSG-Gruppe. Potenzielle Anleger sollten beachten, dass die Gruppe bestimmten Risiken der RBSG-Gruppe ausgesetzt ist, unter anderem der Instabilität der globalen Finanzmärkte, fehlender Liquidität, niedriger Bewertung von Vermögenswerten, geopolitischen Bedingungen, vollständiger Verstaatlichung und anderen Maßnahmen nach dem britischen *Banking Act 2009* sowie anderen Risiken, die sich aus dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ergeben. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die RBSG-Gruppe beziehen, auch für die Emittentin und die Gruppe von Bedeutung:

- Die Geschäftslage und Geschäftsentwicklung der Gruppe kann durch bestehende und erwartete Bedingungen der Weltwirtschaft und der globalen Finanzmärkte und durch andere geopolitische Risiken negativ beeinträchtigt werden.
- Bei der Erfüllung ihrer Verpflichtungen einschließlich ihrer Finanzierungszusagen ist die Gruppe abhängig von ihrem Zugang zu Liquidität und zu Finanzierungsmöglichkeiten.
- Die Durchführung der genehmigten und geplanten Übertragung, eine Verzögerung der Durchführung oder

ein Scheitern der Übertragung wesentlicher Teile der Geschäftsaktivitäten der RBS N.V. auf die RBS kann erhebliche nachteilige Auswirkungen auf die Gruppe haben und ebenfalls den Wert der von der RBS N.V. ausgegebenen Wertpapiere negativ beeinflussen.

- Wenn von der RBS N.V. begebene Wertpapiere auf die RBS übertragen werden, kann dieser Umstand und/oder der Umstand, dass es sich bei der RBS um ein in Schottland errichtetes Unternehmen handelt, steuerliche oder andere Auswirkungen auf den Inhaber dieser Wertpapiere haben.

- Ein umfangreiches Programm der RBSG-Gruppe zur Restrukturierung und Verkürzung der Bilanz dauert an und kann den Geschäftsbetrieb der Gruppe, die Betriebsergebnisse, die Finanzlage, die Eigenkapitalquoten und die Liquidität beeinträchtigen sowie den Wert von Wertpapieren nachteilig beeinflussen, die von der RBS N.V. begeben wurden.

- Um die Unterstützung des britischen Schatzamts (*HM Treasury*) für die RBSG-Gruppe zu erhalten, ist es der Gruppe untersagt, in ihrem Ermessen stehende Zahlungen auf Coupons zu leisten und Ankaufsoptionen in Bezug auf bestimmte bestehende hybride Kapitalinstrumente der Gruppe auszuüben. Dies kann die Fähigkeit der Gruppe zur Gewinnung neuen Kapitals im Wege der Ausgabe von Wertpapieren beeinträchtigen.

- Die finanzielle Entwicklung der Gruppe wurde und wird weiterhin durch die Verschlechterung der Kreditqualität von Schuldern und Vertragsparteien erheblich beeinträchtigt und könnte sich aufgrund der vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtlicher und regulatorischer Entwicklungen weiter verschlechtern.

- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich

beeinträchtigt werden.

- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe ab.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft und ihr Betriebsergebnis könnten negativ beeinträchtigt werden.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich der Mitglieder des Aufsichtsrates und des Vorstandes der Gruppe und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche

aufsichtsrechtliche und steuerrechtliche Veränderungen könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.

- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Die Werthaltigkeit und die aufsichtsrechtliche Eigenkapitalbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.
- Zusätzlich zu den oben beschriebenen Risikofaktoren unterliegt die Gruppe Risiken, die sich aus der Beteiligung der RBSG-Gruppe an dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) sowie aus zwei Absicherungsverträgen (die „**Absicherungsverträge**“), die von der RBS in Verbindung mit bestimmten, der RBS N.V. und ihren hundertprozentigen Tochtergesellschaften zuzurechnenden Vermögenswerten und Risikopositionen abgeschlossen wurden, ergeben.
- Die umfangreichen Anforderungen an die Unternehmensleitung, die Verwaltung von Vermögenswerten und im Hinblick auf Informationspflichten, denen die Gruppe unter den Bedingungen des Schutzprogramms für Risiken aus bestimmten Vermögenswerten unterliegt bzw. deren mögliche

Einhaltung durch die RBS sie nach den Absicherungsverträgen sicherstellen muss, können negative Auswirkungen auf die Gruppe haben. Zudem kann jede Änderung oder Modifizierung der Bedingungen des Schutzprogramms für Risiken aus bestimmten Vermögenswerten negative Auswirkungen auf die erwarteten Vorteile aus den Absicherungsverträgen und damit auf die Gruppe haben.

- Jegliche Änderungen in Bezug auf die regulatorische Behandlung von Kapital nach den Absicherungsverträgen kann wesentliche negative Auswirkungen auf die Gruppe haben.

- Die rechtliche Abspaltung der ABN AMRO Bank N.V. (damaliger Firmenname) hat wechselseitige Haftungsverhältnisse zur Folge, die die rechtlichen Rückgriffsmöglichkeiten für Anleger verändern.

**Risikofaktoren in Bezug auf die RBS:**

RBS ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die RBSG-Gruppe beziehen, auch für die RBS und die RBS-Gruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der RBSG-Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen sowie durch andere geopolitische Risiken beeinträchtigt werden.

- Die Fähigkeit der RBSG-Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der RBSG-Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.

- Die Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*), die durch die Regierung des Vereinigten Königreichs im Juni 2010 eingesetzt wurde, um mögliche Strukturmaßnahmen zur Reform des Bankensystems im Vereinigten Königreich



zu prüfen, hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich (der „**Abschlussbericht**“) veröffentlicht. Der Abschlussbericht enthält eine Reihe von Empfehlungen, u.a. im Hinblick auf (i) die Abschirmung der Bankgeschäftstätigkeit mit Privatkunden, (ii) die Erhöhung der Fähigkeit zur Verlustaufnahme (sogenanntes „*bail-in*“, durch bspw. die Möglichkeit, Verluste abzuschreiben oder diese unter bestimmten Umständen in Stammaktien des Emittenten zu wandeln) und (iii) die Förderung des Wettbewerbs. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die RBSG Gruppe erheblich beeinträchtigen.

- Die Fähigkeit der RBSG-Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der RBSG-Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der The Royal Bank of Scotland N.V. („**RBS N.V.**“) auf die RBS kann die RBSG-Gruppe wesentlich beeinträchtigen.
- Die RBSG-Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben, und sie darf keine im Ermessen stehende Dividenden- und Zinszahlungen auf Hybridkapitalinstrumente (einschließlich Vorzugsaktien und B-Aktien) leisten. Dies kann die Fähigkeit der Gruppe beeinträchtigen, neues Kernkapital zu beschaffen.
- Die RBSG und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen

Auflösungsverfahren nach dem englischen Bankgesetz von 2009 (*Banking Act 2009*) ausgesetzt sein, was verschiedene Maßnahmen hinsichtlich der Wertpapiere zur Folge haben kann.

- Die finanzielle Entwicklung der RBSG-Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Die Ertrags- und Finanzlage der RBSG-Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Der Wert und die Wirksamkeit eines Kreditschutzes, den die RBSG-Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der RBSG-Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fremdfinanzierungskosten der RBSG-Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der RBSG-Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Geschäftsentwicklung der RBSG-Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die RBSG-Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen

Geschäftsbeeinträchtigungen führen kann.

- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern oder die sich als nicht richtig herausstellen können.
- Die RBSG-Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der RBSG-Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der RBSG-Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen (einschließlich Änderungen des Steuerrechts) könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der RBSG-Gruppe auswirken.
- Die Ergebnisse der RBSG-Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Es kann sein, dass die RBSG-Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Das Geschäft der RBSG-Gruppe birgt betriebsbedingte Risiken.
- Das britische Schatzamt (HM Treasury) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die RBSG-Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den

Preis der Wertpapiere beeinträchtigen.

- Die Geschäftstätigkeit der RBSG-Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die RBSG-Gruppe Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Die Werthaltigkeit und die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der RBSG-Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der RBSG-Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.
- Die Beteiligung der RBSG-Gruppe an dem staatlichen britischen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (asset protection scheme) ist teuer und könnte nicht die erwarteten Vorteile erzielen. Der Eintritt von dazugehörigen Risiken kann das Geschäft, die Kapitalsituation, die Finanzlage und das Betriebsergebnis der RBSG-Gruppe wesentlich beeinträchtigen.
- Die umfangreichen Anforderungen an die Unternehmensführung (Governance) und Verwaltung von Vermögenswerten sowie die umfangreichen Informationsanforderungen gemäß den Bedingungen des Programms (scheme) können sich negativ auf die RBSG-Gruppe und die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken.
- Änderungen der erwarteten aufsichtsrechtlichen Eigenmittelbehandlung des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten, der von der RBSG ausgegebenen

B-Aktien und der bedingten B-Aktien, die die RBSG ausgeben kann, können die RBSG-Gruppe erheblich beeinträchtigen.

- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der RBS-Gruppe beeinträchtigen können.
- Falls die RBSG-Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der RBSG-Gruppe erheblich beeinträchtigen.

4. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" the third paragraph under the heading "**Geplante Übertragung von Aktivitäten der RBS N.V. auf die RBS**" shall be replaced as follows:

Am 26. März 2012 teilte die Gruppe mit, dass (1) die RBS N.V. (als abspaltende Gesellschaft) und die RBS II B.V. (als übernehmende Gesellschaft) an diesem Tag bei dem niederländischen Handelsregister einen Abspaltungsantrag eingereicht haben und (2) die RBS und die RBS II B.V. an diesem Tag nach einer vorläufigen Anhörung vor dem schottischen Zivilgerichtshof (*Court of Session*) Anträge auf eine geplante grenzüberschreitende Verschmelzung der RBS II B.V. auf die RBS (zusammen mit dem Abspaltungsantrag das „**Geplante Niederländische Verfahren**“) bei dem Companies House im Vereinigten Königreich bzw. dem niederländischen Handelsregister eingereicht haben. Nach Umsetzung des Geplanten Niederländischen Verfahrens wird ein wesentlicher Teil der Geschäftstätigkeit der RBS N.V. in den Niederlanden sowie in bestimmten Niederlassungen der RBS N.V. in einer Reihe von Staaten in Europa auf die RBS übertragen (die „**Übertragenen Geschäftsbereiche**“). Die Umsetzung des Geplanten Niederländischen Verfahrens erfolgt durch Abspaltung der Übertragenen Geschäftsbereiche in die RBS II B.V. im Wege eines gesetzlich vorgesehenen Abspaltungsverfahrens in den Niederlanden (die „**Abspaltung**“) mit anschließender Verschmelzung der RBS II B.V. auf die RBS im Wege einer grenzüberschreitenden Verschmelzung (die „**Verschmelzung**“). Die RBS II B.V. ist eine in den Niederlanden als Bank zugelassene Gesellschaft, die eigens für Zwecke des Geplanten Niederländischen Verfahrens gegründet wurde. Die Umsetzung des Geplanten Niederländischen Verfahrens ist u.a. abhängig von aufsichtsrechtlichen und gerichtlichen Genehmigungen. Im Falle einer Gestattung werden die aufsichtsrechtlichen Genehmigungen unter dem Vorbehalt gewährt, dass die Abspaltung nicht vorgenommen wird, sofern nicht danach auch die

Verschmelzung erfolgt. Am 18. Juni 2012 hat der schottische Zivilgerichtshof unter anderem die Durchführung der Verschmelzung nach Art. 11 der Richtlinie 2005/56/EG des Europäischen Parlaments und des Rates der Europäischen Union genehmigt.

Am 4. Juli 2012 haben die RBSG, RBS, RBS Holdings, RBS N.V. und RBS II B.V. beschlossen, die Umsetzung des Geplanten Niederländischen Verfahrens, die ursprünglich am 9. Juli 2012 erfolgen sollte, im Hinblick auf technische Probleme der RBSG-Gruppe im Vereinigten Königreich und in Irland vorsorglich zu verschieben. Die britische Finanzmarktaufsichtsbehörde (*Financial Services Authority*) wurde über die Verschiebung unterrichtet und hat keine Einwände. Die niederländische Zentralbank (*De Nederlandsche Bank*) wurde über die Verschiebung unterrichtet.

Am 20. Juli 2012 haben die RBSG, RBS, RBS Holdings, RBS N.V. und RBS II B.V. mitgeteilt, dass die Umsetzung des Geplanten Niederländischen Verfahrens voraussichtlich am 10. September 2012 stattfinden wird. Die Umsetzung zu diesem Datum ist unter anderem von aufsichtsbehördlichen Genehmigungen sowie der Genehmigung des Court of Session in Schottland abhängig.

Im Falle einer Änderung dieses Datums wird die Emittentin einen Nachtrag zu dem Basisprospekt veröffentlichen.

5. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012, in the section "**INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE GUARANTEE**" the subsections "**RBS N.V. Registration Document**", "**Proposed Dutch Scheme**", "**Additional information about the Issuer and the Guarantor**", "**Significant changes**" and "**Rating of the Issuer**" shall be replaced as follows:

### **RBS N.V. Registration Document**

The required information about The Royal Bank of Scotland N.V. acting either through its principal office in the Netherlands or through its London branch or any other branch, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") and RBS Holdings N.V. as guarantor (the "**Guarantor**" or "**RBS Holdings**") for all liabilities of the Issuer incurred in connection with legal acts performed by the Issuer after 15 June 1998 (the "**Guarantee**") as well as the Guarantee is contained in the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 28 March 2012 (the "**RBS N.V. Registration Document**").

As a result of the Proposed Dutch Scheme (as defined and further set out in the subsection "Proposed Dutch Scheme" within the section "Information about The Royal Bank of Scotland plc"), RBS will become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee will, from the effective date of the Proposed Dutch Scheme, cease to apply in relation to any securities for which RBS will become the issuer.

The RBS N.V. Registration Document was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**") and is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference") excluding

- (a) any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group"; and
- (b) items (a) to (j) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document.

The information contained in the RBS N.V. Registration Document shall be updated by the following sub-section "Proposed Dutch Scheme".

### **Proposed Dutch Scheme**

On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the merger of RBS II B.V. into RBS through a cross-border merger for the



purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union.

On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the "Proposed Dutch Scheme" which was scheduled to take place on 9 July 2012 and which comprises (1) a legal demerger by RBS N.V. as the demerging company and RBS II B.V. as the acquiring company and (2) the cross-border merger of RBS II B.V. into RBS. The FSA has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.

### **Additional information about the Issuer and the Guarantor**

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*statuten*) of each of the Guarantor and the Issuer as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the announcement entitled "The Royal Bank of Scotland Group plc ("RBS") announces strategic and organisational changes in its investment banking/wholesale business" which was published on 12 January 2012 (the "**Announcement**");
- (c) the Annual Report and Accounts 2011 of RBS Holdings N.V. (the "**Annual Report and Accounts 2011 of RBS Holdings N.V.**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report and Accounts 2011 and the auditor's report thereon appears on page 215 of the Annual Report and Accounts 2011; and
- (d) the Annual Report 2010 of RBS Holdings N.V. (the "**Annual Report 2010 of RBS Holdings N.V.**") (excluding the section headed "Business Review - Risk Factors" on page 9 and the section headed "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010) which includes the audited consolidated annual financial

statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the Annual Report 2010 and the auditor's report thereon appears on page 199 of the Annual Report 2010.

The Issuer has published a press release dated 19 April 2011 regarding proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "**Press Release dated 19 April 2011**") which is attached hereinafter as Annex 1. For the purposes of this Base Prospectus, references in this press release regarding persons not placing any reliance on the information contained in such press release or the Pro forma financial information in connection with making an investment decision (or for any other purpose) concerning securities or guarantees which are expected to be retained by RBS N.V. shall be deemed to be deleted.

The Abbreviated Financial Statements 2011 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2011 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2011 are attached as Annex 2.

The Abbreviated Financial Statements 2010 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2010 of the Issuer**") which include the audited abbreviated annual financial statements of the Issuer for the financial year ended 31 December 2010 are attached as Annex 3.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about the Issuer and the Guarantor.

### **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including the Issuer) since 31 December 2011 and there has been no significant change in the financial position of the Issuer since 31 December 2011. There has been no material adverse change in the prospects

of the Guarantor since 31 December 2011, and there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

## Rating of the Issuer

As at 28 August 2012, the credit ratings<sup>3</sup> of the Issuer assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch Ratings**"), are as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Stable
Fitch Ratings	A	F1	Stable

### **Moody's Investors Service definitions**

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P 1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

<sup>3</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive", "Negative", "Stable", and "Developing" (contingent upon an event).

### ***Standard and Poor's definitions***

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB"; "BB"; "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard & Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B" "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

"Stable" means that a rating is not likely to change.

### ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B" "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

*The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)), respectively. They have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

6. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012 in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND N.V., THE GUARANTOR AND THE GUARANTEE**" the subsection "**Proposed Dutch Scheme**" shall be replaced as follows:

### **Proposed Dutch Scheme**

On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the merger of RBS II B.V. into RBS through a cross-border merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union.

On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the "Proposed Dutch Scheme" which was scheduled to take place on 9 July 2012 and which comprises (1) a legal demerger by RBS N.V. as the demerging company and RBS II B.V. as the acquiring company and (2) the cross-border merger of RBS II B.V. into RBS. The FSA has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.

7. In the REX Base Prospectus 2010, the REX Base Prospectus 2011, the Warrants Base Prospectus January 2010, the Warrants Base Prospectus December 2010 and the Warrants Base Prospectus January 2012 the section "INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC" shall be replaced as follows:

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## INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC

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### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc ("**RBS**") acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (see section "Documents Incorporated by Reference").

The information contained in the RBS Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Proposed Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

### **Assets, owners' equity and capital ratios**

The Royal Bank of Scotland Group plc ("**RBSG**") together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBSG Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the RBS Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

## Proposed Dutch Scheme

On 26 March 2012, RBSG and RBS announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in the Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in the Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. RBS and RBS N.V. have discussed the Proposed Dutch Scheme in detail with the Dutch Central Bank (De Nederlandsche Bank) and the FSA. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the Proposed Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.

## Rating information

In the case of notes to be issued by RBS in the future and rated by Moody's Investors Service Limited ("**Moody's Investors Service**") on an individual basis, Moody's Investors Service is expected to rate: senior notes to be issued by RBS with a maturity of one year or more "A3"; senior notes to be issued by RBS with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes to be issued by RBS will be rated on a case-by-case basis.



As defined by Moody's Investors Service, an "A" rating means the capacity of the issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's Investors Service, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's Investors Service, a "P-2" rating means that the issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's Investors Service (available at [www.moody.com](http://www.moody.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is able to ascertain from information published by Moody's Investors Service, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this sub-section "Rating information" have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

### **FSA agreement in relation to interest rate swap products for small and medium enterprises**

On 29 June 2012, RBS announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, RBS has agreed to provide direct and immediate redress. RBS is currently not able to reliably estimate the financial impact of this agreement.

### **Litigation**

#### *London Interbank Offered Rate ("LIBOR")*

Certain members of the RBSG Group have been named as defendants in a number of class actions and individual claims filed in the US with respect to the setting of LIBOR. It is possible that further claims may be threatened or brought in the US or elsewhere relating to the setting of interest rates or interest rate-related trading.

## **Investigations**

### *LIBOR*

The RBSG Group continues to co-operate fully with investigations by various governmental and regulatory authorities into its submissions, communications and procedures relating to the setting of LIBOR and other interest rates. The relevant authorities include, amongst others, the US Commodity Futures Trading Commission, the US Department of Justice (Fraud Division), the FSA and the Japanese Financial Services Agency. The RBSG Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The RBSG Group is also under investigation by competition authorities in a number of jurisdictions, including the European Commission, Department of Justice (Antitrust Division) and Canadian Competition Bureau, stemming from the actions of certain individuals in the setting of LIBOR and other interest rates, as well as interest rate-related trading. The RBSG Group is also co-operating fully with these investigations.

It is not possible to reliably measure what effect these investigations, any regulatory findings and any related developments may have on the RBSG Group, including the timing and amount of fines or settlements.

### *Technology incident*

On 19 June 2012, the RBSG Group was affected by a technology incident, as a result of which the processing of certain customer accounts and payments were subject to considerable delay. The cause of the incident is being investigated by independent external counsel with the assistance of third party advisers, who have been instructed to carry out an independent review. The RBSG Group has agreed to reimburse customers for any loss suffered as a result of the incident and has made a provision of £125million in the unaudited Interim Results 2012 of RBSG for this matter. Additional costs may arise once all redress and business disruption items are clear and a further update will be given in the third quarter.

The incident, the RBSG Group's handling of the incident and the systems and controls surrounding the processes affected, are the subject of regulatory enquiries (both from the UK and Ireland) and the RBSG Group could become a party to litigation. In particular, the RBSG Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

## **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:
- (i) Independent auditor's report on page 267;
  - (ii) Consolidated income statement on page 268;
  - (iii) Consolidated statement of comprehensive income on page 269;
  - (iv) Balance sheets as at 31 December 2010 on page 270;
  - (v) Statements of changes in equity on pages 271 to 273;
  - (vi) Cash flow statements on page 274;
  - (vii) Accounting policies on pages 275 to 286;
  - (viii) Notes on the accounts on pages 287 to 385;
  - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
  - (x) Chairman's statement on pages 2 to 3;
  - (xi) Group Chief Executive's review on pages 4 to 5;
  - (xii) Our key targets on page 7;
  - (xiii) Our business and our strategy on pages 10 to 19;
  - (xiv) Divisional review on pages 20 to 41;
  - (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
  - (xvi) Report of the directors on pages 230 to 234;
  - (xvii) Corporate governance on pages 235 to 245;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
  - (xix) Directors' remuneration report on pages 248 to 263;
  - (xx) Directors' interests in shares on page 264;
  - (xxi) Financial summary on pages 387 to 395;
  - (xxii) Exchange rates on page 395;
  - (xxiii) Economic and monetary environment on page 396;
  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;

- (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;
  - (xxviii) Material contracts on pages 399 to 404; and
  - (xxix) Glossary of terms on pages 434 to 439;
- (b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;
- (c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:
- (i) Independent auditors' report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet at 31 December 2011 on page 309;
  - (v) Consolidated statements of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;
  - (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;

- (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012; and
- (f) the unaudited Interim Results 2012 of RBSG (the "**Unaudited Interim Results of RBSG**") for the six months ended 30 June 2012 which were published on 3 August 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as the Issuer is able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

## **Significant changes**

There has been no significant change in the financial position of RBS and RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the RBS Group has been published).

There has been no material adverse change in the prospects of RBS and the RBS Group taken as a whole since 31 December 2011 (the date of the last published audited financial statements of the RBS Group).

8. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the last paragraph in the subsection "**RBS Registration Document**" shall be replaced as follows:

The information contained in the RBS Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Proposed Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

9. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**", the subsections "**Proposed Dutch Scheme**" and "**Rating Information**" shall be replaced as follows and the following subsections "**FSA agreement in relation to interest rate swap products for small and medium enterprises**", "**Litigation**" and "**Investigations**" shall be inserted after the subsection "**Rating Information**":

### **Proposed Dutch Scheme**

On 26 March 2012, RBSG and RBS announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in the Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in the Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. RBS and RBS N.V. have discussed the Proposed Dutch Scheme in detail with the Dutch Central Bank (De Nederlandsche Bank) and the FSA. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. On 4 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the RBSG Group in the UK and Ireland, it would be prudent to defer the implementation of the Proposed Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay.

On 20 July 2012, RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. announced that the Proposed Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuer will publish a supplement to the Base Prospectus if there is a change to this date.



## **Rating information**

In the case of notes to be issued by RBS in the future and rated by Moody's Investors Service Limited ("**Moody's Investors Service**") on an individual basis, Moody's Investors Service is expected to rate: senior notes to be issued by RBS with a maturity of one year or more "A3"; senior notes to be issued by RBS with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes to be issued by RBS will be rated on a case-by-case basis.

As defined by Moody's Investors Service, an "A" rating means the capacity of the issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's Investors Service, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's Investors Service, a "P-2" rating means that the issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's Investors Service (available at [www.moody.com](http://www.moody.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as RBS N.V. and RBS are aware and are able to ascertain from information published by Moody's Investors Service, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this sub-section "Rating information" have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

## **FSA agreement in relation to interest rate swap products for small and medium enterprises**

On 29 June 2012, RBS announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, RBS has agreed to provide direct and immediate redress. RBS is currently not able to reliably estimate the financial impact of this agreement.

## **Litigation**

### *London Interbank Offered Rate ("LIBOR")*

Certain members of the RBSG Group have been named as defendants in a number of class actions and individual claims filed in the US with respect to the setting of LIBOR. It is possible that further claims may be threatened or brought in the US or elsewhere relating to the setting of interest rates or interest rate-related trading.

## **Investigations**

### *LIBOR*

The RBSG Group continues to co-operate fully with investigations by various governmental and regulatory authorities into its submissions, communications and procedures relating to the setting of LIBOR and other interest rates. The relevant authorities include, amongst others, the US Commodity Futures Trading Commission, the US Department of Justice (Fraud Division), the FSA and the Japanese Financial Services Agency. The RBSG Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The RBSG Group is also under investigation by competition authorities in a number of jurisdictions, including the European Commission, Department of Justice (Antitrust Division) and Canadian Competition Bureau, stemming from the actions of certain individuals in the setting of LIBOR and other interest rates, as well as interest rate-related trading. The RBSG Group is also co-operating fully with these investigations.

It is not possible to reliably measure what effect these investigations, any regulatory findings and any related developments may have on the RBSG Group, including the timing and amount of fines or settlements.

### *Technology incident*

On 19 June 2012, the RBSG Group was affected by a technology incident, as a result of which the processing of certain customer accounts and payments were subject to considerable delay. The cause of the incident is being investigated by independent external counsel with the assistance of third party advisers, who have been instructed to carry out an independent review. The RBSG Group has agreed to reimburse customers for any loss suffered as a result of the incident and has made a provision of £125million in the unaudited Interim Results 2012 of RBSG for this matter. Additional costs may arise once all redress and business disruption items are clear and a further update will be given in the third quarter.

The incident, the RBSG Group's handling of the incident and the systems and controls surrounding the processes affected, are the subject of regulatory enquiries (both from the UK and Ireland) and the RBSG Group could become a party to litigation. In particular, the RBSG Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

10. In the REX Base Prospectus 2012 and in the Warrants Base Prospectus June 2012, in the section "**INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC**" the subsection "**Additional information about RBS**" shall be replaced as follows:

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:
- (i) Independent auditor's report on page 267;
  - (ii) Consolidated income statement on page 268;
  - (iii) Consolidated statement of comprehensive income on page 269;
  - (iv) Balance sheets as at 31 December 2010 on page 270;
  - (v) Statements of changes in equity on pages 271 to 273;
  - (vi) Cash flow statements on page 274;
  - (vii) Accounting policies on pages 275 to 286;
  - (viii) Notes on the accounts on pages 287 to 385;
  - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
  - (x) Chairman's statement on pages 2 to 3;
  - (xi) Group Chief Executive's review on pages 4 to 5;
  - (xii) Our key targets on page 7;
  - (xiii) Our business and our strategy on pages 10 to 19;
  - (xiv) Divisional review on pages 20 to 41;
  - (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
  - (xvi) Report of the directors on pages 230 to 234;
  - (xvii) Corporate governance on pages 235 to 245;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
  - (xix) Directors' remuneration report on pages 248 to 263;

- (xx) Directors' interests in shares on page 264;
  - (xxi) Financial summary on pages 387 to 395;
  - (xxii) Exchange rates on page 395;
  - (xxiii) Economic and monetary environment on page 396;
  - (xxiv) Supervision on page 397;
  - (xxv) Regulatory developments and reviews on pages 398 to 399;
  - (xxvi) Description of property and equipment on page 399;
  - (xxvii) Major shareholders on page 399;
  - (xxviii) Material contracts on pages 399 to 404; and
  - (xxix) Glossary of terms on pages 434 to 439;
- (b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;
- (c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:
- (i) Independent auditors' report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet at 31 December 2011 on page 309;
  - (v) Consolidated statements of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;
  - (xiii) Our key targets on page 13;

- (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012; and
- (f) the unaudited Interim Results 2012 of RBSG (the "**Unaudited Interim Results of RBSG**") for the six months ended 30 June 2012 which were published on 3 August 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

11. In the REX Base Prospectus 2010 and the Warrants Base Prospectus January 2010, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (j)-(k) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) this Base Prospectus and any Supplements; and
- (k) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**



12. In the REX Base Prospectus 2011, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (j)-(l) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Base Prospectus 2010 and any supplements thereto;
- (k) this Base Prospectus and any Supplements; and
- (l) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

13. In the Warrants Base Prospectus December 2010, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (j)-(l) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Base Prospectus January 2010 and any supplements thereto;
- (k) this Base Prospectus and any Supplements; and
- (l) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

14. In the Warrants Base Prospectus January 2012, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

### **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (j)-(m) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of the Issuer;
- (e) the Financial Statements 2010 of the Issuer;
- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Base Prospectus January 2010 and any supplements thereto;
- (k) the Base Prospectus December 2010 and any supplements thereto;
- (l) this Base Prospectus and any Supplements; and
- (m) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of the Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, the Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

15. In the REX Base Prospectus 2010 and in the Warrants Base Prospectus January 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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## **DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated under the

heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);

- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (m) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (n) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (o) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (m)-(o) were filed with the AFM. The documents referred to in (b), (g)-(k) and (l) were filed with the FSA.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(o) will be available free of charge upon request from The Royal



Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

16. In the REX Base Prospectus 2011 and in the Warrants Base Prospectus December 2010, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated under the

heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);

- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (l) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
- (m) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
- (n) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (o) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (p) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (n)-(p) were filed with the AFM. The documents referred to in (b), (g)-(k) and (m) were filed with the FSA. The document referred to in (l) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(p) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

17. In the Warrants Base Prospectus January 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated under the

- heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (m) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (n) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (o) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (p) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (q) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (o)-(q) were filed with the AFM. The documents referred to in (b), (g)-(k) and (n) were filed with the FSA. The documents referred to in (l)-(m) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(q) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

18. In the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

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### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated under the



- heading "Additional information about RBS N.V." of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Conditions 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (m) the Conditions 2011 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (n) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (o) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (p) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (q) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (o)-(q) were filed with the AFM. The documents referred to in (b), (g)-(k) and (n) were filed with the FSA. The documents referred to in (l)-(m) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(q) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

19. In the Warrants Base Prospectus June 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

---

### **DOCUMENTS INCORPORATED BY REFERENCE**

---

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated in the third paragraph of the cover page of this Base Prospectus);
- (c) the Articles of Association (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (d) the Announcement (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated under the heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated under the

- heading "Additional information about RBS N.V. and the Guarantor" of the section "Information about The Royal Bank of Scotland N.V., the Guarantor and the Guarantee" of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (k) the Unaudited Interim Results of RBSG (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (l) the Conditions January 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (m) the Conditions December 2010 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (n) the Conditions January 2012 (incorporated under the heading "Increases" of the section "General Information" of this Base Prospectus);
  - (o) the Press Release dated 1 May 2012 (incorporated under the heading "Additional information about RBS" of the section "Information about The Royal Bank of Scotland plc" of this Base Prospectus);
  - (p) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
  - (q) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
  - (r) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (p)-(r) were filed with the AFM. The documents referred to in (b), (g)-(k) and (o) were filed with the FSA. The documents referred to in (l)-(n) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(r) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 28 August 2012

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

London, 28 August 2012

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

26 June 2012

**The Royal Bank of Scotland N.V.**

*(incorporated in The Netherlands with its statutory seat in Amsterdam)*

and

**The Royal Bank of Scotland plc**

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

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BASE PROSPECTUS

IN ACCORDANCE WITH

SECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT

RELATING TO

**WARRANTS**

THE ROYAL BANK OF SCOTLAND N.V.

LAUNCHPAD PROGRAMME

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This base prospectus (the "**Base Prospectus**") relating to warrants (the "**Securities**" or "**Warrants**") issued by the Issuer (as defined below) under its LaunchPAD Programme was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the "**BaFin**") in accordance with Section 13(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*; "**WpPG**") on or after the date of this Base Prospectus. The BaFin did not review this Base Prospectus with respect to the accuracy of its contents but approved the Base Prospectus on the basis of a mere review as to the completeness of the Base Prospectus, including a review of the coherence and comprehensibility of the presented information.

This Base Prospectus relates to Securities issued by The Royal Bank of Scotland N.V. acting either through its principal office in the Netherlands or through its London branch or any other branch as specified in the Final Terms (as defined below). Further, this Base Prospectus relates to Securities (i) for which The Royal Bank of Scotland plc may subsequently become the issuer, or (ii) which may be issued by The Royal Bank of Scotland plc, in each case under the circumstances specified in this Base Prospectus. Accordingly, the term "**Issuer**" means The Royal Bank of Scotland N.V., acting as aforesaid, and includes The Royal Bank of Scotland plc acting under the circumstances specified in this Base Prospectus.

This Base Prospectus must be read in connection with the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 28 March 2012 (the "**RBS N.V. Registration Document**") which was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**"), in connection with the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**RBS Registration Document**" and together with the RBS N.V. Registration Document the "Registration Documents") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*) (the "**FSA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**"). The RBS N.V. Registration Document and the RBS Registration Document are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG.

For each tranche of Securities issued on the basis of this Base Prospectus so-called final terms (the "**Final Terms**") will be published in a separate document which, in addition to stating the terms and conditions applying to the Securities, may but do not need to replicate some information already contained in this Base Prospectus. In the Final Terms, information not currently contained in this Base Prospectus may be added in the placeholders contained in this Base Prospectus, or information currently contained in this Base Prospectus may be deleted if contained in square brackets, or information currently contained in this Base Prospectus may be adjusted as set forth in this Base Prospectus.

**For a detailed description of the risks associated with an investment in the Securities, see "Risk Factors", which are included in this Base Prospectus as well as in the Registration Documents or any Supplements and possibly in the Final Terms.**

Complete information on the Issuer and a specific issue can only be derived from this Base Prospectus, the Registration Documents, any Supplements as well as the respective Final Terms.



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## SUMMARY

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any Securities issued by The Royal Bank of Scotland N.V. or The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 28 March 2012 (the "RBS N.V. Registration Document") which was approved by the competent authority in the Netherlands (Autoriteit Financiële Markten) (the "AFM"), the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "RBS Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) (the "FSA"), and which are both incorporated into this Base Prospectus by reference, any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland N.V. and to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

**Issuer:**

This Base Prospectus relates to Securities issued by The Royal Bank of Scotland N.V. ("**RBS N.V.** ") acting either through its principal office in the Netherlands or through its London branch or any other branch as specified in the Final Terms (as defined below).

Further, this Base Prospectus relates to Securities (i) for which The Royal Bank of Scotland plc may subsequently become the issuer pursuant to the circumstances described in the section "Proposed Transfer of Activities of RBS N.V. to RBS" below, and to Securities (ii) which may be issued by The Royal Bank of Scotland plc to increase, and to be consolidated and form a single series with, Securities that have originally been issued by RBS N.V. as issuer.

The Royal Bank of Scotland N.V., acting as aforesaid, is defined as the "**Issuer**", which term shall also include The Royal Bank of Scotland plc ("**RBS**") acting under the

circumstances referred to above.

**Guarantor:** RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) (the "**Guarantor**" or "**RBS Holdings**")

**Description of the Guarantee:** On 15 June 1998, the Guarantor declared pursuant to article 403 paragraph 1, subsection f of Book 2 of the Netherlands Civil Code to be jointly and severally liable for all debts resulting from legal acts performed by RBS N.V. after 15 June 1998 (the "**Guarantee**").

As a result of the Proposed Dutch Scheme (as defined and further set out in the section "Proposed Transfer of Activities of RBS N.V. to RBS" below), RBS will become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee will, from the effective date of the Proposed Dutch Scheme, cease to apply in relation to any securities for which RBS will become the issuer.

**History and Incorporation of RBS N.V.:** RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.'s registered office is at Gustav Mahlerlaan 350, 1082 ME Amsterdam, the Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 350, 1082 ME Amsterdam, the Netherlands.

RBS Holdings has one subsidiary, RBS N.V., and RBS N.V. has various subsidiaries.

As used herein, the "**Group**" refers to RBS Holdings and its consolidated subsidiaries. The term "**RBSG**" refers to The Royal Bank of Scotland Group plc and the "**RBSG Group**" refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards.

**RBS N.V. – Overview:** RBS N.V. is a bank licensed and regulated by the Dutch Central Bank (De Nederlandsche Bank).

RBS N.V. operates across Europe, the Middle East and Africa (EMEA), the Americas and Asia. According to the Annual Report and Accounts 2011 for the financial year ended

31 December 2011 of RBS Holdings, the Group had total consolidated assets of EUR 146.7 billion as at 31 December 2011, the Group's Tier 1 and Core Tier 1 capital ratios were 12.0 per cent. and 8.4 per cent., respectively, as at that date.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, RBS and National Westminster Bank Public Limited Company ("**NatWest**"). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, RBS's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

**Separation from the ABN AMRO Group:**

In 2007, RFS Holdings B.V. ("**RFS Holdings**"), which was jointly owned by RBSG Group, the Dutch State (successor to Fortis Bank Nederland (Holding) N.V.) and Santander (together the ("**Consortium Members**"), completed the acquisition of ABN AMRO Holding N.V.

On 6 February 2010, the businesses of ABN AMRO Holding N.V. acquired by the Dutch State were legally demerged to a newly established company, ABN AMRO Bank N.V., which on 1 April 2010, was transferred to ABN AMRO Group N.V., itself owned by the Dutch State.

Certain assets within RBS N.V. continue to be shared by the Consortium Members. Approximately 98 per cent. of the issued share capital of RFS Holdings is now held by the RBSG Group.

**Proposed Transfer of Activities of RBS N.V. to RBS:**

On 19 April 2011, the Group announced that it had approved the proposed transfers of a substantial part of its business activities of RBS N.V. to RBS, (the "**Proposed Transfers**"). It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the Proposed Transfers is expected to have taken place by the end of 2012. The Proposed Transfers

include a proposal to change the issuer of a number of securities issued by RBS N.V. which will include some or all of the securities issued by RBS N.V. between 19 April 2011 and the date that the Proposed Transfers take effect.

On 17 October 2011, the Group completed the transfer of a substantial part of the UK activities of RBS N.V. to RBS pursuant to Part VII of UK Financial Services and Markets Act 2000.

On 26 March 2012, the Group announced that (1) RBS N.V. (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with the Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the transferring businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Proposed Dutch Scheme will take effect on 9 July 2012. RBS

N.V. and RBS will publish a supplement to this Base Prospectus if there is a change to this date.

As a result of the Proposed Dutch Scheme, RBS will become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee will, from the effective date of the Proposed Dutch Scheme, cease to apply in relation to any securities for which RBS will become the issuer.

On 23 March 2012, RBS N.V. and RBS published a list of securities of RBS N.V. for which it is possible that RBS will become the issuer of the Securities, accordingly, indicating whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Proposed Dutch Scheme).

RBS N.V. will include provisions in the final terms for any new issues of securities which are eligible for the Proposed Dutch Scheme to indicate whether or not RBS is expected to subsequently become the issuer of those securities as a result of the Proposed Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Proposed Dutch Scheme).

**Financial Information relating to RBS N.V.:**

According to the Abbreviated Financial Statements 2011 of RBS N.V., RBS N.V. recorded a loss for 2011 of EUR 656 million. Its total assets were EUR 165 billion at 31 December 2011.

**General Information about RBS:**

RBS (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**RBS Group**") is a public limited company incorporated in Scotland with registration number SC090312 and incorporated under Scots law on 31 October 1984. RBS is a wholly-owned subsidiary of RBSG.

According to the unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter 2012 ended 31 March 2012, the RBSG Group had total assets of £1,403 billion and owners' equity of £73 billion as at 31 March 2012.

The RBSG Group's capital ratios at that date were a total capital ratio of 14.0 per cent, a Core Tier 1 capital ratio of 10.8 per cent and a Tier 1 capital ratio of 13.2 per cent.

According to the Annual Report and Accounts 2011 of RBS, the RBS Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The RBS Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 9.2 per cent and a Tier 1 capital ratio of 11.0 per cent.

**Rating of RBS N.V.:**

At the date of this Base Prospectus, the credit ratings<sup>1</sup> of RBS N.V. assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch Ratings**"), are as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Stable
Fitch Ratings	A	F1	Stable

• **Moody's Investors Service definitions**

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service

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<sup>1</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.

appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P-1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive", "Negative", "Stable", and "Developing" (contingent upon an event).

- ***Standard and Poor's definitions***

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard &



Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B" "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

"Stable" means that a rating is not likely to change.

- ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B" "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings

(www.fitchratings.com), respectively.

**Risk Factors:**

The purpose of the risk factors description is to protect potential purchasers of the Securities from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities. Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision.

**Risk Factors relating to RBS N.V. and the Guarantor:**

The Group is reliant on the RBSG Group. Prospective investors should note that the Group is subject to certain risks specific to the RBSG Group including, without limitation, instability in the global financial markets, lack of liquidity, depressed asset valuations, geopolitical conditions, full nationalisation and other resolution procedures under the United Kingdom Banking Act 2009 and risks related to the entry into the asset protection scheme. Accordingly, risk factors below which relate to RBSG and the RBSG Group will also be of relevance to RBS N.V. and the Group:

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS N.V.
- If securities issued by RBS N.V. are transferred to RBS, the fact of such transfer and/or the fact that RBS is a Scottish incorporated company might impact holders of such securities, whether for tax reasons or otherwise.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations,

financial condition, capital ratios and liquidity and may also negatively impact the value of securities issued by RBS N.V.

- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations, could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group operates in markets that are highly

competitive and its business and results of operations may be adversely affected.

- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the Group's businesses.
- The Group's operations have inherent reputational risk.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts (the "**Contracts**") entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly-owned subsidiaries.
- The extensive governance, asset management and information requirements under the conditions of the asset protection scheme, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group. In addition, any changes or modifications to the conditions of the asset protection scheme may have a negative impact on the

expected benefits of the Contracts and may have an adverse impact on the Group.

- Any changes to the expected regulatory capital treatment of the Contracts may have a material adverse impact on the Group.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.

**Risk Factors relating to RBS:**

RBS is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the RBSG Group will also be of relevance to RBS and the RBS Group.

- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The Independent Commission on Banking which was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system has published its final report on competition and possible structural reforms in the UK banking industry (the "**Final Report**"). The Final Report made a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) increased loss-absorbency (including bail-in, i.e. the ability to write down debt or convert it into an issuer's ordinary shares in certain circumstances) and (iii) promotion of competition. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.

- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any Securities.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG Group's business performance could be

adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.

- The RBSG Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's businesses.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The RBSG Group's operations have inherent reputational risk.

- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the UK asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the RBSG Group and the expected benefits of the asset protection scheme.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares issued by RBSG and the contingent B shares that RBSG may issue may have a material adverse impact on the RBSG Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group's results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.

**Risk Factors relating to the Securities:**

Certain factors are material for the purpose of assessing the market risks associated with the Securities. These include, but are not limited to the fact that (i) the Securities have a complex structure which may lead to a **total loss** of the investment, (ii) the Securities may not be a suitable investment for all investors, (iii) the value of the Securities may fluctuate, (iv) the issue price of the Securities may include an agio, commissions



and/or other fees, (v) there may not be a secondary market in the Securities, (vi) purchasing the Securities as a hedge may not be effective, (vii) actions taken by the Issuer may affect the value of the Securities, (viii) Securityholders have no ownership interest in the Underlying (as defined below under "Description of the Securities"), (ix) the Issuer and/or the Calculation Agent may make adjustments to the Conditions as a consequence of events affecting the Underlying, (x) there may be limitations on a Securityholder's right to exercise the Securities, (xi) there may be delays in effecting settlement of the Securities, (xii) taxes may be payable by the Securityholders and (xiii) the Securities may under certain circumstances be terminated by the Issuer prior to their stated date.

Other risks associated with the Securities may include (i) risks associated with Securities represented by a Global Security (as defined below under "General Conditions/Form of Securities") or issued in dematerialised form, (ii) risks associated with arrangements concluded by the Securityholders with services providers to hold the Securities (nominee arrangements), (iii) the risk that the return on an investment in the Securities will be affected by charges incurred by the Securityholders, (iv) the risk that changes of law may affect the value of the Securities, (v) the risk that ratings assigned to the Issuer or, if applicable, the Securities may not reflect all risks, (vi) the risk that legal investment constraints may restrict certain investments in the Securities, (vii) in case that the Securityholder uses a loan to finance the purchase of the Securities, the risk that he will not be able to repay the loan principal plus interest, (viii) special risks associated with the specific structure of the different types of Securities and (ix) special risks associated with certain Underlyings of the Securities (e.g. commodities, commodity forward contracts and commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares, baskets of shares or structured securities).

**Final Terms:**

So-called "Final Terms" will be prepared for each tranche of Securities issued under this Base Prospectus which, in addition to stating the terms and conditions applying to the

Securities may but do not need to replicate some information already contained in this Base Prospectus. In the Final Terms, information not currently contained in this Base Prospectus may be added in the placeholders contained in this Base Prospectus, or information currently contained in this Base Prospectus may be deleted if contained in square brackets, or information currently contained in this Base Prospectus may be adjusted as set forth in this Base Prospectus.

**Terms and Conditions of the Securities:**

The applicable terms and conditions of the Securities will be as set out in the general conditions set forth under "General Conditions" (the "**General Conditions**") and in the securities-specific product conditions set forth under "Product Conditions" (the "**Product Conditions**"). The Final Terms applicable to each tranche of Securities may replicate, complete or adjust the General Conditions and/or the securities-specific Product Conditions to reflect the specific structure applicable to a specific tranche of Securities. If the Securities are represented by a Global Security, the General Conditions and the securities-specific Product Conditions will be attached to the Global Security representing the relevant tranche of Securities. The General Conditions and the Product Conditions applying to a specific tranche of Securities are referred to as "**Conditions**".

**Description of the Securities:**

Warrants are investment instruments which, following exercise in accordance with the Final Terms, either pay a cash amount (which is capped in case of a Discount Call or Put Warrant) determined by reference to the value of an underlying on a day specified in the Final Terms ("**cash settled Securities**") or deliver the underlying ("**physically settled Securities**"), subject to the multiplier, as specified in the Final Terms. Possible underlyings of these Warrants may be commodities, commodity forward contracts or commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares (except those of the Issuer or of any other company of the Group), baskets consisting of such shares or structured securities (each an "**Underlying**"), in case of physically settled Securities, only shares or share baskets. In case of physically settled Securities it is possible that a cash amount is paid in respect of a fractional entitlement instead of

delivery of this fractional entitlement.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income.

The Warrants do not grant any claim to dividends either.

The Warrants that may be issued under this Base Prospectus have a fixed term and are described below.

**Call Warrants:**

In case of cash settled Call Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier. In case of physically settled Call Warrants, the Issuer delivers a number of the underlying shares corresponding in value to the Final Reference Price multiplied by the multiplier or the weight whereas, in return, the Securityholder has to pay the Strike and expenses (if any) to the Issuer. It is, however, possible that a cash amount is paid with respect to a fractional entitlement instead of delivery of this fractional entitlement.

As a general rule (i.e., when not taking into account any other factors impacting the price of Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Call Warrants typically increases (i) the more the Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Call Warrants is.

**Put Warrants:**

In case of Put Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Put Warrants typically increases (i) the more the Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Put Warrants is.

**Discount Call Warrants:**

Discount Call Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount" (as defined below).

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms

(the "**Strike**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between a fixed price or level specified in the Final Terms (the "**Cap**") and the Strike, multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Discount Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Call Warrants typically increases (i) the more the Discount Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Discount Call Warrants is.

Additionally, the Securityholder will not participate in any increase in the price or level of the Underlying if the difference between the Final Reference Price and the Strike multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Call Warrant is generally lower than the price of a Call Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Call Warrants are priced at a discount compared to Call Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Call Warrants where the cash amount is not capped at a Maximum Amount.

**Discount Put Warrants:**

Discount Put Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount (as defined below)".

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Put Warrants are European Style Warrants as described below under

"European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between the Strike and a fixed price or level specified in the Final Terms (the "**Cap**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Discount Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Put Warrants typically increases (i) the more the Discount Put Warrants are out of the money, *i.e. the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Discount Put Warrants is.

Additionally, the Securityholder will not participate in any decrease in the price or level of the Underlying if the difference between the Strike and the Final Reference Price multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Put Warrant is generally lower than the price of a Put Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Put Warrants are priced at a discount compared to Put Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Put Warrants where the cash amount is not capped at a Maximum Amount.

**European Style Warrants:**

European Style Warrants are warrants which are automatically exercised on the exercise date specified in the Final Terms. European Style Warrants cannot be exercised by the Securityholders before their exercise date.

**American Style Warrants:**

American Style Warrants are warrants which may be exercised on any business day within the exercise period specified in the Final Terms. If American Style Warrants are not exercised during their exercise period, the Warrants are automatically exercised on the exercise date specified in the Final Terms.

**Quanto Warrants:**

Where the settlement currency is different to the strike currency, Warrants may have a quanto feature, i.e. a fixed rate of exchange between the two currencies for the term of the Securities, thus a built-in currency hedge.

**Issue Price:**

The Securities will be sold at a price determined by the Issuer who may, in making such determination, refer to, amongst other factors, the level or price of the Underlying (as the case may be), the relevant multiplier and any applicable foreign exchange rate(s). The issue price of the Securities is based on internal pricing models of the Issuer and may be higher than their market value due to commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities. Any distributor of the Securities receiving any commission, fee, or non-monetary benefit may be obliged under applicable law to disclose the existence, nature and amount of such commission, fee or benefit to the investor. Investors should ensure that they have received such information prior to purchasing the Securities from such distributor.

**Listing:**

Whether or not a tranche of Securities will be listed on one or more stock exchange(s) or unofficial market(s), e.g. the *Freiverkehr* of a German stock exchange, or not at all, will be set forth in the Final Terms.

Following notification of the approval of this Base Prospectus in accordance with Section 18(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the Securities may be admitted to trading in the regulated markets or included in the unofficial market segments of, and/or listed on, the stock exchanges of several EEA States and/or offered to the public within the EEA States which have been notified.

**General Conditions:**

Set out below is a summary of certain significant provisions of the General Conditions applicable to all Securities issued under this Base Prospectus.

*Form of Securities:*

The Securities, except in case of Securities issued in dematerialised form, are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.

If the Securities are issued in dematerialised form, they will be registered in the book-entry system of the Clearing Agent. In that case, title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").

The Final Terms will specify whether the Securities will be represented by a Global Security or issued in dematerialised form.

In either case (whether in global or in dematerialised form), no definitive securities will be issued.

*Securityholder:*

"**Securityholder**" means, in case of Securities represented by a Global Security, the holder of a unit in the Global Security and, in case of Securities issued in dematerialised form, a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.

*Status of the Securities:*

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

*Notices:*

All notices under the Conditions shall either (i) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon such



delivery, unless the relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

*Substitution of the Issuer:*

The Issuer may at any time, without the consent of the Securityholders, substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities any entity (the "**Substitute**"), provided that the conditions relating thereto as set forth in the Conditions (including a notice to the Securityholders) have been fulfilled.

*Taxation:*

The Securityholder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right to withhold or deduct from any amount payable to any Securityholder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

*Product Conditions:*

Different Product Conditions apply to the different types of Securities detailed in this Base Prospectus. Set out below is a summary of certain significant provisions of the Product Conditions applicable to all types of Securities.

*Exercise of the Securities:*

The Securities may be either (i) automatically exercised on the exercise date specified in the Final Terms (in case of American Style Warrants or European Style Warrants) or (ii) exercised by the Securityholder during the exercise period specified in the Final Terms (in case of American Style Warrants).

In case of an automatic exercise, payment and/or delivery are subject to delivery of a certification by the Securityholder. In case of an exercise by the Securityholder, payment and/or delivery are subject to delivery of a notice. Any such certification or notice (as the case may be) has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person

nor a person within the United States.

*Early Termination:*

The Issuer has the right to terminate the Securities early (i) if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**") and (ii) upon the occurrence of certain hedging disruption events as specified in the Final Terms. If the Issuer terminates early in such circumstances, it will, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring the illegality, if any) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

*Paying Agent, Principal Paying Agent and Calculation Agent:*

The Royal Bank of Scotland N.V. or such other entity as specified in the Final Terms.

*Settlement of Securities:*

Securities may be settled by payment of a cash amount or by delivery of the Underlying, as specified in the Final Terms.

*Clearing Agent:*

Clearstream Banking AG, Frankfurt ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and/or any other or further Clearing Agent(s) as specified in the Final Terms.

*Market Disruption Event or Fund Disruption Event:*

If a Market Disruption Event or a Fund Disruption Event (as the case may be) (in each case as specified in the Final Terms) occurs, the Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Market Disruption Events are specified in the Final Terms for each type of Security not linked to funds and Fund Disruption Events are specified in the Final Terms for the fund linked Securities; they

vary depending on the type of Security.

*Emerging Market Disruption Event:* If an Emerging Market Disruption Event (as specified in the Final Terms) occurs, Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Emerging Market Disruption Events apply only if specified in the Final Terms.

*Settlement Disruption Event:* If a Settlement Disruption Event (as specified in the Final Terms) occurs with respect to physically settled Securities, Securityholders may experience a delay in delivery of the Underlying. If delivery of the Underlying is not practicable by reason of a Settlement Disruption Event, the Issuer is entitled to pay to the Securityholder (in lieu of delivery of the Underlying) the fair market value of the Securities as determined by the Issuer in its reasonable discretion (*billiges Ermessen*), less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Disruption Cash Settlement Price**"). The determination of the Disruption Cash Settlement Price may be adversely affected by the Settlement Disruption Event and the deduction of these costs. Settlement Disruption Events are specified in the Final Terms of the Securities which may be settled physically and the specification varies depending on the type of the Security.

*Hedging Disruption Event:* If a disruption to the hedging of the Issuer (Hedging Disruption Event) (as specified in the Final Terms) occurs, the Issuer may (i) terminate the Securities (see above under "Early Termination"), or (ii) replace the Underlying by another underlying, or (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.

*Adjustments for European Monetary Union:* The Issuer may, without the consent of any Securityholder of the Securities, on giving notice to the Securityholders elect that, with effect from the date specified in such notice, certain terms of the Securities shall be redenominated in Euro, as further set out in the respective Product Condition.

*Applicable Law:*

The Securities shall be governed by, and construed in accordance with, German law or any other law as specified in the Final Terms.

*Place of Performance and  
Jurisdiction:*

The place of performance and jurisdiction for the Securities shall be Frankfurt am Main, Germany or any other place of performance and jurisdiction as specified in the Final Terms.

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**ZUSAMMENFASSUNG**  
**(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland N.V. oder von der The Royal Bank of Scotland plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der RBS Holdings N.V. und der The Royal Bank of Scotland N.V. vom 28. März 2012 (das „RBS N.V. Registrierungsformular“), das von der zuständigen niederländischen Finanzmarktbehörde (Autoriteit Financiële Markten) (die „AFM“) gebilligt wurde, des Registrierungsformulars der Royal Bank of Scotland plc vom 24. Februar 2012 (das „RBS Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) (die „FSA“) gebilligt wurde und die beide per Verweis in diesen Basisprospekt einbezogen werden, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland N.V. und die The Royal Bank of Scotland plc können in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des Europäischen Wirtschaftsraumes (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.*

**Emittentin:**

Dieser Basisprospekt bezieht sich auf Wertpapiere, die von der The Royal Bank of Scotland N.V. („**RBS N.V.**“) begeben werden, handelnd entweder über ihre Hauptniederlassung in den Niederlanden, ihre Niederlassung in London oder eine andere Niederlassung, wie jeweils in den Endgültigen Bedingungen (wie nachstehend definiert) angegeben.

Des Weiteren bezieht sich dieser Basisprospekt auf Wertpapiere, für die (i) die The Royal Bank of Scotland plc nachträglich gemäß den im Abschnitt „Geplante Übertragung von Aktivitäten der RBS N.V. auf die RBS“ beschriebenen Umständen zur Emittentin werden kann, sowie auf Wertpapiere die (ii) von der The Royal Bank of

Scotland plc begeben werden, um eine von der The Royal Bank of Scotland N.V. als Emittentin begebene Serie aufzustocken und mit dieser eine einheitliche Serie von Wertpapieren zu bilden.

The Royal Bank of Scotland N.V., handelnd wie oben beschrieben, wird als „**Emittentin**“ bezeichnet, wobei dieser Begriff auch The Royal Bank of Scotland plc („**RBS**“) handelnd unter den oben beschriebenen Umständen umfasst.

**Garantin:**

RBS Holdings N.V. (früherer Name ABN AMRO Holding N.V.) (die „**Garantin**“ oder „**RBS Holdings**“)

**Beschreibung der Garantie:**

Die Garantin hat am 15. Juni 1998 gemäß Artikel 403 Abs. 1 lit. f Buch 2 des niederländischen Bürgerlichen Gesetzbuchs erklärt, dass sie gesamtschuldnerisch für sämtliche Verbindlichkeiten haftet, die aus nach dem 15. Juni 1998 von der RBS N.V. vorgenommenen Rechtshandlungen entstehen (die „**Garantie**“).

Als Folge des Geplanten Niederländischen Verfahrens (wie nachfolgend im Abschnitt „Geplante Übertragung von Aktivitäten der RBS N.V. auf die RBS“ definiert und näher beschrieben), wird die RBS für bestimmte, ursprünglich von der RBS N.V. begebene Wertpapiere als Emittentin an die Stelle der RBS N.V. treten. Ab dem Zeitpunkt der wirksamen Umsetzung des Geplanten Niederländischen Verfahrens enden sämtliche Verpflichtungen der RBS Holdings unter der Garantie in Bezug auf die Wertpapiere, die auf die RBS als neue Emittentin übergehen.

**Geschichte und Gründung der RBS N.V.:**

Die RBS N.V. ist eine am 7. Februar 1825 nach niederländischem Recht gegründete Aktiengesellschaft. Die RBS N.V. ist im Handelsregister von Amsterdam unter der Nummer 33002587 eingetragen. Der eingetragene Sitz der RBS N.V. befindet sich in Gustav Mahlerlaan 350, 1082 ME Amsterdam, Niederlande.

Die RBS N.V. ist eine 100 %-ige Tochtergesellschaft der RBS Holdings, einer am 30. Mai 1990 nach niederländischem Recht gegründeten Aktiengesellschaft. Der eingetragene Sitz der RBS Holdings befindet sich in Gustav Mahlerlaan 350, 1082 ME Amsterdam, Niederlande.

Die RBS Holdings hat eine Tochtergesellschaft, die RBS N.V., die wiederum verschiedene Tochtergesellschaften hat.

Der Begriff „**Gruppe**“ in diesem Prospekt bezieht sich auf RBS Holdings und ihre konsolidierten Tochtergesellschaften. Der Begriff „**RBSG**“ bezieht sich auf The Royal Bank of Scotland Group plc, und „**RBSG-Gruppe**“ bezieht sich auf die RBSG und ihre nach den *International Financial Reporting Standards* konsolidierten Tochtergesellschaften.

#### **RBS N.V. – Überblick:**

RBS N.V. ist eine durch die niederländische Zentralbank (De Nederlandsche Bank) zugelassene und beaufsichtigte Bank.

RBS N.V. ist in Europa, im Nahen Osten und Afrika (EMEA), in Amerika und Asien tätig. Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der RBS Holdings hatte die Gruppe zum 31. Dezember 2011 konsolidierte Vermögenswerte von EUR 146,7 Mrd. und betragen die Kernkapitalquote (*Tier 1*) und die harte Kernkapitalquote (*Core Tier 1*) der Gruppe zu diesem Datum 12,0 % bzw. 8,4 %.

Die RBS Holdings und die RBS N.V. sind Teil der RBSG-Gruppe. Die RBSG ist die Muttergesellschaft einer weltweit tätigen Bank- und Finanzdienstleistungsgruppe. Mit Hauptsitz in Edinburgh, ist die RBSG-Gruppe im Vereinigten Königreich, in den Vereinigten Staaten und international durch ihre Haupttochtergesellschaften, RBS und National Westminster Bank Public Limited Company („**NatWest**“), tätig. Sowohl die RBS als auch NatWest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist Citizens Financial Group, Inc., die Tochtergesellschaft der RBS, eine große Handelsbankengruppe. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie Großunternehmen und institutionellen Kunden eine breite Palette von Produkten und Dienstleistungen zur Verfügung.

#### **Abspaltung der ABN AMRO Gruppe:**

In 2007 hat die RFS Holdings B.V. („**RFS Holdings**“), die gemeinsam von der RBSG-Gruppe, dem niederländischen Staat (als Nachfolger der Fortis Bank Nederland (Holding)

N.V.) und Santander (gemeinsam die „**Mitglieder des Konsortium**“) gehalten wurde, den Erwerb der ABN AMRO Holding N.V. abgeschlossen.

Am 6. Februar 2010 wurden die vom niederländischen Staat übernommenen Geschäfte der ABN AMRO Holding N.V. rechtlich auf eine neu gegründete Firma, die ABN AMRO Bank N.V., abgespalten. Die ABN AMRO Bank N.V. wurde wiederum am 1. April 2010 an die ABN AMRO Group N.V. übertragen, die im Eigentum des niederländischen Staates steht.

Bestimmte Vermögenswerte der RBS N.V. verbleiben weiterhin gemeinschaftlich bei den Mitgliedern des Konsortiums. Circa 98 Prozent des ausgegebenen Stammkapitals der RFS Holdings wird nunmehr von der RBSG-Gruppe gehalten.

**Geplante Übertragung von  
Aktivitäten der RBS N.V. auf die  
RBS:**

Am 19. April 2011 hat die Gruppe mitgeteilt, dass sie einer geplanten Übertragung eines wesentlichen Teils ihrer Geschäftsaktivitäten von der RBS N.V. auf die RBS zugestimmt hat (die „**Geplanten Übertragungen**“). Es wird erwartet, dass die Geplanten Übertragungen in mehreren Stufen bis zum 31. Dezember 2013 durchgeführt werden. Ein großer Teil der Geplanten Übertragungen soll den Planungen zufolge bis Ende 2012 erfolgt sein. Die Geplanten Übertragungen beinhalten eine Ersetzung der Emittentin für eine Vielzahl der von der RBS N.V. begebenen Wertpapiere. Dies wird auch für einen Teil oder alle der von der RBS N.V. zwischen dem 19. April 2011 und dem Zeitpunkt des Wirksamwerdens der Geplanten Übertragungen begebenen Wertpapiere gelten.

Am 17. Oktober 2011 hat die Gruppe die Übertragung wesentlicher Teile der englischen Geschäftstätigkeiten der RBS N.V. auf die RBS nach Teil VII des britischen *Financial Services and Markets Act 2000* abgeschlossen.

Am 26. März 2012 teilte die Gruppe mit, dass (1) die RBS N.V. (als abspaltende Gesellschaft) und die RBS II B.V. (als übernehmende Gesellschaft) an diesem Tag bei dem niederländischen Handelsregister einen Abspaltungsantrag eingereicht haben und (2) die RBS und die RBS II B.V. an



diesem Tag nach einer vorläufigen Anhörung vor dem schottischen Zivilgerichtshof (*Court of Session*) Anträge auf eine geplante grenzüberschreitende Verschmelzung der RBS II B.V. auf die RBS (zusammen mit dem Abspaltungsantrag das „**Geplante Niederländische Verfahren**“) bei dem Companies House im Vereinigten Königreich bzw. dem niederländischen Handelsregister eingereicht haben. Nach Umsetzung des Geplanten Niederländischen Verfahrens wird ein wesentlicher Teil der Geschäftstätigkeit der RBS N.V. in den Niederlanden sowie in bestimmten Niederlassungen der RBS N.V. in einer Reihe von Staaten in Europa auf die RBS übertragen (die „**Übertragenen Geschäftsbereiche**“). Die Umsetzung des Geplanten Niederländischen Verfahrens erfolgt durch Abspaltung der Übertragenen Geschäftsbereiche in die RBS II B.V. im Wege eines gesetzlich vorgesehenen Abspaltungsverfahrens in den Niederlanden (die „**Abspaltung**“) mit anschließender Verschmelzung der RBS II B.V. auf die RBS im Wege einer grenzüberschreitenden Verschmelzung (die „**Verschmelzung**“). Die RBS II B.V. ist eine in den Niederlanden als Bank zugelassene Gesellschaft, die eigens für Zwecke des Geplanten Niederländischen Verfahrens gegründet wurde. Die Umsetzung des Geplanten Niederländischen Verfahrens ist u.a. abhängig von aufsichtsrechtlichen und gerichtlichen Genehmigungen. Im Falle einer Gestattung werden die aufsichtsrechtlichen Genehmigungen unter dem Vorbehalt gewährt, dass die Abspaltung nicht vorgenommen wird, sofern nicht danach auch die Verschmelzung erfolgt. Am 18. Juni 2012 hat der schottische Zivilgerichtshof unter anderem die Durchführung der Verschmelzung nach Art. 11 der Richtlinie 2005/56/EG des Europäischen Parlaments und des Rates der Europäischen Union genehmigt. Es wird erwartet, dass das Geplante Niederländische Verfahren am 9. Juli 2012 wirksam wird. Sollte sich dieses Datum noch ändern, werden RBS N.V. und RBS einen Nachtrag zu diesem Basisprospekt veröffentlichen.

Als Folge des Geplanten Niederländischen Verfahrens wird die RBS für bestimmte, ursprünglich von der RBS N.V. begebene Wertpapiere als Emittentin an die Stelle der RBS

N.V. treten. Für den Fall einer wirksamen Umsetzung des Geplanten Niederländischen Verfahrens enden sämtliche Verpflichtungen der RBS Holdings gemäß der Garantie in Bezug auf die Wertpapiere, die auf die RBS als neue Emittentin übergehen.

Entsprechend haben die RBS N.V. und die RBS am 23. März 2012 eine Liste mit bereits von der RBS N.V. begebenen Wertpapieren veröffentlicht, für die die Möglichkeit besteht, dass die RBS nach dem Geplanten Niederländischen Verfahren nachträglich zur Emittentin der Wertpapiere wird. Diese Liste bezeichnet die Wertpapiere, bei denen davon ausgegangen wird, dass die RBS nachträglich zur Emittentin für diese Wertpapiere wird (soweit diese Wertpapiere vor dem Geplanten Niederländische Verfahren weder ausgeübt, noch gekündigt oder zurückgekauft und eingezogen wurden).

In den Endgültigen Bedingungen wird angegeben, ob bei der betreffenden Emission von einem nachträglichen Wechsel der Emittentenfunktion auf die RBS nach dem Geplanten Niederländische Verfahren auszugehen ist (soweit diese Wertpapiere vor dem Geplanten Niederländische Verfahren weder ausgeübt, noch gekündigt oder zurückgekauft und eingezogen wurden).

**Finanzangaben der RBS N.V.:**

Nach den verkürzten Finanzinformationen 2011 (*Abbreviated Financial Statements 2011*) der RBS N.V. verzeichnete die RBS N.V. für 2011 einen Verlust in Höhe von EUR 656 Mio. Ihre Gesamtvermögenswerte betragen EUR 165 Mrd. zum 31. Dezember 2011.

**Allgemeine Informationen über die RBS:**

Die RBS (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**RBS-Gruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die RBS ist eine hundertprozentige Tochtergesellschaft der RBSG.

Nach dem ungeprüften Zwischenbericht Q1 2012 des Managements (*Interim Management Statement Q1 2012*)

der RBSG für das am 31. März 2012 endende erste Quartal 2012 betragen zum 31. März 2012 die Gesamtvermögenswerte der RBSG Gruppe £1.403 Mrd., und das Eigenkapital der RBSG Gruppe betrug £73 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,0% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 13,2% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der RBS betragen die Gesamtvermögenswerte der RBS-Gruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der RBS-Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 9,2% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

**Rating der RBS N.V.:**

Zum Datum dieses Basisprospekts lauten die Kreditratings<sup>2</sup> der RBS N.V., die durch Moody's Investors Service Ltd., London, Vereinigtes Königreich („**Moody's Investors Service**“), Standard & Poor's Credit Market Services Europe Limited, London, Vereinigtes Königreich („**Standard & Poor's**“), und Fitch Ratings Limited, London, Vereinigtes Königreich („**Fitch Ratings**“), vergeben wurden, wie folgt:

	Langfristig	Kurzfristig	Ausblick
Moody's Investors Service	A3	P-2	Negativ
Standard & Poor's	A	A-1	Stabil
Fitch Ratings	A	F1	Stabil

• **Moody's Investors Service Definitionen**

Verbindlichkeiten, die mit „A“ eingestuft sind, werden als Verbindlichkeiten der „oberen Mittelklasse“ zugerechnet und

<sup>2</sup> Die in diesem Abschnitt aufgeführten Ratingagenturen sind gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen (die „**Verordnung**“) registriert, wie auf der Internetseite der European Securities and Markets Authority gemäß Artikel 18(3) der Verordnung veröffentlicht.

bergen ein geringes Kreditrisiko.

Die von Moody's Investors Service verwendete Rating-Skala für langfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „Aaa“, die die Kategorie höchster Qualität mit einem minimalen Kreditrisiko bezeichnet, über die Kategorien „Aa“, „A“, „Baa“, „Ba“, „B“, „Caa“, „Ca“, bis zur niedrigsten Kategorie „C“, die langfristige Verbindlichkeiten bezeichnet, bei denen ein Zahlungsausfall in der Regel bereits eingetreten ist und eine geringe Aussicht auf Rückzahlung von Kapital und Zinsen besteht. Moody's Investors Service verwendet innerhalb der Kategorien „Aa“ bis „Caa“ zusätzlich numerische Unterteilungen („1“, „2“ oder „3“). Der Zusatz „1“ weist darauf hin, dass die jeweilige langfristige Verbindlichkeit zum oberen Drittel der jeweiligen Rating-Kategorie gehört, während der Zusatz „2“ auf eine Klassifizierung im mittleren Drittel und der Zusatz „3“ auf eine solche im unteren Drittel hinweist.

Emittenten mit der Einstufung „P-2“ verfügen in hohem Maße über die Fähigkeit, ihre kurzfristigen Schuldverschreibungen zurückzuzahlen.

Die von Moody's Investors Service verwendete Rating-Skala für die Fähigkeit eines Emittenten zur Erfüllung seiner kurzfristigen Finanzverbindlichkeiten hat verschiedene Kategorien und reicht von „P-1“ über die Kategorien „P-2“ und „P-3“ bis zur niedrigsten Kategorie „NP“, die verdeutlicht, dass ein Emittent zu keiner der „Prime“-Rating-Kategorien gehört.

Ein Rating-Ausblick ist eine Meinung über die Richtung, in die sich ein Rating mittelfristig voraussichtlich entwickeln wird. Die Ausblicke werden in die folgenden vier Kategorien unterteilt: „positiv“, „negativ“, „stabil“ und „noch unbestimmt“ (d. h. ereignisabhängig).

- **Standard and Poor's Definitionen**

Die Fähigkeit eines Schuldners mit einem Standard & Poor's-Rating von „A“, seine finanziellen Verpflichtungen zu erfüllen, ist stark, aber etwas anfälliger gegenüber nachteiligen Auswirkungen von Veränderungen äußerer

Umstände und wirtschaftlicher Bedingungen als bei Schuldern, die in einer höheren Rating-Kategorie eingestuft sind.

Die von Standard & Poor's verwendete Rating-Skala für die langfristige Fähigkeit eines Schuldners zur Erfüllung seiner Verbindlichkeiten hat verschiedene Rating-Kategorien und reicht von „AAA“, die die Kategorie höchster Bonität bezeichnet, über die Kategorien „AA“, „A“, „BBB“, „BB“, „B“, „CCC“, „CC“, „R“ und „SD“ bis zur niedrigsten Kategorie „D“, die kennzeichnet, dass Standard & Poor's davon ausgeht, dass der Zahlungsausfall einen allgemeinen Ausfall darstellen wird und Zahlungsausfälle bei allen oder nahezu allen fälligen Verpflichtungen des Schuldners eintreten werden. Den Kategorien „AA“ bis „CCC“ kann jeweils ein Pluszeichen („+“) oder Minuszeichen („-“) hinzugefügt werden, um die relative Stellung innerhalb der Haupt-Rating-Kategorien zu verdeutlichen.

Die kurzfristige Fähigkeit eines Schuldners zur Erfüllung seiner finanziellen Verpflichtungen mit einem „A-1“-Rating ist stark. Er ist mit der höchsten Rating-Kategorie von Standard & Poor's bewertet.

Die von Standard & Poor's verwendete Rating-Skala für die kurzfristige Fähigkeit eines Schuldners zur Erfüllung seiner Verbindlichkeiten hat verschiedene Rating-Kategorien und reicht von „A-1“, welche die Kategorie höchsten Bonität bezeichnet, über die Kategorien „A-2“, „A-3“, „B“, „C“, „R“ und „SD“ bis zur niedrigsten Kategorie „D“, die kennzeichnet, dass Standard & Poor's davon ausgeht, dass der Zahlungsausfall einen allgemeinen Ausfall darstellen wird und Zahlungsausfälle bei allen oder nahezu allen fälligen Verpflichtungen des Schuldners eintreten werden.

„Stabil“ bedeutet, dass sich die Bonitätseinstufung voraussichtlich nicht ändern wird.

- ***Fitch Ratings Definitionen***

Ein „A“-Rating steht für ein gering eingeschätztes Kreditrisiko. Es bezeichnet eine gute Fähigkeit zur fristgerechten Zahlung der Verbindlichkeiten. Diese Fähigkeit ist jedoch durch ungünstige geschäftliche oder

wirtschaftliche Ereignisse mehr gefährdet als bei höheren Ratings.

Die von Fitch Ratings verwendete Rating-Skala für langfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „AAA“, die für die höchste Kreditqualität steht, über die Kategorien „AA“, „A“, „BBB“, „BB“, „B“, „CCC“, „CC“, „C“, „RD“ bis zur niedrigsten Kategorie „D“, die nach Fitch Ratings' Einschätzung kennzeichnet, dass ein Emittent sich in einem Insolvenzverfahren, unter Zwangsverwaltung, in einem Vergleichsverfahren, in Auflösung oder einem anderen formellen Verfahren zur Abwicklung befindet oder in sonstiger Weise seine Geschäftstätigkeit eingestellt hat. Den Kategorien kann jeweils ein Plus- („+“) oder Minuszeichen („-“) beigefügt werden, um eine relative Einordnung innerhalb der Haupt-Rating-Kategorien auszudrücken. Solche Zusätze werden nicht der Rating-Kategorie „AAA“ oder den Rating-Kategorien unter „B“ beigefügt.

Ein „F1“-Rating bezeichnet die beste Fähigkeit für eine fristgerechte Zahlung der kurzfristigen Verbindlichkeiten.

Die von Fitch Ratings verwendete Rating-Skala für kurzfristige Verbindlichkeiten hat verschiedene Kategorien und reicht von „F1“, die für die höchste Kreditqualität steht, über die Kategorien „F2“, „F3“, „B“, „C“ und „RD“ bis zur niedrigsten Kategorie „D“, die einen weitgehenden Zahlungsausfall eines Schuldners kennzeichnet.

Die oben aufgeführten Rating-Definitionen stammen in englischer Sprache von der jeweiligen Internetseite von Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) bzw. Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)).

#### **Risikofaktoren:**

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor der Tötigung von Anlagen zu schützen, die nicht für ihre Zwecke geeignet sind, sowie die wirtschaftlichen und rechtlichen Risiken, die mit einer Anlage in die Wertpapiere verbunden sind, aufzuzeigen. Potenzielle Käufer der Wertpapiere sollten vor einer Anlageentscheidung die mit einer Anlage in die Wertpapiere

**Risikofaktoren in Bezug auf  
die RBS N.V. und die Garantin:**

verbundenen Risiken bedenken.

Die Gruppe ist abhängig von der RBSG-Gruppe. Potenzielle Anleger sollten beachten, dass die Gruppe bestimmten Risiken der RBSG-Gruppe ausgesetzt ist, unter anderem der Instabilität der globalen Finanzmärkte, fehlender Liquidität, niedriger Bewertung von Vermögenswerten, geopolitischen Bedingungen, vollständiger Verstaatlichung und anderen Maßnahmen nach dem britischen Banking Act 2009 sowie anderen Risiken, die sich aus dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ergeben. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die RBSG-Gruppe beziehen, auch für die RBS N.V. und die Gruppe von Bedeutung:

- Die Geschäftslage und Geschäftsentwicklung der Gruppe kann durch bestehende und erwartete Bedingungen der Weltwirtschaft und der globalen Finanzmärkte und durch andere geopolitische Risiken negativ beeinträchtigt werden.
- Bei der Erfüllung ihrer Verpflichtungen einschließlich ihrer Finanzierungszusagen ist die Gruppe abhängig von ihrem Zugang zu Liquidität und zu Finanzierungsmöglichkeiten.
- Die Durchführung der genehmigten und geplanten Übertragung, eine Verzögerung der Durchführung oder ein Scheitern der Übertragung wesentlicher Teile der Geschäftsaktivitäten der RBS N.V. auf die RBS kann erhebliche nachteilige Auswirkungen auf die Gruppe haben und ebenfalls den Wert der von der RBS N.V. ausgegebenen Wertpapiere negativ beeinflussen.
- Wenn von der RBS N.V. begebene Wertpapiere auf die RBS übertragen werden, kann dieser Umstand und/oder der Umstand, dass es sich bei der RBS um ein in Schottland errichtetes Unternehmen handelt, steuerliche oder andere Auswirkungen auf den Inhaber dieser Wertpapiere haben.
- Ein umfangreiches Programm der RBSG-Gruppe zur Restrukturierung und Verkürzung der Bilanz dauert an

und kann den Geschäftsbetrieb der Gruppe, die Betriebsergebnisse, die Finanzlage, die Eigenkapitalquoten und die Liquidität beeinträchtigen sowie den Wert von Wertpapieren nachteilig beeinflussen, die von der RBS N.V. begeben wurden.

- Um die Unterstützung des britischen Schatzamts (*HM Treasury*) für die RBSG-Gruppe zu erhalten, ist es der Gruppe untersagt, in ihrem Ermessen stehende Zahlungen auf Coupons zu leisten und Ankaufsoptionen in Bezug auf bestimmte bestehende hybride Kapitalinstrumente der Gruppe auszuüben. Dies kann die Fähigkeit der Gruppe zur Gewinnung neuen Kapitals im Wege der Ausgabe von Wertpapieren beeinträchtigen.

- Die finanzielle Entwicklung der Gruppe wurde und wird weiterhin durch die Verschlechterung der Kreditqualität von Schuldern und Vertragsparteien erheblich beeinträchtigt und könnte sich aufgrund der vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtlicher und regulatorischer Entwicklungen weiter verschlechtern.

- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.

- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.

- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe ab.

- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.

- Die Gruppe ist Rechtsstreitigkeiten und



aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.

- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft und ihr Betriebsergebnis könnten negativ beeinträchtigt werden.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich der Mitglieder des Aufsichtsrates und des Vorstandes der Gruppe und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche und steuerrechtliche Veränderungen könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Die Werthaltigkeit und die aufsichtsrechtliche Eigenkapitalbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise

ändern.

- Zusätzlich zu den oben beschriebenen Risikofaktoren unterliegt die Gruppe Risiken, die sich aus der Beteiligung der RBSG-Gruppe an dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) sowie aus zwei Absicherungsverträgen (die „**Absicherungsverträge**“), die von der RBS in Verbindung mit bestimmten, der RBS N.V. und ihren hundertprozentigen Tochtergesellschaften zuzurechnenden Vermögenswerten und Risikopositionen abgeschlossen wurden, ergeben.

- Die umfangreichen Anforderungen an die Unternehmensleitung, die Verwaltung von Vermögenswerten und im Hinblick auf Informationspflichten, denen die Gruppe unter den Bedingungen des Schutzprogramms für Risiken aus bestimmten Vermögenswerten unterliegt bzw. deren mögliche Einhaltung durch die RBS sie nach den Absicherungsverträgen sicherstellen muss, können negative Auswirkungen auf die Gruppe haben. Zudem kann jede Änderung oder Modifizierung der Bedingungen des Schutzprogramms für Risiken aus bestimmten Vermögenswerten negative Auswirkungen auf die erwarteten Vorteile aus den Absicherungsverträgen und damit auf die Gruppe haben.

- Jegliche Änderungen in Bezug auf die regulatorische Behandlung von Kapital nach den Absicherungsverträgen kann wesentliche negative Auswirkungen auf die Gruppe haben.

- Die rechtliche Abspaltung der ABN AMRO Bank N.V. (damaliger Firmenname) hat wechselseitige Haftungsverhältnisse zur Folge, die die rechtlichen Rückgriffsmöglichkeiten für Anleger verändern.

#### **Risikofaktoren in Bezug auf die RBS:**

RBS ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und

die RBSG-Gruppe beziehen, auch für die RBS und die RBS-Gruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der RBSG-Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen sowie durch andere geopolitische Risiken beeinträchtigt werden.
- Die Fähigkeit der RBSG-Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der RBSG-Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*), die durch die Regierung des Vereinigten Königreichs im Juni 2010 eingesetzt wurde, um mögliche Strukturmaßnahmen zur Reform des Bankensystems im Vereinigten Königreich zu prüfen, hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich (der „**Abschlussbericht**“) veröffentlicht. Der Abschlussbericht enthält eine Reihe von Empfehlungen, u.a. im Hinblick auf (i) die Abschirmung der Bankgeschäftstätigkeit mit Privatkunden, (ii) die Erhöhung der Fähigkeit zur Verlustaufnahme (sogenanntes „*bail-in*“, durch bspw. die Möglichkeit, Verluste abzuschreiben oder diese unter bestimmten Umständen in Stammaktien des Emittenten zu wandeln) und (iii) die Förderung des Wettbewerbs. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die RBSG Gruppe erheblich beeinträchtigen.
- Die Fähigkeit der RBSG-Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der RBSG-Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen

Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der RBS N.V. auf die RBS kann die RBSG-Gruppe wesentlich beeinträchtigen.

- Die RBSG-Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben, und sie darf keine im Ermessen stehende Dividenden- und Zinszahlungen auf Hybridkapitalinstrumente (einschließlich Vorzugsaktien und B-Aktien) leisten. Dies kann die Fähigkeit der Gruppe beeinträchtigen, neues Kernkapital zu beschaffen.

- Die RBSG und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen Auflösungsverfahren nach dem englischen Bankgesetz von 2009 (Banking Act 2009) ausgesetzt sein, was verschiedene Maßnahmen hinsichtlich der Wertpapiere zur Folge haben kann.

- Die finanzielle Entwicklung der RBSG-Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.

- Die Ertrags- und Finanzlage der RBSG-Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.

- Der Wert und die Wirksamkeit eines Kreditschutzes, den die RBSG-Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.

- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der RBSG-Gruppe wesentlich

beeinträchtigt und werden sie weiter beeinträchtigen.

- Die Fremdfinanzierungskosten der RBSG-Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der RBSG-Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Geschäftsentwicklung der RBSG-Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die RBSG-Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern oder die sich als nicht richtig herausstellen können.
- Die RBSG-Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der RBSG-Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der RBSG-Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen (einschließlich Änderungen des Steuerrechts) könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der RBSG-Gruppe auswirken.
- Die Ergebnisse der RBSG-Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Es kann sein, dass die RBSG-Gruppe weitere

Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.

- Das Geschäft der RBSG-Gruppe birgt betriebsbedingte Risiken.

- Das britische Schatzamt (HM Treasury) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die RBSG-Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.

- Die Geschäftstätigkeit der RBSG-Gruppe unterliegt damit verbundenen Reputationsrisiken.

- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die RBSG-Gruppe Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.

- Die Werthaltigkeit und die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der RBSG-Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der RBSG-Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.

- Die Beteiligung der RBSG-Gruppe an dem staatlichen britischen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (asset protection scheme) ist teuer und könnte nicht die erwarteten Vorteile erzielen. Der Eintritt von dazugehörigen Risiken kann das Geschäft, die Kapitalsituation, die Finanzlage und das Betriebsergebnis der RBSG-Gruppe wesentlich beeinträchtigen.

- Die umfangreichen Anforderungen an die Unternehmensführung (Governance) und Verwaltung von Vermögenswerten sowie die umfangreichen

Informationsanforderungen gemäß den Bedingungen des Programms (scheme) können sich negativ auf die RBSG-Gruppe und die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken.

- Änderungen der erwarteten aufsichtsrechtlichen Eigenmittelbehandlung des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten, der von der RBSG ausgegebenen B-Aktien und der bedingten B-Aktien, die die RBSG ausgeben kann, können die RBSG-Gruppe erheblich beeinträchtigen.

- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der RBS-Gruppe beeinträchtigen können.

- Falls die RBSG-Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der RBSG-Gruppe erheblich beeinträchtigen.

**Risikofaktoren in Bezug auf die Wertpapiere:**

Bestimmte Faktoren sind für die Einschätzung der Marktrisiken, die mit den Wertpapieren verbunden sind, von wesentlicher Bedeutung. Zu diesen Risiken zählen unter anderen: die Tatsache, dass (i) die Wertpapiere eine komplexe Struktur haben, die zu einem **vollständigen Verlust** der Anlage führen kann, (ii) die Wertpapiere möglicherweise nicht für alle Anleger eine geeignete Anlage darstellen, (iii) der Wert der Wertpapiere schwanken kann, (iv) der Ausgabepreis der Wertpapiere einen Ausgabeaufschlag, Provisionen und/oder sonstige Gebühren enthalten kann, (v) möglicherweise kein Sekundärmarkt für die Wertpapiere besteht, (vi) ein Kauf der Wertpapiere für Absicherungszwecke möglicherweise nicht effizient ist, (vii) sich Handlungen der Emittentin auf den Wert der Wertpapiere auswirken können, (viii) die Wertpapierinhaber über keine Eigentumsrechte an dem Basiswert (wie nachstehend definiert unter „Beschreibung der Wertpapiere“) verfügen, (ix) die Emittentin und/oder die Berechnungsstelle Anpassungen der Bedingungen aufgrund von den Basiswert betreffenden Ereignissen vornehmen

können, (x) es Beschränkungen bezüglich des Rechts eines Wertpapierinhabers zur Ausübung der Wertpapiere geben kann, (xi) es zu Verzögerungen bei der Abrechnung der Wertpapiere kommen kann, (xii) Wertpapierinhaber möglicherweise zur Zahlung von Steuern verpflichtet sind, und (xiii) die Wertpapiere von der Emittentin unter bestimmten Voraussetzungen vorzeitig gekündigt werden können.

Zu den sonstigen Risiken, die mit den Wertpapieren verbunden sind, können gehören: (i) Risiken im Zusammenhang mit den Wertpapieren, die durch Globalurkunden (wie nachstehend definiert unter „Allgemeine Bedingungen/Form der Wertpapiere“) verbrieft bzw. die in dematerialisierter Form begeben werden, (ii) Risiken im Zusammenhang mit Vereinbarungen, die Wertpapierinhaber mit Dienstleistern über das Halten von Wertpapieren (Nominee-Vereinbarungen) abschließen, (iii) das Risiko, dass die mit einer Anlage in die Wertpapiere erzielte Rendite durch Gebühren beeinträchtigt wird, die für die Wertpapierinhaber anfallen, (iv) das Risiko, dass Gesetzesänderungen den Wert der Wertpapiere beeinträchtigen könnten, (v) das Risiko, dass die der Emittentin oder gegebenenfalls den Wertpapieren zugewiesenen Ratings nicht alle Risiken widerspiegeln, (vi) das Risiko, dass rechtliche Anlagevorschriften bestimmte Anlagen in die Wertpapiere einschränken, (vii) im Falle einer Finanzierung des Kaufs der Wertpapiere mittels eines Darlehens durch den Wertpapierinhaber das Risiko, dass er möglicherweise nicht in der Lage ist, den Darlehensbetrag zuzüglich Zinsen zurückzuzahlen, (viii) besondere Risiken im Zusammenhang mit den besonderen Merkmalen der verschiedenen Arten von Wertpapieren und (ix) besondere Risiken im Zusammenhang mit bestimmten Basiswerten der Wertpapiere (beispielsweise Rohstoffe, Terminkontrakte auf Rohstoffe, Währungen, Fonds, Terminkontrakte auf Staatsanleihen, Indizes, Inflationsindizes, Aktien, Aktienkörbe oder strukturierte Wertpapiere).

**Endgültige Bedingungen:**

Für jede gemäß diesem Basisprospekt begebene Tranche von Wertpapieren werden sogenannte „Endgültige



Bedingungen“ veröffentlicht, in denen neben der Angabe der für die Wertpapiere maßgeblichen Bedingungen einige der bereits in diesem Basisprospekt enthaltenen Informationen wiederholt sein können (aber nicht müssen). In den Endgültigen Bedingungen werden möglicherweise derzeit nicht in diesem Basisprospekt enthaltene Informationen in den in diesem Basisprospekt enthaltenen Platzhaltern ergänzt oder derzeit in diesem Basisprospekt enthaltene Informationen gestrichen, falls sie sich in eckigen Klammern befinden, oder derzeit in diesem Basisprospekt enthaltene Informationen gemäß den Angaben in diesem Basisprospekt angepasst.

**Wertpapierbedingungen:**

Die für die Wertpapiere geltenden Wertpapierbedingungen sind die unter „Allgemeine Bedingungen“ aufgeführten allgemeinen Bedingungen (die „**Allgemeinen Bedingungen**“) und die unter „Produktbedingungen“ aufgeführten wertpapierspezifischen Produktbedingungen (die „**Produktbedingungen**“). Die auf eine Tranche von Wertpapieren anwendbaren Endgültigen Bedingungen können die Allgemeinen Bedingungen und/oder die wertpapierspezifischen Produktbedingungen wiederholen, vervollständigen oder anpassen, um die spezifische Struktur, die auf die jeweilige Tranche von Wertpapieren anwendbar ist, zu reflektieren. Werden die Wertpapiere durch eine Globalurkunde verbrieft, werden der die betreffende Tranche der Wertpapiere verbrieften Globalurkunde die Allgemeinen Bedingungen und die wertpapierspezifischen Produktbedingungen beigelegt. Die Allgemeinen Bedingungen und die für eine bestimmte Tranche von Wertpapieren geltenden Produktbedingungen werden als „**Bedingungen**“ bezeichnet.

**Beschreibung der Wertpapiere:**

Optionsscheine sind Anlageinstrumente, bei denen nach Ausübung gemäß den Endgültigen Bedingungen – unter Berücksichtigung des für den jeweiligen Optionsschein festgelegten Bezugsverhältnisses – entweder ein Auszahlungsbetrag gezahlt wird, der sich nach dem Wert eines Basiswerts an einem oder mehreren festgelegten Tagen richtet („**Wertpapiere mit Barabrechnung**“) oder der Basiswert geliefert wird („**Wertpapiere mit physischer**“).

**Lieferung**“), je nachdem, was in den Endgültigen Bedingungen angegeben ist. Mögliche Basiswerte für diese Optionsscheine sind Rohstoffe, Terminkontrakte auf Rohstoffe, Währungen, Fonds, Terminkontrakte auf Staatsanleihen, Indizes, Inflationsindizes, Aktien (mit Ausnahme von Aktien der Emittentin bzw. eines anderen Unternehmens der Gruppe), aus solchen Aktien zusammengestellte Körbe oder strukturierte Wertpapiere (jeweils ein „**Basiswert**“), bei Wertpapieren mit physischer Lieferung nur Aktien oder Aktienkörbe. Bei Wertpapieren mit physischer Lieferung ist es möglich, dass anstelle der Lieferung eines Bruchteils des Basiswerts ein Geldbetrag hinsichtlich dieses Bruchteils gezahlt wird.

Die Optionsscheine verbriefen keinen Anspruch auf Zinszahlungen und generieren somit keine laufenden Zinserträge.

Die Wertpapiere verbriefen auch keinen Anspruch auf Dividenden.

Die Optionsscheine, die im Rahmen dieses Basisprospekts begeben werden können, haben eine feste Laufzeit und werden nachfolgend näher beschrieben.

#### **Call Optionsscheine:**

Bei Call Optionsscheinen mit Barabrechnung entspricht der an den Wertpapierinhaber zu zahlende Auszahlungsbetrag der Differenz zwischen (A) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Call Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Call Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Call Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenzpreis**“) und (B) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“),

multipliziert mit dem Bezugsverhältnis des Optionsscheins. Bei Call Optionsscheinen mit physischer Lieferung liefert die Emittentin eine bestimmte Anzahl der zugrunde liegenden Aktien, die im Wert dem Produkt aus dem Endgültigen Referenzpreis und dem Bezugsverhältnis bzw. der Gewichtung entspricht, wobei der Wertpapierinhaber der Emittentin im Gegenzug den Basispreis und etwaige Kosten zu zahlen hat. Es ist jedoch möglich, dass statt der Lieferung eines Bruchteils einer Aktie ein Geldbetrag hinsichtlich dieses Bruchteils gezahlt wird.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Call Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Fallen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Call Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Call Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Call Optionsscheine erhöht sich typischerweise, (i) je weiter die Call Optionsscheine aus dem Geld (*out of the money*) sind, d.h. je weiter der *Marktpreis des Basiswerts unter dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Call Optionsscheine ist.

#### **Put Optionsscheine:**

Bei Put Optionsscheinen entspricht der an den Wertpapierinhaber zu zahlende Auszahlungsbetrag der Differenz zwischen (A) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“) und (B) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Put Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Put Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall

von Put Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenzpreis**“), multipliziert mit dem Bezugsverhältnis des Optionsscheins.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Put Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Steigen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Put Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Put Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Put Optionsscheine erhöht sich typischerweise, (i) je weiter die Put Optionsscheine aus dem Geld (*out of the money*) sind, d.h. je weiter der *Marktpreis des Basiswerts über dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Put Optionsscheine ist.

#### **Discount Call Optionsscheine:**

Discount Call Optionsscheine sind Optionsscheine mit Barabrechnung, bei denen der an den Wertpapierinhaber zu zahlende Betrag der Höhe nach auf einen Höchstbetrag (wie nachstehend definiert) begrenzt ist.

Der zu zahlende Betrag entspricht dem niedrigeren der folgenden Beträge: dem Höchstbetrag oder der Differenz zwischen (A) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Discount Call Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Discount Call Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Discount Call Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige**

**Referenzpreis**“) und (B) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“), multipliziert mit dem Bezugsverhältnis.

Der „**Höchstbetrag**“ entspricht der Differenz zwischen einem in den Endgültigen Bedingungen angegebenen Kurs, Preis bzw. Stand (der „**Cap**“) und dem Basispreis, multipliziert mit dem Bezugsverhältnis.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Discount Call Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Fallen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Discount Call Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Discount Call Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Discount Call Optionsscheine erhöht sich typischerweise, (i) je weiter die Discount Call Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts unter dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Discount Call Optionsscheine ist.

Darüber hinaus partizipieren Wertpapierinhaber nicht an einem Anstieg des Kurses, Preises bzw. Standes des Basiswerts, wenn die Differenz zwischen dem Endgültigen Referenzpreis und dem Basiswert, multipliziert mit dem Bezugsverhältnis, den Höchstbetrag überschreitet. Andererseits ist der anfängliche Ausgabepreis von Discount Call Optionsscheinen grundsätzlich niedriger als der Ausgabepreis von Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist. Dies bedeutet, dass die Preisfestsetzung für Discount Call Optionsscheine mit einem Abschlag im Vergleich zu Call Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist, erfolgt. Dennoch besteht das Totalverlustrisiko in derselben Weise wie bei Call

Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist.

**Discount Put Optionsscheine:**

Discount Put Optionsscheine sind Optionsscheine mit Barabrechnung, bei denen der an den Wertpapierinhaber zu zahlende Betrag der Höhe nach auf einen Höchstbetrag (wie nachstehend definiert) begrenzt ist.

Der zu zahlende Betrag entspricht dem niedrigeren der folgenden Beträge: dem Höchstbetrag oder der Differenz zwischen (A) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“) und (B) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Discount Put Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Discount Put Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Discount Put Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenzpreis**“), multipliziert mit dem Bezugsverhältnis.

Der „**Höchstbetrag**“ entspricht der Differenz zwischen dem Basispreis und einem in den Endgültigen Bedingungen angegebenen Kurs, Preis bzw. Stand (der „**Cap**“), multipliziert mit dem Bezugsverhältnis.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Discount Put Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein Steigen des Kurses, Preises bzw. Stands des Basiswerts zu Verlusten für Inhaber von Discount Put Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Discount Put Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der

Anlage in Discount Put Optionsscheine erhöht sich typischerweise, (i) je weiter die Discount Put Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts über dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Discount Put Optionsscheine ist.

Darüber hinaus partizipieren Wertpapierinhaber nicht an einem Fallen des Kurses, Preises bzw. Standes des Basiswerts, wenn die Differenz zwischen dem Basiswert und dem Endgültigen Referenzpreis, multipliziert mit dem Bezugsverhältnis, den Höchstbetrag überschreitet. Andererseits ist der anfängliche Ausgabepreis von Discount Put Optionsscheinen grundsätzlich niedriger als der Ausgabepreis von Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist. Dies bedeutet, dass die Preisfestsetzung für Discount Put Optionsscheine mit einem Abschlag im Vergleich zu Put Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist, erfolgt. Dennoch besteht das Totalverlustrisiko in derselben Weise wie bei Put Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist.

**Optionsscheine mit europäischer Ausübungsart:**

Bei Optionsscheinen mit europäischer Ausübungsart handelt es sich um Optionsscheine, die an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt werden. Optionsscheine mit europäischer Ausübungsart können von den Wertpapierinhabern nicht vor dem Ausübungstag ausgeübt werden.

**Optionsscheine mit amerikanischer Ausübungsart:**

Bei Optionsscheinen mit amerikanischer Ausübungsart handelt es sich um Optionsscheine, die an jedem Geschäftstag innerhalb der in den Endgültigen Bedingungen angegebenen Ausübungsfrist ausgeübt werden können. Werden Optionsscheine mit amerikanischer Ausübungsart nicht während der Ausübungsfrist ausgeübt, werden die Optionsscheine an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt.

**Quanto Optionsscheine:**

Falls die Abrechnungswährung und die Basiswährung nicht identisch sind, können Optionsscheine mit einem Quanto-

Merkmal ausgestattet werden, d.h. es gibt einen festen Wechselkurs zwischen den beiden Währungen während der Laufzeit der Wertpapiere, wodurch die Optionsscheine eine Währungsabsicherung erhalten.

**Ausgabepreis:**

Die Optionsscheine werden zu einem von der Emittentin festgelegten Preis verkauft; die Emittentin kann bei der Festlegung des Preises neben anderen Faktoren den Kurs, Preis bzw. Stand des Basiswerts, das maßgebliche Bezugsverhältnis und etwaige anwendbare Devisenkurse berücksichtigen. Der Ausgabepreis der Wertpapiere basiert auf internen Preisbildungsmodellen der Emittentin und kann aufgrund von Provisionen und/oder anderen Gebühren im Zusammenhang mit der Ausgabe und dem Verkauf der Wertpapiere (einschließlich an Vertriebsstellen oder Dritte gezahlter oder von der Emittentin einbehaltener Aufschläge) sowie aufgrund von Beträgen, die für die Absicherung der Verbindlichkeiten der Emittentin aus den Wertpapieren verwendet werden, höher als deren Marktwert sein. Vertriebsstellen der Wertpapiere, die eine Provision, Gebühr oder Zuwendung, die nicht in Geldform ist, erhalten, sind möglicherweise im Rahmen von einschlägigen gesetzlichen Vorschriften zur Offenlegung des Bestehens, des Wesens und der Höhe entsprechender Provisionen, Gebühren oder Zuwendungen gegenüber Anlegern verpflichtet. Anleger sollten sicherstellen, dass sie vor dem Kauf von Wertpapieren über eine Vertriebsstelle von dieser entsprechend informiert werden.

**Börsennotierung:**

In den Endgültigen Bedingungen ist jeweils angegeben, ob die Notierung einer Tranche von Wertpapieren an einer oder mehreren Börsen oder an einem oder mehreren nicht organisierten Märkten, beispielsweise im Freiverkehr einer deutschen Börse, beantragt wird oder nicht.

Nach Vorliegen der Bescheinigung über die Billigung dieses Basisprospekts nach § 18 Abs. 1 Wertpapierprospektgesetz können die Wertpapiere zum Handel an den organisierten Märkten der Börsen verschiedener EWR-Staaten oder zur Aufnahme in den nicht organisierten Handel an diesen Börsen und/oder zur Notierung an diesen Börsen zugelassen werden und/oder innerhalb der EWR-Staaten



öffentlich angeboten werden, in die eine Notifizierung erfolgt ist.

**Allgemeine Bedingungen:**

Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Allgemeinen Bedingungen aufgeführt, die für alle im Rahmen dieses Basisprospekts begebenen Wertpapiere gelten.

*Form der Wertpapiere:*

Die Wertpapiere sind (mit Ausnahme der Wertpapiere, die in dematerialisierter Form begeben werden) Inhaberpapiere, die durch eine Inhaber-Sammelurkunde (die „**Globalurkunde**“) verbrieft sind, die bei der Clearingstelle hinterlegt wird und nur gemäß anwendbarem Recht sowie nach Maßgabe der Regeln und Verfahren der Clearingstelle, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, übertragen werden.

Wenn die Wertpapiere in dematerialisierter Form begeben werden, werden sie in das Buchungssystem der Clearingstelle eingetragen. In diesem Fall werden die Rechte an den Wertpapieren zwischen den Inhabern von Konten bei der Clearingstelle gemäß den jeweils geltenden Gesetzen sowie den Vorschriften und Verfahren, die auf die Clearingstelle anwendbar bzw. von dieser erlassen worden sind, (die „**Anwendbaren Vorschriften**“) übertragen.

Die Endgültigen Bedingungen geben an, ob die Wertpapiere durch eine Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden.

Unabhängig davon, ob die Wertpapiere in einer Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden, werden keine Einzelurkunden ausgegeben.

*Wertpapierinhaber:*

„**Wertpapierinhaber**“ bezeichnet (im Fall der Verbriefung der Wertpapiere durch eine Globalurkunde) den Inhaber eines Anteils an der Globalurkunde bzw. (falls die Wertpapiere in dematerialisierter Form begeben werden) eine Person, in deren Namen ein Wertpapier im Buchungssystem der Clearingstelle eingetragen ist oder jede andere Person, die nach den Anwendbaren Vorschriften als Inhaber der Wertpapiere gilt.

*Status der Wertpapiere:*

Die Wertpapiere begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, mit Ausnahme der Verbindlichkeiten, denen durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

*Mitteilungen:*

Alle Mitteilungen gemäß den Bedingungen werden entweder (i) auf der Internetseite der Emittentin (oder einer Nachfolgesite) veröffentlicht und gelten mit dem Tag der Veröffentlichung als wirksam erfolgt oder werden (ii) an die Clearingstelle übermittelt und gelten mit der Übermittlung als wirksam erfolgt, es sei denn, die betreffende Mitteilung sieht ein anderes Datum für die Wirksamkeit vor. Auf welche Weise Mitteilungen erfolgen, ist in den jeweiligen Endgültigen Bedingungen angegeben. Zusätzliche Veröffentlichungsvorschriften im Rahmen zwingender gesetzlicher Vorschriften oder im Rahmen der Regeln oder Vorschriften maßgeblicher Börsen bleiben hiervon unberührt.

*Ersetzung der Emittentin:*

Die Emittentin kann jederzeit ohne die Zustimmung der Wertpapierinhaber sich selbst als Emittentin der Wertpapiere im Hinblick auf sämtliche Rechte, Verpflichtungen und Verbindlichkeiten aus oder im Zusammenhang mit den Wertpapieren durch eine andere Gesellschaft ersetzen (die „**Ersatzemittentin**“), sofern die diesbezüglich in den Endgültigen Bedingungen genannten Voraussetzungen (u.a. Mitteilung an die Wertpapierinhaber) erfüllt sind.

*Besteuerung:*

Der Wertpapierinhaber (und nicht die Emittentin) haftet für und/oder trägt sämtliche Steuern, Abgaben oder Lasten im Zusammenhang mit dem Eigentum und/oder der Übertragung, Zahlung oder Lieferung in Bezug auf die von ihm gehaltenen Wertpapiere. Die Emittentin ist berechtigt, von an Wertpapierinhaber zu zahlenden Beträgen solche Beträge einzubehalten bzw. abzuziehen, die jeweils zur Deckung bzw. Zahlung solcher Steuern, Abgaben oder Lasten oder zur Vornahme von Einbehalten oder sonstigen Zahlungen erforderlich sind.

*Produktbedingungen:*

Auf die unterschiedlichen Arten von Wertpapieren, die in diesem Basisprospekt beschrieben sind, sind unterschiedliche Produktbedingungen anwendbar. Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Produktbedingungen aufgeführt, die für alle Wertpapiere gelten.

*Ausübung der Wertpapiere:*

Die Wertpapiere werden entweder (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt (bei Optionsscheinen mit amerikanischer Ausübungsart oder Optionsscheinen mit europäischer Ausübungsart) oder (ii) durch die Wertpapierinhaber während der in den Endgültigen Bedingungen angegebenen Ausübungsfrist ausgeübt (bei Optionsscheinen mit amerikanischer Ausübungsart).

Im Fall einer automatischen Ausübung erfolgt die Zahlung und/oder Lieferung vorbehaltlich der Vorlage einer Bescheinigung durch den Wertpapierinhaber. Im Fall einer Ausübung durch den Wertpapierinhaber erfolgt die Zahlung und/oder Lieferung vorbehaltlich der Vorlage einer Ausübungserklärung durch den Wertpapierinhaber. Jede solche Bescheinigung bzw. Ausübungserklärung muss die in den Produktbedingungen aufgeführten Angaben enthalten, unter anderem eine Erklärung dahingehend, dass der Wertpapierinhaber weder eine US-Person ist noch sich in den Vereinigten Staaten befindet.

*Vorzeitige Kündigung:*

Die Emittentin ist berechtigt, die Wertpapiere vorzeitig zu kündigen, (i) wenn sie nach ihrem billigem Ermessen festgelegt hat, dass die Erfüllung der Verbindlichkeiten aus den Wertpapieren für die Emittentin aufgrund der nach Treu und Glauben gebotenen Einhaltung der von einem Staat, einer Verwaltungsbehörde, einem Gesetzgeber oder einem Gericht erlassenen gegenwärtigen oder zukünftigen Gesetze, Verordnungen, Vorschriften, Urteile, Beschlüsse oder Richtlinien (das „**Anwendbare Recht**“) vollständig oder teilweise rechtswidrig ist oder wird, und (ii) falls sich bestimmte in den Endgültigen Bedingungen angegebene Absicherungsstörungen ereignet haben. Kündigt die Emittentin in diesen Fällen vorzeitig, wird sie jedoch jedem Wertpapierinhaber, sofern und soweit nach Anwendbarem

Recht zulässig, für jedes von einem solchen Wertpapierinhaber gehaltene Wertpapier einen Betrag zahlen, den die Emittentin nach ihrem billigen Ermessen als angemessenen Marktwert des Wertpapiers unmittelbar vor einer solchen Kündigung (ohne Berücksichtigung einer etwaigen Rechtswidrigkeit) festlegt, abzüglich der Kosten, die der Emittentin im Zusammenhang mit der Rückabwicklung der Geschäfte entstanden sind, die zur vollständigen oder teilweisen Absicherung der Verpflichtungen aus den Wertpapieren abgeschlossen wurden.

*Zahlstelle, Hauptzahlstelle und Berechnungsstelle:*

The Royal Bank of Scotland N.V. oder ein anderer in den Endgültigen Bedingungen genannter Rechtsträger.

*Abwicklung von Wertpapieren:*

Die Wertpapiere können je nach Angabe in den Endgültigen Bedingungen durch Zahlung eines Auszahlungsbetrags oder durch Lieferung des Basiswerts abgewickelt werden.

*Clearingstelle:*

Clearstream Banking AG, Frankfurt („**CBF**“), Clearstream Banking, société anonyme, Luxemburg („**CBL**“) und Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems („**Euroclear**“) und/oder etwaige andere oder weitere in den Endgültigen Bedingungen genannte Clearingstellen.

*Marktstörung oder Fondsstörung:*

Bei Vorliegen einer Marktstörung bzw. einer Fondsstörung (wie jeweils in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen sind in den Endgültigen Bedingungen für alle Arten von nicht an Fonds gebundenen Wertpapieren angegeben; Fondsstörungen sind in den Endgültigen Bedingungen für fondsgebundene Wertpapiere angegeben; sie sind je nach Art des Wertpapiers unterschiedlich.

*Marktstörung in Schwellenländern:*

Bei Vorliegen einer Marktstörung in Schwellenländern (wie in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der

Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen in Schwellenländern sind nur anwendbar, wenn die Endgültigen Bedingungen dies vorsehen.

*Abrechnungsstörung:*

Liegt eine Abrechnungsstörung (wie in den Endgültigen Bedingungen angegeben) bei Wertpapieren mit physischer Lieferung vor, kann es für die Wertpapierinhaber zu einer Verzögerung bei der Lieferung des Basiswerts kommen. Falls die Lieferung des Basiswerts aufgrund einer Abrechnungsstörung nicht durchführbar ist, ist die Emittentin berechtigt, an den Wertpapierinhaber anstelle der Lieferung des Basiswerts den von der Emittentin nach ihrem billigen Ermessen festgelegten angemessenen Marktwert der Wertpapiere abzüglich der Kosten zu zahlen, die der Emittentin im Zusammenhang mit der Rückabwicklung der Geschäfte, die zur vollständigen oder teilweisen Absicherung der Verpflichtungen aus den Wertpapieren abgeschlossen wurden, entstanden sind (der **„Barabrechnungspreis bei Störung“**). Die Abrechnungsstörung und der Abzug dieser Kosten können sich nachteilig auf die Festlegung dieses Barabrechnungspreises bei Störung auswirken. Abrechnungsstörungen sind in den Endgültigen Bedingungen für Wertpapiere, bei denen der Basiswert physisch geliefert werden kann, angegeben; die Angabe kann je nach Art des Wertpapiers unterschiedlich sein.

*Absicherungsstörung:*

Im Falle einer Störung der Absicherung der Emittentin (Absicherungsstörung) (wie in den Endgültigen Bedingungen angegeben) ist die Emittentin berechtigt, (i) die Wertpapiere zu kündigen (siehe vorstehend unter „Vorzeitige Kündigung“) oder (ii) den Basiswert durch einen anderen Basiswert zu ersetzen, oder (iii) eine Anpassung der Bedingungen vorzunehmen, um den inneren Wert der Wertpapiere nach der Vornahme der durch die betreffende Absicherungsstörung bedingten Anpassungen zu erhalten.

*Anpassungen im Hinblick auf die* Die Emittentin kann sich ohne Zustimmung der

*Europäische Währungsunion:*

Wertpapierinhaber durch Mitteilung an die Wertpapierinhaber dafür entscheiden, mit Wirkung ab dem in der betreffenden Mitteilung genannten Tag die Währung für bestimmte Bedingungen der Wertpapiere auf Euro umzustellen, wie in der betreffenden Produktbedingung näher beschrieben.

*Anwendbares Recht:*

Die Wertpapiere unterliegen deutschem Recht oder einem anderen in den Endgültigen Bedingungen genannten Recht und werden nach diesem ausgelegt.

*Erfüllungsort und Gerichtsstand:*

Erfüllungsort und Gerichtsstand für die Wertpapiere ist Frankfurt am Main, Deutschland, oder ein anderer in den Endgültigen Bedingungen genannter Erfüllungsort und Gerichtsstand.

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## RISK FACTORS

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*This "Risk Factors" section is to protect potential purchasers of warrants (the "Securities" or the "Warrants") from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities.*

*Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, potential purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of RBS Holdings N.V. (the "Guarantor") and The Royal Bank of Scotland N.V. ("RBS N.V.") dated 28 March 2012 (the "RBS N.V. Registration Document") which was approved by the competent authority in the Netherlands (Autoriteit Financiële Markten) (the "AFM"), the registration document of The Royal Bank of Scotland plc ("RBS") dated 24 February 2012 (the "RBS Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) (the "FSA"), and which are both incorporated into this Base Prospectus by reference, as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, potential purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.*

*The Issuer believes that the factors described below and in the Registration Documents may affect (i) the Issuer's ability to fulfil its obligations under the Securities issued and (ii) the ability of RBS Holdings N.V. to fulfil its obligations under the Guarantee provided by RBS Holdings N.V. with respect to the liabilities of RBS N.V. "Issuer" means RBS N.V. and includes RBS where RBS becomes the issuer of Securities that have originally been issued by RBS N.V.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are also described below. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below and in the Registration Documents represent the material risks inherent in investing in the Securities, but the inability of the Issuer to pay amounts on or in connection with any Securities may occur for other reasons than the factors described below. This may, for example, be due to the fact that, based on the information available to the Issuer as at the date of this Base Prospectus, the Issuer failed to identify, or anticipate the occurrence of, material risks.*

## **1. RISK FACTORS RELATED TO RBS N.V., THE GUARANTOR AND RBS**

Each potential investor in the Securities should refer to the risk factors section of (i) the RBS N.V. Registration Document for risk factors relating to RBS N.V. and the Guarantor and (ii) the RBS Registration Document for risk factors relating to RBS, for a description of those factors which may affect RBS N.V.'s, the Guarantor's and RBS's ability to fulfil its obligations under the Securities issued.

## **2. RISK FACTORS RELATED TO THE SECURITIES**

The Final Terms may replicate in part or in whole the risk factors set forth in this section and, in order to reflect the specific structure applicable to a specific tranche of Securities, contain additional risk factors. If the risk factors set forth in this section are replicated in the Final Terms, additional risk factors may be added to reflect the specific structure applicable to a specific tranche of Securities.

### **2.1 General Risks**

#### ***The Securities are warrants which entail particular risks***

Warrants are investment instruments which, following exercise in accordance with the Final Terms, either pay a cash amount (which is capped in case of a Call or Put Discount Warrant) determined by reference to the value of an underlying on a day specified in the Final Terms ("**cash settled Securities**") or deliver the underlying ("**physically settled Securities**"), subject to the multiplier, as specified in the Final Terms. Possible underlyings of the Warrants may be commodities, commodity forward contracts or commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares (except those of the Issuer or of any other company of the Group), baskets consisting of shares or structured securities (each an "**Underlying**"), in case of physically settled Securities, only shares or share baskets. In case of physically settled Securities, it is possible that a cash amount is paid in respect of a fractional entitlement instead of delivery of this fractional entitlement. Warrants entail a risk which is linked to the valuation of the Underlying.

**Investors should be aware that their entire investment may be lost in the event that the price or level of the Underlying decreases (in case of Call Warrants or Discount Call Warrants) or increases (in case of Put Warrants or Discount Put Warrants).**

Unlike direct investments in the Underlying, investors in the Securities are not able to hold the Securities beyond their stated term or the termination date in the expectation of a recovery in the price of the Underlying.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income. The Securities do not grant any claim to dividends either.

The price at which a Securityholder will be able to sell Securities prior to exercise or termination may be at a potentially substantial discount to the issue price and/or market value of the Securities.

"**Securityholder**" is, in case of Securities represented by a global bearer security (the "**Global Security**"), the holder of a unit in the Global Security and, in case of Securities issued in dematerialised form, a person in whose name a Security is registered in the book-entry system of the



Clearing Agent, or any other person recognised as a holder of Securities pursuant to the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time. "**Clearing Agent**" is Clearstream Banking AG, Frankfurt, Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear system and/or any other or further clearing agent(s) as specified in the Final Terms.

***The Securities may not be a suitable investment for all investors***

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Base Prospectus or the Final Terms or incorporated by reference;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities where payments are to be made in one or more currencies, or where the currency for any payments is different from the currency of the country where the potential investor is resident;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for the development of economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

***The value of the Securities may fluctuate***

**The Securityholders may sustain a total loss of their investment.** Potential investors should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Securities at any time, including the following:

- (a) *Valuation of the Underlying.* The market price of the Securities is expected to be affected primarily by changes in the price or level of the Underlying to which such Securities are linked. It is impossible to predict how the price or level of the relevant Underlying will vary over time. Factors which may have an affect on the price or level of certain Underlyings include the rate of return of such Underlyings and the financial position and prospects of the issuer of such Underlyings or any component thereof. In addition, the price or level of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and the relevant stock exchanges. Potential investors should also note that whilst the market value of the Securities is linked to the relevant Underlying and will be influenced (positively or negatively) by it, any change in the performance of the Securities may not be comparable and may be disproportionate as compared to the change of the Underlying. It is possible that while the Underlying is increasing in value, the value of the Securities may fall. Further, where no market value is available for an Underlying, The Royal Bank of Scotland N.V. in its capacity as calculation agent or such other entity as specified in the Final Terms (the "**Calculation Agent**") may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event, Fund Disruption Event, Emerging Market Disruption Event, Settlement Disruption Event or any other disruption event and/or no Adjustment Event or Potential Adjustment Event (each of these events as specified in the Final Terms) which applies.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risks with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influences interest rates, such as macroeconomic, governmental, speculative, and market sentiment factors. Such fluctuations may have an impact on the value of the Securities.
- (c) *Volatility.* The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macroeconomic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will usually have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments with respect to the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment with respect to the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant

currencies which are current rates on the issue date of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter. Where Securities are described as "Quanto", the price or level of the Underlying will be converted from one currency (the "**Strike Currency**") into another currency (the "**Settlement Currency**") on the date and in the manner specified in the Final Terms using a fixed exchange rate. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Strike Currency and the Settlement Currency, a quanto feature in a Security would at any time enhance the return on the Security over a level of a similar security issued without such a quanto feature.

- (e) *Disruption Events.* The Calculation Agent may determine that a disruption event, including but not limited to a Market Disruption Event, a Fund Disruption Event, an Emerging Market Disruption Event, or a Settlement Disruption Event, (each of these events as specified in the Final Terms) has occurred or exists at a relevant time. Such determination may negatively affect the value of the Securities and the pay out under the Securities and/or may delay settlement with respect to the Securities. Potential investors should review the Final Terms to ascertain whether and how such provisions apply to the Securities.
- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and of the Guarantor and has no rights against any other person. The Securities constitute unsecured and unsubordinated obligations of the Issuer only. The Securities rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

#### ***Pricing of Securities and impact of agio, commission, fees etc. on pricing***

The issue price with respect to the Securities is based on internal pricing models of the Issuer and may be higher than the market value of the Securities, and the price, if any, at which any person is willing to purchase such Securities in secondary market transactions may be lower than the issue price with respect to such Securities. In particular, the issue price may include (irrespective of any agio which may be payable) commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities, and secondary market prices are likely to exclude such amounts. In addition, pricing models of other market participants may differ or produce a different result.

#### ***There may not be a secondary market in the Securities***

There is a risk that investors have to hold the Securities through their life and cannot sell them prior to an exercise or termination. The nature and extent of any secondary market in the Securities cannot be predicted. Therefore, there is a risk of lack of liquidity in the Securities. If the Securities are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Securities were not so listed or quoted. However, if Securities are not listed or quoted on

an exchange or quotation system there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain jurisdictions. The Issuer may affect the liquidity of the Securities by purchasing and holding the Securities for its own account during trading in the secondary market. Any Securities repurchased by the Issuer may be resold at any time in the market.

***Total amount of the offer***

The total amount of the offer of a tranche of Securities specified in the Final Terms is the maximum total amount of such tranche of Securities to be offered but does not mean that this amount will actually be issued. The number of Securities actually issued may change over the term of the Securities and depends on various factors. In addition, repurchases by a market maker, if any, or the Issuer (or any of its affiliates), may reduce the amount of Securities being available for investors. Potential investors should therefore not regard the total amount of the offer of a tranche of Securities specified in the Final Terms as indicative of the depth or liquidity of the market or of the demand for such tranche of Securities. This also applies if there is a secondary market in the Securities.

***Purchasing the Securities as a hedge may not be effective***

Any person intending to use the Securities as a hedge instrument should recognise the correlation risk. The Securities may not be a perfect hedge to an Underlying or portfolio of which the Underlying forms a part. In addition, it may not be possible to liquidate the Securities at a price which directly reflects the price of the Underlying or portfolio of which the Underlying forms a part.

***Actions taken by the Issuer may affect the value of the Securities***

The Issuer and/or any of its affiliates may carry out activities, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying, whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or price or level of the Underlying and/or the Securities and which could be deemed to be adverse to the interests of the Securityholders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the price or level of the Underlying.

***Securityholders have no ownership interest in the Underlying***

The Issuer is entitled but not obliged to hold the Underlying or enter into any derivatives contracts linked to the Underlying. Even if the Issuer chooses to do so, the Securities do not convey any ownership interest in the Underlying to the Securityholders. Furthermore, there is no restriction on the

ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying held by it or any derivatives contracts linked to the Underlying entered into by it.

***Actions taken by the Issuer and/or the Calculation Agent as a consequence of events affecting the Underlying***

The Calculation Agent is the agent of the Issuer and not the agent of the Securityholders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments to the General Conditions and the Product Conditions applying to a specific tranche of Securities (together, the "**Conditions**") as it considers appropriate as a consequence of any disruption events or certain actions (e.g. corporate actions) affecting the Underlying. The "**General Conditions**" are the general conditions of the Securities and the securities-specific product conditions are the "**Product Conditions**". In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every disruption event or action (e.g. corporate action) affecting the Underlying.

***There may be limitations on a Securityholder's right to exercise the Securities***

- (a) *Maximum Exercise Number.* If so indicated in the Final Terms, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a Securityholder may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum number (unless the Issuer otherwise elects), with such Securities being selected as specified in the Final Terms. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

- (b) *Minimum Exercise Number.* If so indicated in the Final Terms, a Securityholder may have to tender a specified minimum number of the Securities at any one time in order to exercise the Securities. Thus, Securityholders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of cash

settled Securities, the applicable cash amount or, in the case of physically settled Securities, the value of the applicable share amount.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

- (c) *Integral Multiples.* A Securityholder must tender a number of Securities which is an integral multiple of the number specified in the Final Terms at any one time in order to exercise the Securities. Thus, Securityholders who wish to exercise Securities but do not have the number of Securities which is such an integral multiple will either have to sell Securities or purchase additional Securities, incurring transaction costs in each case, in order to exercise, and may incur the risk that the trading price of the Securities at that time is different from, in the case of cash settled Securities, the applicable cash amount or, in the case of physically settled Securities, the value of the applicable share amount.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

***There may be delays in effecting settlement***

There may be a time lag between the time of exercise and the determination of the amount payable or the Underlying deliverable. In addition, there may be a delay in settlement due to a disruption event including but not limited to a Market Disruption Event, a Fund Disruption Event, an Emerging Market Disruption Event, or a Settlement Disruption Event. Payments or deliveries under the Securities (as the case may be) may decrease from what they would have been but for such delay.

The failure to properly deliver any certification or notice required under the Conditions could result in the loss or inability of the investors to receive amounts or deliveries otherwise due under the Securities.

Potential investors should review the Conditions to ascertain whether and how such provisions apply to the Securities.

***Taxes may be payable by the Securityholders***

Potential investors in, and sellers of, the Securities should be aware that they may be required to pay taxes, duties or other charges in accordance with the laws and practices of the country where the Securities are transferred. Pursuant to the provisions of General Condition 7, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities and the Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Furthermore, any payment and/or delivery due with respect to the Securities will be conditional upon the payment of any expenses as provided in the Product Conditions.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential investors should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

***The Securities may under certain circumstances be terminated by the Issuer prior to their stated date***

The Issuer has the right to terminate the Securities early (i) if it shall have determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order, or directive of any governmental, administrative, legislative, or judicial authority or power (the "**Applicable Law**") and (ii) upon the occurrence of a Hedging Disruption Event as specified in the Final Terms. If the Issuer terminates early in such circumstances, it will, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring the illegality, if any) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

***Risks associated with Securities represented by a Global Security or issued in dematerialised form***

The Securities, except in the case of Securities issued in dematerialised form, are bearer securities which are represented by a Global Security deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred. If the Securities are issued in dematerialised form (the "**Dematerialised Securities**"), they will be registered in the book-entry system of the Clearing Agent. In that case, title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time. In either case (whether in global or in dematerialised form), no definitive securities will be issued.

Irrespective of whether the Securities are represented by a Global Security or issued as Dematerialised Securities, the Issuer has no responsibility or liability under any circumstances for any acts and omissions of the relevant Clearing Agent as well as for any losses which a Securityholder might incur out of such acts and omissions in general and for records relating to, or payments made in respect of, the Securities.

***Risk associated with nominee arrangements***

Where a nominee service provider is appointed by a Securityholder to hold its Securities (nominee arrangement) or such Securityholder holds interests in any Security through accounts with a Clearing Agent, such Securityholder will receive payments or deliveries solely on the basis of the arrangements entered into by the Securityholder with the nominee service provider or Clearing Agent, as the case

may be. Furthermore, such Securityholder must rely on the nominee service provider or Clearing Agent to distribute all payments or securities attributable to the relevant Securities which are received from the Issuer. Accordingly, such a Securityholder will be exposed to the credit risk of, and default risk with respect to, the nominee service provider or Clearing Agent, as well as the Issuer.

In addition, such a Securityholder will only be able to sell any Securities held by it prior to their stated term with the assistance of the nominee service provider.

None of the Issuer or The Royal Bank of Scotland N.V. in its capacity as paying agent or such other entity as specified in the Final Terms (the "**Paying Agent**") shall be responsible for the acts or omissions of any nominee service provider or Clearing Agent nor does it make any representation or warranty, express or implied, as to the service provided by any nominee service provider or Clearing Agent.

***The return on an investment in the Securities will be affected by charges incurred by the Securityholders***

A Securityholder's total return on an investment in the Securities will be affected by the level of fees charged by the nominee service provider and/or the Clearing Agent used by the Securityholder. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Securities, custody services and on payments or deliveries. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Securities.

***Changes of law may affect the value of the Securities***

The Conditions are based on the law set forth in the respective Product Condition which may be German law or any other law specified in the Final Terms. No assurance can be given as to the impact of any possible change to such law or judicial or administrative practice in the relevant jurisdiction after the date of this Base Prospectus.

***Ratings may not reflect all risks***

One or more independent rating agencies may assign credit ratings to the Issuer or the Securities. The ratings may not reflect the potential impact of all risks related to the structure of the Securities, the market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Legal investment constraints may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities qualify as legally permissible investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Securities. Financial institutions should consult their legal



advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

### ***Use of loans***

If an investor uses a loan to finance the purchase of the Securities, not only does it have to absorb the loss if the Securities fail to develop as expected, but it must also repay the loan principal plus interest. This increases the investor's risk of loss significantly. Investors should never count on paying interest and principal with profits from an investment in Securities. Instead, potential purchasers of Securities should first examine their financial situation in order to determine whether they will be able to pay the interest, and if necessary, repay the loan on short notice, even if the expected profits turn into losses.

## **2.2 Special Risks**

### ***Factors which are material for the purpose of assessing the market risks associated with the Securities***

#### ***Call Warrants***

In case of cash settled Call Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier. In case of physically settled Call Warrants, the Issuer delivers a number of the underlying shares corresponding in value to the Final Reference Price multiplied by the warrant multiplier whereas, in return, the Securityholder has to pay the Strike and expenses (if any) to the Issuer. It is, however, possible that a cash amount is paid with respect to a fractional entitlement instead of delivery of this fractional entitlement.

As a general rule (i.e., when not taking into account any other factors impacting the price of Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Call Warrants typically increases (i) the more the Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Call Warrants is.

#### ***Put Warrants***

In case of Put Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii)

either the business day on which the Securityholder has duly exercised the relevant Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Put Warrants typically increases (i) the more the Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Put Warrants is.

### **Discount Call Warrants**

Discount Call Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount" (as defined below).

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between a fixed price or level specified in the Final Terms (the "**Cap**") and the Strike, multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Discount Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Call Warrants typically increases (i) the more the Discount Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Discount Call Warrants is.

Additionally, the Securityholder will not participate in any increase in the price or level of the Underlying if the difference between the Final Reference Price and the Strike multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Call Warrant is generally lower than the price of a Call Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Call Warrants are priced at a discount compared to Call Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a

total loss is the same as for Call Warrants where the cash amount is not capped at a Maximum Amount.

### ***Discount Put Warrants***

Discount Put Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount (as defined below)".

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between the Strike and a fixed price or level specified in the Final Terms (the "**Cap**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Discount Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Put Warrants typically increases (i) the more the Discount Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Discount Put Warrants is.

Additionally, the Securityholder will not participate in any decrease in the price or level of the Underlying if the difference between the Strike and the Final Reference Price multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Put Warrant is generally lower than the price of a Put Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Put Warrants are priced at a discount compared to Put Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Put Warrants where the cash amount is not capped at a Maximum Amount.

### ***European Style Warrants***

European Style Warrants are warrants which are automatically exercised on the exercise date specified in the Final Terms. European Style Warrants cannot be exercised by the Securityholders before their exercise date. In case of such an automatic exercise, payment and/or delivery are subject to delivery of a certification by the Securityholder. Any such certification has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

### ***American Style Warrants***

American Style Warrants are warrants which may be exercised on any business day within the exercise period specified in the Final Terms. If American Style Warrants are not exercised during their exercise period, the Warrants are automatically exercised on the exercise date specified in the Final Terms. In case of an automatic exercise, payment and/or delivery are subject to delivery of a certification by the Securityholder. In case of an exercise by the Securityholder, payment and/or delivery are subject to delivery of a notice. Any such certification or notice (as the case may be) has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

### ***Quanto Warrants***

Where the Settlement Currency is different to the Strike Currency, Warrants may have a quanto feature, i.e. a fixed rate of exchange between the two currencies for the term of the Securities, thus a built-in currency hedge. The Issuer may charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received or the number of the Underlying delivered (as the case may be) by the Securityholder.

## **2.3 Risks relating to the Underlying**

### ***Certain Underlyings to which the Securities are linked are subject to certain risks***

#### ***Special risks associated with commodities***

In general, there are three main categories of commodities: mineral commodities (e.g. oil, gas, aluminium and copper), agricultural products (e.g. wheat and corn) and precious metals (e.g. gold and silver). Most commodities are traded on specialised exchanges or directly among market participants in the form of over the counter dealings (off-exchange) through largely standardised contracts.

The price risks inherent in commodities are often complex, as prices are subject to greater fluctuations (volatility) in this investment category than in other investment categories. In particular, commodities markets are less liquid than bond, currency or stock markets so that supply and demand changes materially affect prices and volatility. Consequently, investments in commodities are associated with greater risks and are more complex than investments in bonds, currencies or stocks.

There are numerous and complex factors affecting commodity prices. The following is a non-exhaustive list of several typical factors affecting commodity prices:

- (a) *Supply and demand.* Planning and managing the commodities supply is very time-consuming. As a result, there is little room for manoeuvre on the supply side and it is not possible to quickly adjust production to demand changes at all times. Demand may also differ on a regional scale. Likewise, prices are affected by the costs of transport to regions where commodities are needed. The cyclical behaviour of some commodities, e.g. agricultural products that are seasonally grown or produced, may entail heavy price fluctuations.

- (b) *Direct investment costs.* Direct investments in commodities are associated with storage and insurance costs as well as taxes. In addition, commodities do not pay interest or dividends. These factors affect the total return of commodities.
- (c) *Liquidity.* Not all commodities markets are liquid and able to react quickly and in a sufficient scope to changes in the supply and demand situation. As only few market participants are trading in the commodities markets, heavy speculative activity may have adverse consequences and cause price distortions.
- (d) *Weather and natural disasters.* Unfavourable weather conditions may affect the supply of certain commodities for the entire year. A supply crisis triggered by unfavourable weather conditions may lead to heavy and unpredictable price fluctuations. Likewise, the spread of diseases and the outbreak of epidemics may affect the prices of agricultural products.
- (e) *Political risks.* Commodities are often produced in emerging markets and in demand from industrial countries. Often, however, the political and economic situation in emerging markets is far less stable than in the industrial countries. Emerging markets are far more susceptible to the risks associated with swift political changes and economic downturns. Political crises may shake the confidence of investors which, in turn, may affect the prices of commodities. Military or other conflicts may change the supply and demand patterns of certain commodities. Moreover, industrial countries may impose embargos on exported or imported goods and services, which may have a direct or indirect impact on the commodity prices. In addition, several commodities producers have formed organisations or cartels in order to regulate supply and, thus, prices.
- (f) *Taxation.* Changes in tax rates and tariffs may decrease or increase the profitability of commodities producers. Where such costs are passed on to investors, changes in tax rates and tariffs affect the prices of the respective commodities.

*Past Performance.* The past performance of the commodity is no guarantee of future results even if the past performance of the commodity has been tracked for a longer time.

### ***Special risks associated with forward contracts and futures contracts***

Commodity forward and future contracts are standardised forward and futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals), whereas financial forward and futures contracts are standardised forward and futures transactions that are linked to financial instruments (e.g. shares, indices and foreign currencies).

A forward or futures transaction constitutes the contractual obligation to buy or sell a certain amount or number of the respective underlying at a fixed price and at a pre-determined future point in time. Forward and futures contracts are traded on futures exchanges and standardised for this purpose with respect to their contract size, the nature and quality of the underlying as well as delivery places and dates, if any.

Generally, there is a strong correlation between the price development of an underlying on the spot market and the corresponding futures exchange. However, forward and futures contracts are often traded at a premium on, or discount from, the spot price of the underlying. In the terminology used on futures exchanges, the difference between the spot price and the futures price is called "contango" or "backwardation", as the case may be, and is a result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance etc.) and of income usually generated with spot transactions (interest, dividends etc.) on the one hand and differences in the evaluation of general market factors prevailing on the spot market and the futures exchange and the corresponding expectations of market participants on the other hand. Moreover, liquidity on the spot market may differ considerably from liquidity on the corresponding futures exchange, depending on the underlying.

Furthermore, when investing in commodity forward and future contracts, investors may find themselves in situations where the prices of commodity forward and future contracts expiring at a later date are higher (contango) or lower (backwardation) than the current spot price of the respective commodity. As the expiry date of the respective futures contract approaches, the futures price and the spot price of the respective commodity converge so that the Security linked to the respective futures contract may show a negative performance despite the fact that the spot price of the commodity is increasing.

If the Securities are linked to the exchange price of the underlying forward and futures contracts, knowledge of the market of the underlying to which the respective forward or futures contract is linked as well as of the functioning and evaluation factors of forward and futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Securities. If the underlying to which the forward or futures contract is linked is a commodity, the risk factors set out in "*Special risks associated with commodities*" above should be taken into account in addition to the risk factors described in this subsection.

#### ***Special risks associated with fund underlyings***

*Risk of short operating history.* As at the date of the issuance of Securities linked to a fund, the underlying fund (the "**Underlying Fund**") may have only a short operating history, the strategies that will be applied by the Underlying Fund may not have previously been used, and such strategies may deliver disappointing results over the longer term.

*Past Performance.* The past performance of the Underlying Fund is no guarantee of future results even if the Underlying Fund has a longer operating history.

*Fees at various levels.* In case of funds, fees can arise at various levels. At the level of the fund itself, fees arise on a regular basis, for instance in the form of administration fees. Additional fees and expenses may arise and be charged due to the contracting of third parties for services in connection with the management of the fund.

At the level of the investments made by the fund, fees can arise, for instance when an investment is made in other funds or other investment vehicles, which adversely affect the performance of such investments, and thus also the value of the fund assets.

Furthermore, performance-based fees may arise with regard to individual investments, even though a loss may have been incurred on the basis of the aggregate investments made.

*Liquidity risk.* When there is no buyer regarding units of the Underlying Fund and investments in the fund cannot be readily sold at the desired time or price, or, in the case the Underlying Fund is a fund of funds, the Underlying Fund may not be able to sell funds comprising its portfolio, the Underlying Fund may suffer price decreases all of which can adversely affect the value of the Securities. If the instruments in which the fund has invested are illiquid, the fund may incur considerable delays when trying to sell such investments. During the period of such a delay, the price of the relevant investment may change considerably. As a result, the fund may suffer substantial losses, which in turn may have a negative impact on the value of a fund unit. This can also lead to difficulties in calculating the net asset value of the fund which may lead to adverse consequences for the Securities.

*Postponement or suspension of redemptions.* A fund to which the Securities relate may cease or limit redemption of fund units with effect for a valuation date which is relevant for the calculation of an amount payable under the Securities. This can lead to delays in the payments on, or redemptions regarding, the Securities and to lower payments under the Securities.

*Delayed publication of the net asset value.* A fund to which the Securities relate may publish the net asset value with a delay which may lead to postponements for the calculations under the Securities.

*Concentration on certain countries, industries or investment classes.* It is possible that the fund to which the Securities relate concentrates its assets on certain countries, industries or investment classes. In such case, it can be subject to higher fluctuations in value than it would be if the risks were more diversified between industries, regions and countries. The value of investments in certain countries, industries and investment classes can be subject to high fluctuations within short periods of time.

*Risks involved in less regulated markets.* It is possible that an Underlying Fund invests in less regulated, tight and exotic markets. In such a case, there is the risk of government interventions which lead to a total or partial loss of the invested capital or of access to the capital invested there. Furthermore, an Underlying Fund might not be subject to any regulation or may invest in investment vehicles which are not subject to any regulation. Conversely, the introduction of regulation of a previously unregulated fund may create significant disadvantages for such funds.

*Special risks connected with investments in alternative investment vehicles.* A fund to which the Securities relate may carry a number of risks which are generally involved in investments in alternative investment vehicles. These include, among other things, insufficient transparency, lack of investment restrictions, concentration of risks, non-listed assets where it is difficult to estimate the net asset value, valuation errors, leverage, use of derivatives, short selling and trading with illiquid instruments. Furthermore, there is the risk of fraud or misrepresentation on the part of a trading adviser, manager or other service provider of an investment vehicle.

*Conflicts of interest.* Certain conflicts of interest may arise in connection with the business activities of a fund.

A trustee, manager or adviser of the fund can be in a potential conflict of interest due to, among other things, fee reimbursements or other advantages. For instance, a performance-based fee may be an incentive to invest in risky investments in order to achieve higher returns. In addition, when investment opportunities are scarce, an investment adviser may be tempted to arrange investments first for those persons who pay the highest fee.

Moreover, advisers of the fund and their respective employees can perform management, trading or consulting services for other accounts. One of these parties may be tempted to give preference to those portfolios carrying the highest fee.

Likewise, advisers of the fund and their respective employees can perform management, trading or consulting services for their own accounts and the accounts of other customers, and make recommendations or enter into positions that differ from those made for the fund or held by or for the fund or that compete with the fund. Persons entrusted with the management of the fund assets may receive performance-based fees, but do not participate in potential losses. This could be an incentive to enter into riskier transactions.

Moreover, persons affiliated with an administrator, manager, trustee or other person involved in the administration of the fund may enter into their own legal transactions with the fund.

There may be conflicts of interest other than those mentioned above.

*Currency risk.* The portfolio of the Underlying Fund may include investments which are denominated in a currency other than the currency of the fund (the "**Underlying Fund Currency**") and some income by the fund may be received in a currency other than the Underlying Fund Currency. Even if the Underlying Fund entered into a forward foreign exchange contract for currency hedging purposes, the relevant forward foreign exchange contract would not constitute a perfect hedge. Accordingly, the net asset value of the assets may be adversely affected by changes in the value of the currencies of the investments relative to the Underlying Fund Currency.

*Further risks to funds in general.* Further risks common to all funds include:

- (a) the risk that the price of one or more of the assets in the Underlying Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect an asset's performance, including both general financial market conditions and factors related to a specific asset or asset class;
- (b) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (c) asset allocation policies of the investment adviser;
- (d) credit worthiness and the risk of default of the asset or of the assets generally in that class of assets;



- (e) the risk that the Underlying Fund's investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the value of the Underlying Fund shares is materially changed;
- (f) the risk that the Underlying Fund is liquidated, dissolved or otherwise ceases to exist or it or the investment adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law;
- (g) the risk that the Underlying Fund or the investment adviser is subject to a fraud event;
- (h) the risk that under certain circumstances the Underlying Fund may be subject to the actions of other investors in the investment vehicles in which it is invested. For instance, a significant redemption of shares could cause liquidation of assets; and
- (i) the risk that the investment adviser will not manage the Underlying Fund in relation to maximise return under the Securities but solely in accordance with the investment objectives and/or investment restrictions applicable to the Underlying Fund.

***Special risks associated with indices***

*Risk of short history.* As at the date of the issuance of Securities linked to an index, the underlying index may have been in existence only for a short period of time, the strategies that will be applied by the underlying index may not have previously been used, and such strategies may deliver disappointing results over the longer term.

*Past Performance.* The past performance of the underlying index is no guarantee of future results even if the underlying index has been in existence for a longer period of time.

*Special risks associated with inflation indices.* If the Securities relate to an inflation index, they may be subject to risks which are not associated with a conventional index (such as an equity index).

Inflation indices measure changes over time in the average prices of consumer goods and services purchased by households.

Depending on the composition of an inflation index, the development of the inflation rate may vary and the basket of goods and services constituting the relevant index does not necessarily correspond to the behaviour and expenses of the investor. Hence, the investment in a Security linked to an inflation index may not be adequate to protect the investor against inflation.

Among other things, changes in the general economic, financial, political or regulatory conditions, as well as changes in prices paid for various consumer goods, services and/or sales taxes (such as value added tax) may influence an inflation index.

The factors set out before make the evaluation of the development of the relevant inflation index and thus of the value and market price of the relevant Securities difficult.

*Risks applicable where the Underlying is a price index related to shares.* If the Underlying is a price index (contrary to a performance index), dividends paid out result in a decrease in the level of the

index. Securityholders thus do not participate in any dividends or other distributions on the shares contained in the price index.

*Influence of the Issuer on the composition of an underlying index.* The composition of an index may be determined in such a way that the index sponsor determines the composition and carries out the calculation of the index alone or in cooperation with other entities. If the Issuer is not the index sponsor, it usually cannot influence the composition of the index and the relevant index sponsor can make changes to the composition or calculation of the index under the index rules which may have a negative effect on the performance of the index or can permanently discontinue the calculation of the index without establishing a successor index. In the latter case, the Securities may be terminated and a loss may be incurred. On the other hand, if the Issuer or an affiliated company of the Issuer acts as index sponsor or as index calculator, conflicts of interests may arise with respect to the Issuer or its affiliated company acting in different capacities under the Conditions of the Securities and under the index rules. Conflicts of interest may also arise in this case if the Issuer or an affiliated company has issued or owns assets being components of the index or if the Issuer or an affiliated company has business relations with entities having issued or owning assets being components of the index.

#### ***Special risks associated with shares and baskets of shares***

*Risk of short history.* As at the date of the issuance of Securities linked to a share or basket of shares, the underlying shares may have been in existence or have been listed only for a short period of time and may deliver disappointing results over the longer term.

*Past Performance.* The past performance of an underlying share or underlying basket of shares is no guarantee of future results even if the underlying share or underlying basket of shares has been in existence or have been listed for a longer period of time.

*Risks related to foreign exchange controls.* Potential investors should note that payments under the Securities by the Issuer with respect to stock basket or single stock Securities can be subject to the ability of the Issuer to sell the Underlying and to there being no foreign exchange control restrictions, including restrictions which prevent the conversion of the Strike Currency into the Settlement Currency and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying.

*Dividends and distributions.* Investors receive neither dividends nor any other distributions from the underlying shares.

#### ***Special risks associated with emerging market underlyings***

Investing in Securities with emerging market underlyings (see the following paragraph below) involves substantial risks (including legal, political and economic risks) in addition to those risks normally associated with making investments in other countries and other investment products. Consequently, investments in Securities with emerging market underlyings are only suitable for investors who are aware of the special risks associated with an investment in emerging market assets and who have the knowledge of, and expertise in, financial transactions required to evaluate the risks and merits of an investment in such securities.

Emerging markets are countries whose economies are in the process of changing from those of a moderately developed country to that of an industrial country. Emerging market underlyings include for example assets traded or listed on an exchange in emerging markets (e.g. certain commodity future contracts or shares), emerging market currencies, shares of companies whose assets are located in emerging markets to a material extent or that carry out a material share of their business activities in emerging markets, as well as indices comprising stocks or other financial instruments from emerging markets. Emerging markets are exposed to risks inherent in rapid political changes and economic downturns. Certain political risks may be higher in emerging markets than, for example, in EU countries or other industrial countries.

For example, restrictions may be imposed on foreign investors; assets may be expropriated or subject to taxation that is equivalent to expropriation; foreign bank deposits or other assets may be confiscated or nationalised; exchange controls may be imposed or other adverse political and/or social developments may occur. In addition, emerging markets economies may experience adverse developments including, but not limited to, in relation to inflation rates, exchange rate fluctuations or payments settlement. Each of the above impairments may have an adverse effect on investments in such country and may continue for a prolonged period of time, i.e. weeks or even months. Each of the above impairments may constitute a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event under the conditions of the Securities issued under this Base Prospectus. As a consequence, no prices may be quoted in such period for the Securities affected by such an event. If, for example, it is determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) that a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event has occurred or is continuing at the valuation date, the valuation date may be postponed by a considerable period of time. As a result, payments or deliveries to be made under the Securities may be delayed considerably. If, on the last day of the period by which the valuation was postponed, the Market Disruption Event, Fund Disruption Event, or Emerging Market Disruption Event is still continuing, the reference price of the Underlying will be determined by the Issuer in its reasonable discretion (*billiges Ermessen*) and may even be zero.

Securities markets in emerging markets are mostly less developed, substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. No assurance can be given that such volatility or illiquidity will not occur in the future. Many such securities markets also have clearance and settlement procedures that are less developed, less reliable and less efficient than those in more developed countries. There may also be generally less governmental supervision and regulation of the securities exchanges and securities professionals in emerging markets than exists in more developed countries.

Disclosure, accounting and regulatory standards in emerging markets are in many respects less stringent than standards in more developed countries and there may be less publicly available information about companies in such markets than is regularly published by or about companies in more developed countries. The assets and liabilities and profits and losses appearing in the financial statements of such companies may not reflect their financial position or results of operations in the

way they would be reflected had such financial statements been prepared in accordance with generally accepted international accounting principles in more developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently than under generally accepted international accounting standards, all of which may affect the valuation of the underlying.

All of the above factors may have a material adverse effect on the value of the respective Securities.

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## INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND N.V., THE GUARANTOR AND THE GUARANTEE

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This Base Prospectus relates to Securities issued by The Royal Bank of Scotland N.V. ("**RBS N.V.**") acting either through its principal office in the Netherlands or through its London branch or any other branch as specified in the Final Terms. Further, this Base Prospectus relates to Securities (i) for which The Royal Bank of Scotland plc may subsequently become the issuer, or (ii) which may be issued by The Royal Bank of Scotland plc, in each case under the circumstances specified in this Base Prospectus. The Royal Bank of Scotland N.V., acting as aforesaid, is defined as the "**Issuer**", which term shall also include The Royal Bank of Scotland plc acting under the circumstances referred to above and further specified in this Base Prospectus.

### **RBS N.V. Registration Document**

The required information about RBS N.V. as Issuer and RBS Holdings N.V. as guarantor (the "**Guarantor**" or "**RBS Holdings**") for all liabilities of RBS N.V. incurred in connection with legal acts performed by it as Issuer after 15 June 1998 (the "**Guarantee**") as well as the Guarantee is contained in the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 28 March 2012 (the "**RBS N.V. Registration Document**").

As a result of the Proposed Dutch Scheme (as defined and further set out in the subsection "Proposed Dutch Scheme" within the section "Information about The Royal Bank of Scotland plc"), RBS will become the issuer of certain securities originally issued by RBS N.V. Any liability of RBS Holdings under the Guarantee will, from the effective date of the Proposed Dutch Scheme, cease to apply in relation to any securities for which RBS will become the issuer.

The RBS N.V. Registration Document was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**") and is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference") excluding

- (a) any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group"; and
- (b) items (a) to (j) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document.

The information contained in the RBS N.V. Registration Document shall be updated by the following sub-section "Proposed Dutch Scheme".

## Proposed Dutch Scheme

On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the merger of RBS II B.V. into RBS through a cross-border merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the "Proposed Dutch Scheme" which comprises (1) a legal demerger by RBS N.V. as the demerging company and RBS II B.V. as the acquiring company and (2) the cross-border merger of RBS II B.V. into RBS will take effect on 9 July 2012. RBS N.V. and RBS will publish a supplement to this Base Prospectus if there is a change to this date.

## Additional information about RBS N.V. and the Guarantor

In addition, the following documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- (a) the English language version of the Articles of Association (*statuten*) of each of the Guarantor and the Issuer as in force and effect on the date of the RBS N.V. Registration Document (the "**Articles of Association**");
- (b) the announcement entitled "The Royal Bank of Scotland Group plc ("RBS") announces strategic and organisational changes in its investment banking/wholesale business" which was published on 12 January 2012 (the "**Announcement**");
- (c) the Annual Report and Accounts 2011 of RBS Holdings N.V. (the "**Annual Report and Accounts 2011 of RBS Holdings N.V.**") (excluding the section headed "Business Review - Risk Factors" on page 10 and the section headed "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 108 up to and including 213 of the Annual Report and Accounts 2011 and the auditor's report thereon appears on page 215 of the Annual Report and Accounts 2011; and
- (d) the Annual Report 2010 of RBS Holdings N.V. (the "**Annual Report 2010 of RBS Holdings N.V.**") (excluding the section headed "Business Review - Risk Factors" on page 9 and the section headed "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 96 to 193 of the Annual Report 2010 and the auditor's report thereon appears on page 199 of the Annual Report 2010.

The Issuer has published a press release dated 19 April 2011 regarding proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "**Press Release dated 19 April 2011**") which is attached hereinafter as Annex 1. For the purposes of this Base Prospectus, references in this press release regarding persons not placing any reliance on the information contained in such press release or the Pro forma financial information in connection with making an investment decision (or for any other purpose) concerning securities or guarantees which are expected to be retained by RBS N.V. shall be deemed to be deleted.

The Abbreviated Financial Statements 2011 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2011 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2011 are attached as Annex 2.

The Abbreviated Financial Statements 2010 of The Royal Bank of Scotland N.V. (the "**Financial Statements 2010 of RBS N.V.**") which include the audited abbreviated annual financial statements of RBS N.V. for the financial year ended 31 December 2010 are attached as Annex 3.

The information about the Guarantor was obtained in the English language from the Guarantor. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by the Guarantor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS N.V. Registration Document and this Base Prospectus is the most recent information available about RBS N.V. and the Guarantor.

## **Significant changes**

There has been no significant change in the financial or trading position of the Group consisting of the Guarantor and its consolidated subsidiaries (including the Issuer) since 31 December 2011 and there has been no significant change in the financial position of the Issuer since 31 December 2011. There has been no material adverse change in the prospects of the Guarantor since 31 December 2011, and there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

## **Rating of RBS N.V.**

As of the date of this Base Prospectus, the credit ratings<sup>3</sup> of RBS N.V. assigned by Moody's Investors Service Ltd., London, United Kingdom ("**Moody's Investors Service**"), Standard & Poor's Credit

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<sup>3</sup> The rating agencies set forth in this section are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**") as published on the website of the European Securities and Markets Authority pursuant to Article 18(3) of the Regulation.

Market Services Europe Limited, London, United Kingdom ("**Standard & Poor's**"), and Fitch Ratings Limited, London, United Kingdom ("**Fitch Ratings**"), are as follows:

	Long term	Short term	Outlook
Moody's Investors Service	A3	P-2	Negative
Standard & Poor's	A	A-1	Stable
Fitch Ratings	A	F1	Stable

### ***Moody's Investors Service definitions***

Obligations rated "A" are considered upper-medium grade and are subject to low credit risk.

The rating system used by Moody's Investors Service for long-term obligations has various subcategories ranging from "Aaa" (describing obligations judged to be of the highest quality, with minimal credit risk), "Aa", "A", "Baa", "Ba", "B", "Caa" and "Ca" to "C", the lowest category representing long-term obligations that are typically in default, with little prospect for recovery of principal or interest. In addition, Moody's Investors Service appends numerical modifiers ("1", "2", and "3") to each generic rating classification from "Aa" through "Caa". The modifier "1" indicates that the respective long-term obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking, and the modifier "3" indicates a ranking in the lower end of that generic rating category.

Issuers rated "P-2" have a strong ability to repay short-term debt obligations.

The rating system used by Moody's Investors Service for short-term obligations has various subcategories ranging from "P 1", "P-2" and "P-3" to "NP", the lowest category representing issuers that do not fall within any of the "Prime" rating categories.

A rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: "Positive", "Negative", "Stable", and "Developing" (contingent upon an event).

### ***Standard and Poor's definitions***

An obligor rated "A" by Standard & Poor's has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating system used by Standard & Poor's for the capacity of an obligor to pay its financial obligations over a long-term horizon has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB"; "BB"; "B", "CCC", "CC", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that



the obligor will fail to pay all or substantially all of its obligations as they come due. Plus ("+") or minus ("-") signs following ratings from the "AA" to "CCC" categories show the relative standing within the major rating categories.

An obligor rated "A-1" by Standard & Poor's has strong capacity to meet its financial commitments over a short-term time horizon. It is rated in the highest category by Standard & Poor's.

The rating system used by Standard & Poor's for short-term issuer credit ratings has various subcategories ranging from "A-1" (which is the highest quality rating), "A-2", "A-3", "B", "C", "R" and "SD" to "D", the lowest category indicating that Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

"Stable" means that a rating is not likely to change.

### ***Fitch Ratings definitions***

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

The rating system used by Fitch Ratings for long-term financial commitments has various subcategories ranging from "AAA" (which is the highest quality rating), "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "RD" to "D", the lowest category indicating that the issuer in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business. The modifiers "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the "AAA" rating category or to the categories below "B".

An "F1" rating indicates the strongest intrinsic capacity for timely payment of short-term financial commitments.

The rating system used by Fitch Ratings for short-term liabilities has various subcategories ranging from "F1" (which is the highest quality rating), "F2", "F3", "B", "C" and "RD" to "D", the lowest category indicating a broad-based default event for an entity.

*The rating definitions set out above were obtained in the English language from Moody's Investors Service ([www.moody.com](http://www.moody.com)), Standard & Poor's ([www.standardandpoors.com](http://www.standardandpoors.com)) and Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com)), respectively. They have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

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**ANNEX 1: PRESS RELEASE DATED 19 APRIL 2011**

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**19<sup>th</sup> April 2011**

**Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc**

The Boards of The Royal Bank of Scotland Group plc (RBSG), The Royal Bank of Scotland plc (RBS plc), RBS Holdings N.V. and The Royal Bank of Scotland N.V. (RBS N.V.) have approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc (the "Proposed Transfers"), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures. This follows a period of extensive dialogue with key regulators and rating agencies. The Proposed Transfers will not include the Consortium Shared Assets referred to below.

The Proposed Transfers will streamline the manner in which the Global Banking & Markets (GBM) and Global Transaction Services (GTS) businesses of RBSG and its subsidiaries and subsidiary undertakings (the "RBS Group") interact with clients with simplified access to the GBM and GTS product suites. They will provide benefits to clients in effecting easier interaction with the RBS Group including management of collateral. Clients will continue to deal, and conduct business, with their local RBS teams as at present. There is no requirement for clients to take any action now and any action required in connection with the Proposed Transfers will be communicated in a timely way with a view to ensuring a smooth transition.

The Proposed Transfers will not result in any change to the current business strategy for any of the transferred RBS N.V. businesses and the way in which the RBS Group commercially operates will remain unchanged.

The Proposed Transfers are consistent with RBS Group's efforts to simplify its structure, thereby reducing risk, cost and complexity. In addition, the Proposed Transfers are expected to result in a simplified management and reporting framework for the RBS Group across the multiple jurisdictions in which RBS plc and RBS N.V. operate.

RBS N.V.'s businesses include the following product areas: Equities & Structured Retail Products, Emerging Markets, Lending, Global Transaction Services (GTS), and Short Term Markets & Financing (STMF). RBS N.V. also currently holds directly and indirectly certain other assets which are owned by RBSG jointly with the Dutch State and Santander (the "Consortium Shared Assets"). As at 31 December 2010, RBS N.V. had consolidated total assets of €200.4bn (£172.8bn), a Core Tier 1 Capital Ratio of 8.7% and a Tier 1 Capital Ratio of 11.0%. As at the same date, RBSG had consolidated total assets of £1.5tn, a Core Tier 1 Capital Ratio of 10.7% and a Tier 1 Capital Ratio of 12.9% and RBS plc, the receiving entity for the Proposed Transfers, had consolidated total assets of £1.3tn, a Core Tier 1 Capital Ratio of 8.4% and a Tier 1 Capital Ratio of 10.1%. The Proposed Transfers are not expected to have any impact on RBSG's capital position.

It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is expected to have

taken place by the end of 2012. This will be subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

RBS plc and RBS N.V. have discussed the Proposed Transfers in detail with the UK Financial Services Authority and De Nederlandsche Bank (“DNB”) and they will continue to be involved as the Proposed Transfers progress through to completion. Approvals from these and other regulators will be required prior to execution. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers which may require court approval.

Due to legal constraints, securities and related guarantees which are governed by New York, New South Wales, New Zealand and Hong Kong law (including the three series of Trust Preferred Securities issued by RBS N.V. Capital Funding Trusts V, VI and VII) are currently not expected to be transferred to RBS plc pursuant to the statutory transfer schemes which are anticipated to be used to implement the Proposed Transfers. Alternative steps will be considered in relation to such securities and guarantees, where reasonably practicable in RBS’s opinion. In respect of securities and guarantees governed by other laws which have been issued by RBS N.V., further analysis is ongoing to establish whether they will or will not be transferred to RBS plc pursuant to the Proposed Transfers and further announcements will be made in due course. In the meantime, holders of RBS N.V. securities are not required to take any action in connection with the Proposed Transfers. The proposed transfers of securities from RBS N.V. to RBS plc are not, of themselves, expected to change the price that RBS plc, as part of its normal market making activities, may bid for such securities. However, RBS cannot guarantee the price at which such securities may trade. The market prices for such securities may be impacted by a number of factors, including the value of the assets underlying such securities and prevailing market conditions, any of which may affect the value of the securities.

For legal, tax and other reasons, there are expected to be certain operations, assets and other liabilities in RBS N.V. which will not be transferred to RBS plc. RBSG is committed to providing the necessary support to ensure that RBS N.V. continues to meet its commitments during and after the Proposed Transfers. Following completion of the Proposed Transfers, RBS N.V. will continue to be authorised and regulated by DNB.

The RBS Group has held detailed discussions on the Proposed Transfers with the three main rating agencies, Moody’s, Standard & Poor’s and Fitch. The plan for the Proposed Transfers has been designed not to impact the ratings of RBS N.V. or RBS plc. It is anticipated that the agencies will publish their credit opinions following this announcement.

Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement.

**For Further Information Contact:**

RBS Group Investor Relations

RBS Group Media Relations

Emete Hassan, Head of Debt Investor Relations

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**Disclaimer**

*No person should place any reliance on the information in this announcement concerning securities/guarantees which are expected to be retained by RBS N.V. in connection with making an investment decision or for any other purpose and should be aware that changes to the current proposals (including, without limitation, to the identity of the securities/guarantees to be retained, the eventual manner in which securities/guarantees are proposed to be transferred and to the timing pursuant to which they are proposed to be transferred) may be made if required, or if determined by RBS N.V. or RBS plc (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in this announcement should be taken as (or is) a representation that any of the securities/guarantees of RBS N.V. will be transferred or retained, whether in the manner described in this announcement, in accordance with the timing set out in this announcement, or at all. For the avoidance of doubt, this announcement has been prepared and circulated solely for information purposes and does not constitute an offer to any person. If you are in any doubt as to whether there is any tax or other impact on you as a result of the Proposed Transfers, please discuss such matters with your advisers.*

**Cautionary Statement**

*Certain statements found in this document may constitute "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such "forward-looking statements" reflect management's current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "forecast," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify "forward-looking statements". In particular, this document includes forward-looking statements relating, but not limited, to the Proposed Transfers. Such statements are based on current plans, estimates and projections and are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from those projected or implied in the "forward-looking statements". Certain "forward-looking statements" are based upon current assumptions of future events which may not prove to be accurate. Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: the ability to complete restructurings on a timely basis; regulatory or legal changes (including those requiring any restructuring of the operations of RBSG, RBS plc, RBS Holdings N.V. or RBS N.V.) in the United Kingdom, the Netherlands, the United States and other countries in which these entities operate; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; and the success of RBSG, RBS plc, RBS Holdings N.V. or RBS N.V. in managing the risks involved in the foregoing.*

*Undue reliance should not be placed on "forward-looking statements" as such statements speak only as of the date of this document. Neither RBSG, RBS plc, RBS Holdings N.V. nor RBS N.V. undertake to update any forward-looking statement contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

*The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.*

## Appendix

### Unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V.

#### Background

This appendix provides pro forma financial information as at and for the year ended 31 December 2010 for RBS Holdings N.V. The proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc (“the Proposed Transfers”) collectively constitute a significant event and historical financial information on a pro forma basis is provided to give investors a better understanding of what the results of operations and financial position of RBS N.V. might have looked like had the transfers to RBS plc occurred in respect of the unaudited pro forma condensed consolidated Statement of Financial Position as at 31 December 2010 and, in respect of the unaudited pro forma condensed consolidated income statements on 1 January of the respective years. The Proposed Transfers are expected to be implemented on a phased basis over a period ending 31 December 2013.

For the purposes of the pro forma financial information, RBS Holdings N.V. comprises RBS Holdings N.V. and its consolidated subsidiaries.

The pro forma financial information has been prepared for illustrative purposes only on the basis of estimates and assumptions about which assets and liabilities will be transferred. These assumptions are preliminary and subject to ongoing analysis with respect to which specific assets and liabilities will in fact be transferred and which will be retained in RBS N.V. The pro forma information addresses a hypothetical situation and does not represent the actual position or the results of RBS Holdings N.V. nor is it necessarily indicative of the results of operations or financial position that may, or may be expected to, be achieved in the future.

The pro forma financial information includes the following condensed consolidated pro forma information for RBS Holdings N.V. (i) a pro forma condensed consolidated statement of financial position as at 31 December 2010, (ii) a pro forma condensed consolidated income statement for each of the years ended 31 December 2010, 31 December 2009 and 31 December 2008, and (iii) Notes to the pro forma financial information.

As at the date of this announcement, Management of RBS Holdings N.V. is not aware of any matters that could impact the results and financial position as presented in the pro forma financial information.

## Appendix

### Unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V.

#### Unaudited pro forma Condensed Consolidated Statement of Financial Position as at 31 December 2010

	RBS Holdings N.V.(1) €m	Proposed Transfers (2) €m	Pro Forma Total (3)(4) €m
<b>Assets</b>			
Cash and balances at central banks	8,323	8,142	181
Loans and advances to banks	26,705	25,246	1,459
Loans and advances to customers	44,496	37,476	7,020
Debt securities	52,260	23,294	28,966
Equity shares	22,634	21,131	1,503
Settlement balances	3,573	3,399	174
Derivatives	28,272	25,837	2,435
Other assets	14,119	10,481	3,638
<b>Total assets</b>	<b>200,382</b>	<b>155,006</b>	<b>45,376</b>
<b>Liabilities</b>			
Deposits by banks	31,985	10,682	21,303
Customer accounts	54,905	50,258	4,647
Debt securities in issue	53,411	46,042	7,369
Settlement balances and short positions	5,202	4,936	266
Derivatives	35,673	31,467	4,206
Other liabilities	14,234	9,049	5,185
<b>Total liabilities</b>	<b>195,410</b>	<b>152,434</b>	<b>42,976</b>
<b>Equity</b>			
Non-controlling interests	24	10	14
Shareholders of the parent company	4,948	2,562	2,386
<b>Total equity</b>	<b>4,972</b>	<b>2,572</b>	<b>2,400</b>
<b>Total equity and liabilities</b>	<b>200,382</b>	<b>155,006</b>	<b>45,376</b>

#### Notes:

- (1) This financial information for RBS Holdings N.V. as at 31 December 2010 has been extracted from audited financial information contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011.
- (2) This represents the value of the assets, liabilities and equity as at 31 December 2010 proposed to be transferred to RBS plc over the period up until 31 December 2013. See "Notes to the pro forma financial information relating to RBS Holdings N.V." for further information.
- (3) This represents the value of the assets, liabilities and equity as at 31 December 2010 assuming the Proposed Transfers had occurred at that date.
- (4) As part of the Proposed Transfers it is assumed that all intercompany transactions are settled and that the retained business is refinanced according to its funding needs.

## Appendix

Unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V.

### Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2010

	RBS Holdings N.V. (1) €m	Proposed Transfers (2) €m	Pro Forma Total (3) €m
<b>Net interest income</b>	1,427	986	441
Fees and commissions receivable	1,152	1,019	133
Fees and commissions payable	214	113	101
Income from trading activities	1,131	1,074	57
Other operating (loss)/income	(52)	108	(160)
<b>Non-interest income</b>	2,445	2,314	131
<b>Total income</b>	3,872	3,300	572
Operating expenses	(3,380)	(3,035)	(345)
<b>Profit before impairment losses</b>	492	265	227
Impairment losses	(67)	93	(160)
<b>Operating profit before tax</b>	425	358	67
Tax (charge)/credit	(302)	(303)	1
<b>Profit for the year from continuing operations</b>	123	55	68
<i>Attributable to:</i>			
Non-controlling interests	(2)	-	(2)
Shareholders of parent company	125	55	70

For notes to this table refer to page A 1-7.

### Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2009

	RBS Holdings N.V. (1) €m	Proposed Transfers (2) €m	Pro Forma Total (3) €m
<b>Net interest income</b>	1,834	1,546	288
Fees and commissions receivable	1,506	1,297	209
Fees and commissions payable	(483)	(455)	(28)
(Loss)/income from trading activities	(303)	(634)	331
Other operating loss	(1,157)	(724)	(433)
<b>Non-interest (loss)/income</b>	(437)	(516)	79
<b>Total income</b>	1,397	1,030	367
Operating expenses	(4,621)	(3,914)	(707)
<b>Loss before impairment losses</b>	(3,224)	(2,884)	(340)
Impairment losses	(1,623)	(1,055)	(568)
<b>Operating loss before tax</b>	(4,847)	(3,939)	(908)
Tax credit/(charge)	465	586	(121)
<b>Loss for the year from continuing operations</b>	(4,382)	(3,353)	(1,029)
<i>Attributable to:</i>			
Non-controlling interests	(1)	-	(1)
Shareholders of parent company	(4,381)	(3,353)	(1,028)

For notes to this table refer to page A 1-7.



## Appendix

Unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V.

### Unaudited pro forma Condensed Consolidated Income Statement for the year ended 31 December 2008

	RBS Holdings N.V. (1) €m	Proposed Transfers (2) €m	Pro Forma Total (3) €m
<b>Net interest income</b>	2,835	2,437	398
Fees and commissions receivable	1,681	1,457	224
Fees and commissions payable	(374)	(457)	83
Loss from trading activities	(7,716)	(5,494)	(2,222)
Other operating loss	(1,763)	(1,816)	53
<b>Non-interest (loss)/income</b>	<b>(8,172)</b>	<b>(6,310)</b>	<b>(1,862)</b>
<b>Total income/(loss)</b>	<b>(5,337)</b>	<b>(3,873)</b>	<b>(1,464)</b>
Operating expenses	(7,844)	(4,956)	(2,888)
<b>Loss before impairment losses</b>	<b>(13,181)</b>	<b>(8,829)</b>	<b>(4,352)</b>
Impairment losses	(2,920)	(1,973)	(947)
<b>Operating loss before tax</b>	<b>(16,101)</b>	<b>(10,802)</b>	<b>(5,299)</b>
Tax credit/(charge)	2,736	2,331	405
<b>Profit/(loss) for the year from continuing operations</b>	<b>(13,365)</b>	<b>(8,471)</b>	<b>(4,894)</b>
<i>Attributable to:</i>			
Non-controlling interests	15	-	15
Shareholders of parent company	(13,380)	(8,471)	(4,909)

#### Notes:

- (1) This financial information for RBS Holdings N.V. has been extracted from audited financial information contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011.
- (2) This represents the income and expenses relating to the Proposed Transfers for the years ended 31 December 2010, 2009 and 2008. See "Notes to the pro forma financial information relating to RBS Holdings N.V." for further information.
- (3) This represents the income and expenses for the years ended 31 December 2010, 2009 and 2008 assuming the Proposed Transfers had occurred on 1 January of the respective years.

## Appendix

### Notes to the pro forma financial information relating to RBS Holdings N.V.

#### 1 Basis of preparation

The pro forma financial information for RBS Holdings N.V. as at 31 December 2010, and for the years ended 31 December 2010, 31 December 2009 and 31 December 2008 respectively, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union. The financial information has been extracted from audited financial information for the year ended 31 December 2010 contained within the Annual Report and Accounts of RBS Holdings N.V. published on 29 March 2011 and does not reflect subsequent events.

The pro forma financial information has been prepared on the following basis:

- The pro forma financial information has been prepared on the basis of management's best estimate of the relevant third party assets and liabilities of RBS N.V. that will be transferred to RBS plc.
- The pro forma condensed consolidated statement of financial position of RBS Holdings N.V. as at 31 December 2010 is presented to show the effect of the Proposed Transfers as if the Proposed Transfers had occurred on 31 December 2010.
- The pro forma condensed consolidated income statements of RBS Holdings N.V. for the years ended 31 December 2010, 2009 and 2008 respectively, are presented to show the effect of the Proposed Transfers as if the Proposed Transfers had occurred on 1 January of the respective years.
- Assets and liabilities to be transferred are presented based on their carrying values determined under IFRS. The allocation of equity was assessed on a global basis to reflect the expected level of capital support required by the transferring and retained businesses. Pre-existing intra-group funding was treated as settled upon transfer with new funding allocated as needed to reflect the financing needs of the transferring and retained businesses. Certain modifications were applied where, in the opinion of management, material non-recurring profit and loss items could be allocated more reliably on an individual basis.
- The Proposed Transfers are subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures, any of which may significantly change the pro forma information from that presented.

The same accounting policies were followed in the pro forma financial information as were applied in the preparation of RBS Holdings N.V. financial statements for the year ended 31 December 2010.

## Appendix

### Notes to the pro forma financial information relating to RBS Holdings N.V.

#### **2 Businesses to be transferred as part of the Proposed Transfers**

RBS N.V.'s businesses include the following product areas: Equities & Structured Retail Products, Emerging Markets, Lending, Global Transaction Services (GTS), and Short Term Markets & Financing (STMF). The Proposed Transfers comprise a number of subsidiary companies and specific product portfolios together with associated hedging. RBS N.V. also currently holds directly and indirectly certain other assets which are owned by RBSG jointly with the Dutch State and Santander (the "Consortium Shared Assets"); these are part of the retained businesses.

It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is expected to have taken place by the end of 2012. This will be subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It is not certain whether such transfers (or any of them) will be effected at the value used for the pro forma financial information. No person should place any reliance on the pro forma financial information in connection with making an investment decision or for any other purpose and should be aware that changes to the current proposals (including, without limitation, to the assets and liabilities to be transferred or retained, the eventual manner in which such assets and liabilities are proposed to be transferred and to the timing pursuant to which they are proposed to be transferred) may be made if required, or if determined by RBS N.V. or RBS plc (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in this pro forma financial information should be taken as (or is) a representation that any of the assets and liabilities referred to will be transferred or retained, whether in a manner consistent with the figures contained in this pro forma financial information, in accordance with the timing set out above, or at all. For the avoidance of doubt, this pro forma financial information has been prepared and circulated solely for information purposes and does not constitute an offer to any person.

#### **3 Overview of RBS Holdings N.V. after the Proposed Transfers**

For legal, tax and other reasons, there are expected to be certain operations, assets and liabilities in RBS N.V. which will not be transferred to RBS plc. RBSG is committed to providing the necessary support to ensure that RBS N.V. continues to meet its commitments during and after the Proposed Transfers. Following completion of the Proposed Transfers, RBS N.V. will continue to be authorised and regulated by DNB.

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**ANNEX 2: FINANCIAL STATEMENTS 2011 OF RBS N.V.**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2011

Amsterdam, 22 March 2012  
KVK number: 33002587

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2	Managing Board's report on the abbreviated financial statements
3	Basis of presentation
3	Corporate governance
3	Subsequent events
4	Company income statements
5	Company balance sheets
6	Independent auditor's report

## Managing Board's report on the abbreviated financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. ('RBS N.V.') as at 31 December 2011 and for the period then ended.

Amsterdam, 22 March 2012

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. ('RBS N.V.') is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the Managing Board. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company ('RBS Holdings N.V.') is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the results of RBS N.V. are fully consolidated in the 2011 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2011 dated 22 March 2012.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'RBSH Group' refers to RBS Holdings N.V. and its consolidated subsidiaries. The term 'RBSG Group' refers to The Royal Bank of Scotland Group plc, which is the ultimate parent company of RBS N.V. The abbreviation '€m' represents millions of euros.

Legal separation of ABN AMRO Bank N.V. occurred on 1 April 2010, with the shares in that entity being transferred by RBS Holdings N.V. to a holding company called ABN AMRO Group N.V., which is owned by the Dutch State.

Following the legal separation, RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank.

The company income statements and company balance sheets as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on page 205 to 209 of the RBS Holdings N.V.'s Annual Report and Accounts 2011, dated 22 March 2012.

An unqualified auditor's report is provided on the consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2011 on page 215.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2011 are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued by the International Accounting Standards Board which vary in certain significant respects from accounting principles generally accepted in the United States or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2011 and for the year then ended of RBS Holdings N.V. We refer to page 113 to 124 of the RBS Holdings N.V. Annual Report and Accounts 2011 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code ('Code Frijns') is formally applicable to the company. For all the relevant information, we refer to the Annual Report and Accounts 2011 of RBS Holdings N.V. on page 94 to 106.

### Subsequent events

In January 2012, RBS N.V. made a dividend distribution of €15 million to RBS Holdings N.V.

On 29 February 2012, the General Meeting of Shareholders of RBS N.V. conditionally approved a reduction of the issued capital of the Company to €50,000 through a purchase of 255,562,593 own shares from its sole shareholder for no consideration followed by a cancellation of those shares, and to reduce its authorized capital to €225,000.

In March 2012, RBS Holdings N.V. has agreed the sale of the cash equities, corporate finance and sector advisory, corporate actions and transaction support services, corporate financing and risk solutions (CFRS), and equity capital markets businesses in the Netherlands to ABN AMRO Bank N.V. The sale is expected to close in the second quarter of 2012, subject to certain conditions, including obtaining approvals from regulators and our social partners.

On 22 March 2012, RBS N.V. declared a dividend distribution of €5 million to RBS Holdings N.V.

There have been no other subsequent events between the year end and the date of approval of these abbreviated financial statements.



Company income statements  
for the year ended 31 December 2011

	2011 €m	2010 €m
Net interest income	501	833
Results from consolidated subsidiaries	(119)	(100)
Non-interest income	2,936	2,374
Total income	3,318	3,107
Operating expenses	(1,830)	(2,620)
Impairment losses	(1,740)	115
Operating (loss)/profit before tax	(252)	602
Tax charge	(444)	(282)
(Loss)/profit from continuing operations	(696)	320
Profit/(loss) from discontinued operations, net of tax	40	(122)
(Loss)/profit for the year	(656)	198

Company balance sheets  
as at 31 December 2011

	2011	2010
	€m	€m
<b>Assets</b>		
Cash and balances at central banks	11,812	7,321
Loans and advances to banks	53,750	35,113
Loans and advances to customers	24,979	44,844
Debt securities	38,211	53,048
Equity shares	2,955	21,805
Settlement balances	2,576	3,389
Derivatives	18,606	27,582
Intangible assets	46	95
Property, plant and equipment	74	80
Deferred tax	395	5,163
Prepayments, accrued income and other assets	7,100	9,250
Assets of disposal groups	4,788	1,966
<b>Total assets</b>	<b>165,292</b>	<b>209,656</b>
<b>Liabilities and equity</b>		
Deposits by banks	76,911	42,554
Customer accounts	33,469	62,986
Debt securities in issue	17,473	49,778
Settlement balances and short positions	3,386	4,982
Derivatives	19,323	34,743
Accruals, deferred income and other liabilities	2,938	3,275
Retirement benefit liabilities	58	73
Deferred tax	47	47
Subordinated liabilities	4,449	4,661
Liabilities of disposal groups	3,914	1,602
Shareholder's equity	3,324	4,955
<b>Total liabilities and equity</b>	<b>165,292</b>	<b>209,656</b>

## Independent auditors' report

**To the Shareholder, Supervisory Board and Managing Board of:  
The Royal Bank of Scotland N.V.**

### **Independent auditor's report**

#### **Report on the abbreviated financial statements of The Royal Bank of Scotland N.V.**

We have audited whether the accompanying abbreviated financial statements of The Royal Bank of Scotland N.V., consisting of the company balance sheet as at 31 December 2011 and the company income statement for the year then ended of The Royal Bank of Scotland N.V., legally seated in Amsterdam, the Netherlands, as included in this document on pages 4 and 5 are consistent, in all material respects, with the audited consolidated financial statements as included in the Annual Report and Accounts 2011 of RBS Holdings N.V. dated 22 March 2012 from which they have been derived. We expressed an unqualified opinion on these consolidated financial statements.

The abbreviated financial statements do not contain the disclosures required by the International Financial Reporting Standards as endorsed by the European Union that have been applied in the preparation of the audited consolidated financial statements. Therefore, the abbreviated financial statements are not a substitute for reading the audited consolidated financial statements.

#### **Management responsibility**

Management is responsible for the preparation of the abbreviated financial statements in accordance with the same accounting policies as applied in the consolidated financial statements of RBS Holdings N.V. from which they have been derived.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these abbreviated financial statements. We conducted our audit in accordance with Dutch law and the International Standard on Auditing 810 'Engagements to report on summary financial statements'. We planned and performed the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the consolidated financial statements of RBS Holdings N.V. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the audited consolidated financial statements of RBS Holdings N.V.

#### **Emphasis of matter**

Without impacting our opinion above, we emphasise that for a better understanding of the company's financial position and results and the scope of our audit, the abbreviated financial statements of The Royal Bank of Scotland N.V. should be read in conjunction with the unabridged consolidated financial statements of RBS Holdings N.V., from which the abbreviated financial statements of The Royal Bank of Scotland N.V. were derived and our unqualified independent auditor's report thereon dated 22 March 2012.

Amsterdam, 22 March, 2012

Deloitte Accountants B.V.

M.B. Hengeveld

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**ANNEX 3: FINANCIAL STATEMENTS 2010 OF RBS N.V.**

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# The Royal Bank of Scotland N.V.

## Abbreviated Financial Statements 2010

Amsterdam, 28 April 2011  
KVK number: 33002587

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2	Management's report on the abbreviated financial statements
3	Basis of presentation
3	Corporate governance
4	Company income statements
5	Company balance sheets
6	Independent auditor's report

## Management's report on the abbreviated financial statements

The Managing Board certifies that, to the best of their knowledge, the abbreviated financial statements give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit and loss of The Royal Bank of Scotland N.V. ('RBS N.V.') as at 31 December 2010 and for the year then ended.

Amsterdam, 28 April 2011

Jan de Ruiter  
Chairman of the Managing Board

Pieter van der Harst  
Chief Financial Officer

## Company information

### Basis of presentation

On the basis of article 403 of Part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. ('RBS N.V.') is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 15 April 2011 and filed with the Chamber of Commerce in Amsterdam. Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. The assets and liabilities and the income statement of RBS N.V. are fully consolidated in the 2010 consolidated financial statements of RBS Holdings N.V., which are included in the Annual Report and Accounts 2010 dated 28 March 2011.

In the abbreviated financial statements, the terms 'company' and 'RBS N.V.' mean The Royal Bank of Scotland N.V. The term 'Group' refers to RBS Holdings and its consolidated subsidiaries. The term 'RBS Group' refers to The Royal Bank of Scotland Group plc whose shareholding in RFS Holdings B.V. ('RFS Holdings') was increased to 97.7% as at 31 December 2010. The abbreviation '€m' represents millions of euros.

Legal separation of ABN AMRO Bank N.V. occurred on 1 April 2010, with the shares in that entity being transferred by RBS Holdings N.V. to a holding company called ABN AMRO Group N.V., which is owned by the Dutch State.

Following the legal separation, RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within the RBS Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank. As announced on 1 April 2010, RBS N.V. has appointed new Supervisory and Managing Boards. As a result of legal separation RBS N.V. no longer consolidates the interests of ABN AMRO Bank N.V. and its results are classified as discontinued operations. Results for 2009 have been re-presented accordingly.

The Group is majority owned by RBS Group and therefore the presentation of the abbreviated financial statements has been aligned with that of RBS Group, the ultimate parent company. Further details of the reclassifications are provided in the 2010 consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2010 on page 102. The changes do not affect the Group's accounting policies, results, total assets or total liabilities. The presentation of comparatives has been aligned accordingly.

The income statement and balance sheet as presented on the next two pages are derived from the presentation of the RBS N.V. income statement and balance sheet on page 189 to 192 of the RBS Holdings N.V.'s Annual Report and Accounts 2010, dated 28 March 2011.

An unqualified auditor's report was provided on the 2010 consolidated financial statements of RBS Holdings N.V. included in the Annual Report and Accounts 2010 on page 199 to 200.

The consolidated financial statements of RBS Holdings N.V. for the year ended 31 December 2010 are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and IFRS as issued by the International Accounting Standards Board ('IASB') which vary in certain significant respects from accounting principles generally accepted in the United States ('US'), or 'US GAAP'.

In preparing the enclosed financial information in respect of RBS N.V., the same accounting principles and methods of computation are applied as in the consolidated financial statements at 31 December 2010 and for the year then ended of RBS Holdings N.V. We refer to page 102 to 112 of the RBS Holdings N.V. Annual Report and Accounts 2010 for the description of the company's accounting policies.

### Corporate Governance

The Dutch Corporate Governance Code ('Code Frijns') is formally applicable to the company. For all the relevant information, we kindly refer you to the Annual Report and Accounts 2010 of RBS Holdings N.V.

### Subsequent events

RBS Holdings N.V. announced on 19 April 2011 the proposed transfers of a substantial part of the business activities of RBS N.V. to The Royal Bank of Scotland plc. For further details on this announcement please visit <http://www.investors.rbs.com>.



## Company income statements

for the year ended 31 December 2010

	2010	2009*
	€m	€m
Net interest income	833	1,518
Results from consolidated subsidiaries	(100)	(130)
Non-interest income/(loss)	2,374	(1,050)
Total income	3,107	338
Operating expenses	2,620	3,819
Impairment losses/ (reversals)	(115)	1,500
Operating profit/(loss) before tax	602	(4,981)
Tax (charge)/credit	(282)	581
Profit/(loss) from continuing operations	320	(4,400)
Loss from discontinued operations, net of tax	(122)	(114)
Profit/(loss) for the year	198	(4,514)

\*Comparatives for 2009 have been re-presented for the classification of the Dutch State acquired businesses as discontinued operations

## Company balance sheets

as at 31 December 2010

	2010	2009
	€m	€m
<b>Assets</b>		
Cash and balances at central banks	7,321	27,026
Loans and advances to banks	35,113	132,813
Loans and advances to customers	44,844	145,374
Debt securities	53,048	117,711
Equity shares	21,805	15,305
Settlement balances	3,389	10,442
Derivatives	27,582	53,419
Intangible assets	95	300
Property, plant and equipment	80	1,187
Deferred tax	5,163	4,980
Prepayments, accrued income and other assets	9,250	12,302
Assets of disposal groups	1,966	3,766
<b>Total assets</b>	<b>209,656</b>	<b>524,625</b>
<b>Liabilities and equity</b>		
Deposits by banks	42,554	143,770
Customer accounts	62,986	198,748
Debt securities in issue	49,778	73,322
Settlement balances and short positions	4,982	11,086
Derivatives	34,743	58,871
Accruals, deferred income and other liabilities	3,275	7,431
Retirement benefit liabilities	73	123
Deferred tax	47	65
Subordinated liabilities	4,661	6,573
Liabilities of disposal groups	1,602	12,321
Shareholders equity attributable to the parent company	4,955	12,315
<b>Total liabilities and equity</b>	<b>209,656</b>	<b>524,625</b>

## Independent auditors' report

**To the Shareholder, Supervisory Board and Managing Board of The Royal Bank of Scotland N.V.**

### Independent auditor's report

#### Report on the abbreviated financial statements of The Royal Bank of Scotland N.V.

We have audited whether the accompanying abbreviated financial statements of The Royal Bank of Scotland N.V., consisting of the balance sheet as at 31 December 2010 and income statement for the year 2010 of The Royal Bank of Scotland N.V., Amsterdam, the Netherlands as included in this document on pages 4 and 5 are consistent, in all material respects, with the audited consolidated financial statements as included in the Annual Report and Accounts 2010 of RBS Holdings N.V. dated 28 March 2011 from which they have been derived. We expressed an unqualified opinion on these consolidated financial statements.

The abbreviated financial statements do not contain the disclosures required by the International Financial Reporting Standards as endorsed by the European Union that have been applied in the preparation of the audited consolidated financial statements. Therefore the abbreviated financial statements are not a substitute for reading the audited consolidated financial statements.

The abbreviated financial statements are prepared later than the date of the independent auditor's report on the consolidated financial statements of RBS Holdings N.V., dated 28 March 2011. The abbreviated financial statements do not reflect the effects of any events that occurred subsequent to the date of the independent auditor's report on the audited consolidated financial statements of RBS Holdings N.V.

#### Management responsibility

Management is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2010 consolidated financial statements of RBS Holdings N.V. from which they have been derived.

#### Auditor's responsibility

Our responsibility is to express an opinion on these abbreviated financial statements. We conducted our audit in accordance with Dutch law and the International Standard on Auditing 810 "Engagements to report on summary financial statements". We planned and performed the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the consolidated financial statements of RBS Holdings N.V. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the audited consolidated financial statements of RBS Holdings N.V.

#### Emphasis of matter

Without impacting our opinion above, we emphasise that for a better understanding of the company's financial position and results and the scope of our audit, the abbreviated financial statements of The Royal Bank of Scotland N.V. should be read in conjunction with the unabridged consolidated financial statements of RBS Holdings N.V., from which the abbreviated financial statements of The Royal Bank of Scotland N.V. were derived and our unqualified independent auditor's report thereon dated 28 March 2011.

Deloitte Accountants B.V.

M.B. Hengeveld

Amsterdam, 28 April 2011

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## INFORMATION ABOUT THE ROYAL BANK OF SCOTLAND PLC

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### **RBS Registration Document**

The required information about The Royal Bank of Scotland plc ("**RBS**") acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as Issuer is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**RBS Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (see section "Documents Incorporated by Reference").

The information contained in the RBS Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Proposed Dutch Scheme" and "Rating information".

### **Assets, owners' equity and capital ratios**

The Royal Bank of Scotland Group plc ("**RBSG**") together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBSG Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the RBS Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

### **Proposed Dutch Scheme**

On 26 March 2012, RBSG and RBS announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business

conducted by RBS N.V. in The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to RBS (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. RBS and RBS N.V. have discussed the Proposed Dutch Scheme in detail with the Dutch Central Bank (De Nederlandsche Bank) and the FSA. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Proposed Dutch Scheme will take effect on 9 July 2012. RBS N.V. and RBS will publish a supplement to this Base Prospectus if there is a change to this date.

## Rating information

Following an announcement by Moody's Investors Service Limited ("**Moody's Investors Service**") on 22 June 2012 of revisions to the expected ratings of notes issued by RBS and those of certain other global banks and securities firms, reflecting changes in the Moody's Investors Service rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment, Moody's Investors Service is expected to rate notes issued by RBS as follows:

	<b>Previous</b> (before 22 June 2012)	<b>At the date of this Base Prospectus</b>
<b>Senior notes with a maturity of one year or more</b>	A2	A3
<b>Senior notes with a maturity of less than one year</b>	P-1	P-2

The RBSG Group believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio as at 31 March 2012. The amount of collateral that may have to be posted by the RBSG Group following this downgrade by Moody's Investors Service is estimated to be £9 billion as of 31 May 2012.

As defined by Moody's Investors Service, an "A" rating means the capacity of the issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's Investors Service, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's Investors Service, a "P-2" rating means that the issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's Investors Service (available at [www.moody's.com](http://www.moody's.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as RBS N.V. and RBS are aware and are able to ascertain from information published by Moody's Investors Service, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this sub-section "Rating information" have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

### **Additional information about RBS**

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

(a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;

- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

(b) the Annual Report and Accounts 2010 of RBS (the "**Annual Report 2010 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;

(c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;

- (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;
  - (x) Essential reading Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;
  - (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- (d) the Annual Report and Accounts 2011 of RBS (the "**Annual Report 2011 of RBS**") (including (i) the audited consolidated annual financial statements of RBS and (ii) the non-consolidated balance sheet of RBS, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- (e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012; and



(f) the unaudited Interim Management Statement Q1 2012 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2012 (excluding the last sentence on page 5 of the Unaudited Interim Statement of RBSG) which was published on 4 May 2012.

The information about RBSG was obtained in the English language from RBSG. It has been accurately reproduced and as far as RBS N.V. and RBS are aware and are able to ascertain from information published by RBSG, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the RBS Registration Document and this Base Prospectus is the most recent information available about RBS.

### **Significant changes**

There has been no significant change in the financial position of RBS and RBS together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**RBS Group**") taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the RBS Group has been published).

There has been no material adverse change in the prospects of RBS and the RBS Group taken as a whole since 31 December 2011 (the date of the last published audited financial statements of the RBS Group).

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## **PERSONS RESPONSIBLE**

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The Royal Bank of Scotland N.V., the registered office and principal administrative office of which is situated in Gustav Mahlerlaan 350, 1082 ME Amsterdam, The Netherlands and The Royal Bank of Scotland plc, with registered office at 36 St Andrew Square, Edinburgh, EH2 2YB, Scotland and principal office at RBS Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ, Scotland are responsible for the information given in this Base Prospectus and further declare that, to the best of their knowledge, the information contained in this Base Prospectus is correct and omits no significant factors.

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## IMPORTANT NOTICE

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This Base Prospectus does not, either on its own or in conjunction with the Registration Documents or any Supplements, constitute an offer to purchase or a solicitation to make an offer or to subscribe Securities, nor shall it be deemed a recommendation by the Issuer to subscribe or purchase any Security.

The distribution of this Base Prospectus or any other documents in connection with the LaunchPAD Programme as well as the issue, offer, listing, sale or delivery of the Securities by the Issuer must under no circumstances be construed as indicating that the financial condition of RBS N.V., the Guarantor, the group consisting of the Guarantor and its consolidated subsidiaries (the "**Group**") or the group consisting of RBS and its consolidated subsidiaries (the "**RBS Group**") as described herein has remained unchanged since the date of this Base Prospectus. In accordance with Section 16(1) WpPG, every significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Securities and which arises or is noted between the time when this Base Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, will be mentioned in a Supplement to this Base Prospectus.

No person shall be authorised to give any information or make any representations in relation to the Issuer, the Guarantor, the Group or the RBS Group other than those contained in this Base Prospectus. In the event that any such information is given or any such representations are made, they must not be deemed approved by the Issuer, the Guarantor, the Group or the RBS Group.

The distribution of this Base Prospectus as well as the offer, sale or delivery of the Securities may be prohibited by law in certain jurisdictions outside the Federal Republic of Germany. The Issuer hereby requests persons coming into possession of this Base Prospectus to familiarise themselves with and observe such restrictions. For a description of certain restrictions on the distribution of this Base Prospectus and the offering material relating to the Securities as well as the offer, sale and delivery thereof, see "*Selling Restrictions*".

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## TAXATION

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*Potential purchasers of the Warrants who are in any doubt about their tax position on acquisition, ownership, transfer, exercise or expiry of any Warrant should consult their professional tax advisers.*

### 1. GENERAL

Purchasers of the Warrants may be required to pay stamp taxes and/or other charges in accordance with the laws and practices of the country of purchase in addition to the issue or purchase price of the Warrants.

The Issuer assumes neither any liability nor any obligation to pay any taxes, duties or other payments which may arise as a result of the ownership, transfer, exercise or expiry of the Warrants. The investors are advised that, under the terms of the Warrants, any such taxes levied will not be reimbursed by the Issuer.

Any Securities which are transferred under the Proposed Transfers pursuant to the Proposed Dutch Scheme shall be referred to in this section as "**Dutch Scheme Securities**".

The discussion below does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers other than to the extent stated in relation to Dutch Scheme Securities.

### 2. THE NETHERLANDS

The following paragraph, which is intended as a general guide only, is based on current law and practice in The Netherlands. It summarises certain aspects of taxation in The Netherlands only which may be applicable to the Warrants but do not purport to be a comprehensive description of all tax considerations which may be of relevance.

All payments by the Issuer in respect of the Warrants will be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless such withholding is, in the future, required by law.

### 3. FEDERAL REPUBLIC OF GERMANY

The following summary of the tax implications of an investment in the Warrants is based upon the applicable provisions of German tax law and their interpretation by fiscal authorities and fiscal courts as at the date of this Base Prospectus. **The tax implications might change as a result of amendments to such applicable law, its interpretation or, as the case may be, of the administrative practices of fiscal authorities – under certain circumstances even with retroactive effect.**

In particular, the discussion herein is limited to Securities that are issued and acquired after 31 December 2008. The tax treatment of Warrants that were issued and acquired prior to 1 January 2009 may, subject to certain transition rules in connection with the introduction of the flat tax (*Abgeltungsteuer*) on investment income, differ significantly from the description in this summary.

This summary reflects the view held by the Issuer with respect to the tax implications of an investment in the Warrants. However, it is not a guarantee regarding the tax consequences of the purchase, sale, exercise, or worthless expiry of the Warrants. Furthermore, this summary is not adequate to serve as the sole basis for an evaluation of the tax implications of an investment in the Warrants since in any case the investor's individual circumstances must be taken into account. As a consequence thereof, this summary is limited to a general overview over certain income tax implications in Germany. **Investors are strongly advised to consult their personal tax adviser about the tax implications of an investment in the Warrants.**

The following paragraphs refer only to the taxation of individuals who have their domicile or their permanent residence in Germany and who hold the Warrants as private assets (*Privatvermögen*). If the Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany, income from the Securities is not subject to the 26.375% discharging flat rate tax but is subject to personal income tax at graduated rates or corporate income tax (each plus solidary surcharge thereon and for individuals eventually church tax).

In the specific case of an individual who is tax resident in Germany and who holds the Securities as private assets, the following applies:

If the investor realises capital gains upon the sale of the Warrants or upon their exercise (if a cash payment is made to the investor upon exercise) such capital gains are subject to a withholding tax ("*Kapitalertragsteuer*") at a rate of 26.375 % (including the solidarity surcharge) plus a church tax, if applicable, provided that a domestic (i.e. German) branch of a domestic or of a foreign credit or financial services institution, a domestic securities trading bank or a domestic securities trading company (each a "**Domestic Paying Agent**") has kept the Warrants in a securities custody account since their acquisition and disburses or credits the capital gains. The capital gains are generally determined as the difference between the proceeds from the disposal or exercise of the Warrants and the acquisition costs. As a general rule, the deduction of withholding taxes by these Domestic Paying Agents has a discharging effect regarding the income tax liability of the investor on such capital gains ("*Abgeltungsteuer*", i.e. a discharging flat rate tax). Deviating withholding rules may apply if the Warrants were sold or exercised after being transferred from a securities deposit account with a foreign bank or a foreign branch of a domestic credit or financial service institution, unless the investor provides evidence for the investor's actual acquisition costs to the Domestic Paying Agent. Such evidence is only permissible if the foreign bank is resident within the EU, European Economic Area or a contracting state of the EU directive on the taxation of savings income (2003/48/EC).

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of EUR 801 per year (EUR 1,602 for married couples filing their tax return jointly). The tax allowance is taken into account for purposes of the withholding tax provided that the investor files a withholding tax

exemption request with the respective bank or financial institution where the securities deposit account to which the Warrants are allocated is held. The deduction of related expenses for tax purposes is not possible.

If no or not sufficient withholding tax is deducted from the capital gains of the investor, these gains will have to be declared in the income tax assessment and are then as a general rule subject to the above mentioned flat income tax rate of 26.375 %, plus church tax, if applicable. The investor may also opt for assessment of its investment income in certain other situations (e.g. if its total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 %).

As a general rule, any losses realised upon the sale or exercise of the Warrants can be offset against other income from capital investments. If no sufficient income from other capital investments is available in the assessment period in which the loss is realised, the loss can be carried forward and reduces income from capital investments which the investor realises in the following years. However, the loss cannot be carried back into the preceding assessment periods. According to the view of the tax administration, losses realised upon a worthless expiry of the Warrants are irrelevant for income tax purposes.

Provided no cash payment is made upon exercise of the Warrants but shares are delivered to the investor, such exercise may – depending on the final terms of the Warrants – not constitute a taxable event. In this case, only the sale of the shares received generally triggers the tax consequences described above. The capital gain or loss resulting from the sale of the shares is to be calculated as a difference between the sales price of the shares and their acquisition costs which comprise the acquisition costs of the Warrants and the exercise price to be paid by the investor upon exercise of the Warrants. Any losses resulting from the sale of the shares can only be offset against capital gains from the sale of shares and not with income from other capital investments.

## **4. AUSTRIA**

Investors should be aware that this overview cannot be used as a substitute for individual tax advice and is not intended to be definitive. There can be no guarantee that the Austrian tax authorities will adopt the same interpretation of the matters set out below as the Issuer and due to changes in the settled practice of Austrian tax authorities or Austrian case law, the tax treatment of alternative investments may, even retroactively, vary and lead to different results than those set out herein. There is no specific Austrian case law or other binding legal guideline available on the tax treatment of the Securities.

### **4.1 Tax treatment of Austrian tax resident investors**

#### **(a) Private investors**

##### *Qualification of the Securities as warrants*

According to the view of the Austrian Federal Ministry of Finance (*Bundesministerium für Finanzen* ("BMF")), the securitisation of an option right does not result in an option to be qualified as a bond for

Austrian tax purposes. Therefore, income from warrants is not qualified as income from investment pursuant to § 27(2)(2) and (5) of the Austrian Income Tax Act (*Einkommensteuergesetz* ("**ESStG**"), but may be taxable pursuant to § 30 EStG. Such income is not subject to withholding tax in Austria (BMF, Income Tax Guidelines 2000 (*Einkommensteuerrichtlinien 2000* ("**ESStR 2000**") para 7757c).

If the option right under a warrant is, in any case, exercised by way of cash settlement, the income received by a private individual investor is subject to Austrian income tax at the general rates of up to 50 per cent as income from so-called speculative transactions pursuant to § 30(1)(2) EStG (ie. from contracts for differences). If the warrant, at the time of its purchase, may also be settled physically, the income is only considered as income from speculative transactions pursuant to § 30(1)(2) EStG (ie. from options), if the option right is exercised within one year after the acquisition of the warrant. Income from speculative transactions is not taxable if the entire income from speculative transactions of a calendar year does not exceed an amount of EUR 440. The differentiation among speculative transactions (ie. between income from contracts for differences and income from options) is, however, not clearly cut. Partially the intention of the investor at the moment of the acquisition of the warrant is considered relevant.

If the option right under a physically settled call warrant is exercised, the investor (holder of the warrant) acquires the underlying at the strike (plus expenses). The BMF takes the view that the exercise of such an option does not lead to a realisation event for the investor. For Austrian tax purposes, the acquisition and the exercise of the warrant are treated together as the acquisition of the underlying. The underlying is acquired at the agreed strike or the cost and other taxable advantages relating to the grant of the option are additional acquisition cost (BMF, EStR 2000 para 6659a).

#### *Qualification of the Securities as index or similarly structured products*

Depending on the specific structure of a Security, it cannot be excluded that the Security may be treated as an index or similarly structured product for Austrian tax purposes. In this case the tax treatment of an investor resident for tax purposes in Austria would be as follows:

Pursuant to § 124b(85) EStG, income received from index securities and similarly structured products that are issued on or after 1 March 2004 is qualified as investment income (§ 27 EStG) for Austrian income tax purposes. According to the BMF, § 124b(85) EStG may as well be applied to securities under which the investor has a right for repayment of the investment and the amount of such repayment depends on the performance of single equities or commodities which, at their entirety, do not amount to an index (BMF, EStR 2000 para 6198a).

Any difference between the issue price and the repurchase price of the security due to the development of the reference underlying is treated as interest (§ 27(2)(2) EStG) for Austrian income tax purposes. Equally, any positive difference due to the development of the underlying that is realised upon the sale of a security is treated as investment income.

Interest received by an investor resident in Austria for tax purposes is subject to Austrian income tax. In case of a private investor, income tax is levied at the time the interest is received, i.e. according to the settled practice of Austrian tax authorities upon the redemption or the sale of the Securities with

respect to any difference amount realised upon redemption or sale. A private investor is not taxed on the increase in value of the security due to the positive development of the underlying or the price of the security at the stock exchange prior to redemption or sale.

If a security within the meaning of § 93(3)(1) EStG (*Forderungswertpapier*; i.e., a security that securitises a claim in a way that the right under the security follows the right to the security) is held by a private investor resident in Austria for tax purposes and interest is paid by an Austrian coupon-paying agent within the meaning of § 95(3)(2) EStG (generally the Austrian depository), withholding tax at a rate of 25 per cent is triggered. For a private individual investor such withholding tax is final provided that the security is both legally and actually publicly offered. If such an investor's applicable average income tax rate is below 25 per cent, the investor may file an income tax return including the interest income and apply for assessment of his income tax liability based on his income tax return. In the absence of an Austrian coupon-paying agent the investor must file an income tax return and include the interest received. Income tax will be levied at a special rate of 25 per cent (§ 37(8) EStG; BMF, EStR 2000 para 7377a). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to flat and final withholding tax or to the special income tax rate of 25 per cent, is not available.

Income from the sale of index or similarly structured products resulting from price increases occurring below the issue price is subject to income tax (regular rates of up to 50 per cent) only if the sale occurs within one year after the acquisition (so called speculative transaction; § 30(1) EStG) and the aggregate amount of income from speculative transactions in the calendar year exceeds EUR 440. As regards securities that are acquired after 30 September 2011 and before 1 April 2012, pursuant to § 124b Z 184 EStG every sale or other settlement is treated as a speculative transaction (§ 30(1) EStG). Income from a sale or other settlement after 31 March 2012 is subject to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG as amended by the *Budgetbegleitgesetz 2011* ("**BBG 2011**", BGBl I 111/2010; see below).

*Securities acquired after 31 March 2012 and new rules applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/Abgabenänderungsgesetz 2011 ("**AbgÄG 2011**", BGBl I 76/2011)/Budgetbegleitgesetz 2012 ("**BBG 2012**", BGBl I 112/2011))*

Pursuant to § 27(4) EStG, the difference payment, the premium, the capital gain and the income from another form of settlement of forward transactions (*Termingeschäfte*, e.g. options) and other derivative financial instruments (e.g. index certificates) are income from investment in the form of income from derivatives. Other derivative financial instruments within the present context are derivative financial instruments irrespective of whether the underlying consists of financial assets, commodities or other assets, so that all types of certificates are covered. Consequently, in case of certificates the difference between the acquisition cost and the sales price, settlement amount or redemption amount is income from derivatives that is subject to income tax. The actual exercise of an option or the actual delivery of the underlying, however, is not a taxable event.

Income from investment derived from securities that securitise a receivable and are legally and actually publicly offered are subject to income tax at the special rate of 25 per cent pursuant to



§ 27a(1) EStG. With respect to income from derivatives (§ 27(4) EStG), income tax is levied by way of final withholding tax (such income does not have to be included in the income tax return, except in case of an exercise of the option for taxation at regular income tax rates or the option for setting-off of losses) in case of an Austrian depository or, in its absence, an Austrian paying agent, which has executed the transaction in connection with the depository and is involved in the transaction. An Austrian depository or paying agent may be credit institutions, Austrian branches of non-Austrian credit institutions or Austrian branches of certain investment services providers (§ 95(2)(2) EStG in connection with § 97(1) EStG). In the absence of an Austrian depository or paying agent, the income has to be included in the income tax return and is subject to income tax at the special rate of 25 per cent.

The investor may file an income tax return and apply for assessment of his income tax liability based on his income tax return (§ 27a(5) EStG). Subject to certain restrictions a set-off (but no carry forward) of losses is available among income from investment. For such setting-off of losses, generally the investor must opt for assessment to income tax (option for setting-off of losses; § 97(2) EStG in connection with § 27(8) EStG). In case of an Austrian depository, the setting-off of losses has to be effected by the depository (§ 93 Abs 6 EStG). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to the special income tax rate of 25 per cent pursuant to § 27(1) EStG, is not available (§ 20(2) EStG).

(b) Business investors

*Qualification of the Securities as warrants*

Income from a warrant that is held as a business asset constitutes business income.

If the option right under a cash settled warrant is exercised, the income is subject to income tax at the general rates of up to 50 per cent in case of an individual as a business investor and corporate income tax at the rate of 25 per cent in case of a corporate investor.

If the option right under a physically settled call warrant is exercised, the underlying is acquired at the agreed strike and the cost or other taxable advantages relating to the grant of the option are treated as additional acquisition cost (see above under Private Investors).

*Qualification of the Securities as index or similarly structured products*

Income from a security held as a business asset constitutes business income.

A corporation subject to unlimited corporate income tax liability in Austria receiving such income will be subject to Austrian corporate income tax at a rate of 25 per cent.

Flat and final withholding tax at a rate of 25 per cent is triggered if the security is held by an individual investor resident for tax purposes in Austria and the interest is paid by an Austrian coupon-paying agent. In the absence of an Austrian coupon-paying agent, income tax at a special flat rate of 25 per cent will be due. A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to flat and final withholding tax or to the special income tax rate of 25 per cent, is not available.

Income from the sale of index or similarly structured products resulting from price increases occurring below the issue price are subject to corporate income tax at a rate of 25 per cent in case of a corporation as investor and income tax at the regular rates of up to 50 per cent in case of an individual as investor irrespective of any holding periods.

*Securities acquired after 31 March 2012 and new rules applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/AbgÄG 2011/BBG 2012)*

In case of a corporation, the current regime of taxation applies.

If the securities are held by an individual, income from investment is subject to income tax at the special rate of 25 per cent which is levied by way of withholding in case of an Austrian depository or paying agent (§ 27a(6) EStG). However, in case of an individual holding the securities as business assets, pursuant to § 97(1) EStG the withholding tax on income from derivatives (§ 27(4) EStG) is not final (i.e., the income must be included in the income tax return). A set-off (and a carry forward) of losses is available under certain rules (§ 6(2)(c) EStG). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG, is not available.

(c) Risk of a Qualification as Units in a Non-Austrian Investment Fund

According to Austrian tax authorities, the provisions for non-Austrian investment funds within the meaning of § 42(1) of the Austrian Investment Fund Act (*Investmentfondsgesetz ("InvFG")*) (as of 1 April 2012: § 188 of the Austrian Investment Fund Act 2011 (*Investmentfondsgesetz 2011 ("InvFG 2011")*)) may equally apply if the repayment of the invested amount exclusively depends on the performance of certain securities (index) and either the issuer, a trustee or a direct or indirect subsidiary of the issuer actually acquires the majority of the securities comprised by the index for the purposes of issuing the securities or the assets comprised by the index are actively managed. However, directly held notes the performance of which depends on an index, irrespective of whether the index is a recognised index or an individually composed fixed or at any time modifiable index are not treated as units in a non-Austrian investment fund (BMF, Investment Fund Guidelines 2008 (*Investmentfondsrichtlinien 2008 ("InvFR 2008")*) para 267). The risk of the qualification of a Security as unit in a non-Austrian investment fund must be assessed on a case-by-case basis.

## **4.2 Tax treatment of non-Austrian tax resident investors**

(a) Austrian Income Tax Liability

*Qualification of the Securities as warrants*

Pursuant to § 98(1)(7) EStG non residents for tax purposes are subject to Austrian income tax with respect to income from speculative transactions only if the speculative transaction relates to Austrian real estate or Austrian rights that are governed by the civil law provisions applicable to real estate. Accordingly, in case of investors who are not resident for tax purposes in Austria, and provided that the warrants are not attributable to an Austrian permanent establishment of the non-resident investor,

income from the exercise of a cash settled warrant (income from speculative transactions pursuant to § 30 EStG) should not be subject to income tax in Austria.

*Qualification of the Securities as index or similarly structured products*

Pursuant to § 98(1)(5) EStG, interest (or an amount treated as interest) received under securities (that are not held in an Austrian permanent establishment) by an investor not resident for tax purposes in Austria is basically not subject to Austrian income tax. If such amounts are paid by an Austrian coupon-paying agent, 25 per cent withholding tax is triggered, unless the non-Austrian tax resident individual investor proves his non-resident status for tax purposes to the Austrian coupon-paying agent by presenting an official picture identification card and provides his address. In addition, Austrian citizens or citizens of an Austrian neighbouring state have to provide a written declaration that they neither have a domicile nor their habitual place of abode in Austria. Further, the securities under which the amount is paid must be deposited with an Austrian bank (BMF, EStR 2000 paras 7775 et seq). If the investor is not an individual, the coupon-paying agent is discharged from its withholding obligation if the investor proves his non-resident status for tax purposes through presentation of an identification card of an individual acting on behalf of the corporation, the security is deposited with an Austrian credit institution and written evidence is provided by a declaration of the non-Austrian corporation and the individual acting on behalf the corporation that the non-Austrian corporation is the beneficial owner of the securities (BMF, Corporate Income Tax Guidelines 2001 (*Körperschaftsteuerrichtlinien 2001* ("KStR 2001"))) paras 1463 et seq and EStR 2000 paras 7779 et seq). Pursuant to § 98(1)(7) EStG investors who are not resident for tax purposes in Austria are generally not subject to income tax or, in case of a corporation, corporate income tax with respect to income from speculative transactions with securities (that are not held in an Austrian permanent establishment).

*Securities acquired after 31 March 2012 and new provisions applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/AbgÄG 2011/BBG 2012)*

Pursuant to § 98(1)(5) EStG, income from derivatives (§ 27(4) EStG) (that are not held in an Austrian permanent establishment) received by an investor who is not resident for tax purposes in Austria is basically not subject to Austrian income tax, or, in case of a corporation that is not resident for tax purposes in Austria, Austrian corporate income tax. § 94(13) EStG provides for an exemption from withholding tax with respect to income that is not subject to (limited) income tax in Austria pursuant to § 98(1)(5) EStG (the documentation requirements pursuant to EStR 2000 paras 7775 et seq, presumably, will remain to be considered).

(b) Austrian EU Source Tax Liability

Directive 2003/48/EC of 3 June 2003 was implemented into Austrian domestic law by the enactment of the Austrian EU Source Tax Act (*EU-Quellensteuergesetz* ("EU-QuStG")). Accordingly, interest paid by an Austrian coupon-paying agent to an individual beneficial owner resident in another EU member state may be subject to EU source tax at a rate of currently 35 per cent. Whether payments under the Securities are subject to EU source tax must be determined on a case-by-case basis.

## **5. UNITED KINGDOM**

The following applies only to persons who are beneficial owners of the Securities and is a summary of the Issuer's understanding of the current law and HM Revenue & Customs ("**HMRC**") practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules apply. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

### **5.1 Withholding tax**

*Securities issued otherwise than through RBS N.V.'s London branch and which are not Dutch Scheme Securities*

Payments on these Securities may be made without withholding or deduction for or on account of United Kingdom income tax.

*Securities issued by RBS N.V.'s London branch and Dutch Scheme Securities*

Payments by RBS N.V.'s London branch or by RBS (in the case of Dutch Scheme Securities) are likely to be regarded as having a United Kingdom source. However payments made in respect of such Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as either interest or annual payments for United Kingdom tax purposes.

Even if such payments by RBS N.V.'s London branch or by RBS, as applicable, were to be regarded as interest or annual payments for United Kingdom tax purposes, RBS N.V. or RBS, as applicable should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the Securities are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (which broadly they should be provided that they are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided RBS N.V.'s London branch, or RBS, as applicable, qualifies as a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**ITA 2007**") on the date of such payments, such payments may be made without withholding or deduction for or on account of United Kingdom income tax where such payments are made in the ordinary course of RBS N.V.'s London branch's or RBS's business, as applicable, within the meaning of section 878 of the ITA 2007; this would include all payments by RBS N.V.'s London branch, or RBS, as applicable except where there is an intention to avoid United Kingdom tax.

Payments on the Securities may also be made by RBS N.V.'s London branch or RBS, as applicable, without deduction of or withholding for or on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. Securities should satisfy this requirement if they are: (i) admitted to trading on a "recognised stock exchange"; and (ii) officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided therefore, that the Securities are listed on a recognised stock exchange for these purposes, payments on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax whether or not RBS N.V.'s London branch, or RBS, as applicable, carries on a banking business in the United Kingdom and whether or not such payments are made in the ordinary course of its business.

Payments on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax where at the time the payment is made, RBS N.V.'s London branch or RBS, as applicable, reasonably believes (and any person by or through whom payments on these Securities are made reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment at the time the payment is made) that the payments should be made under deduction of tax.

Payments on the Securities may also be made without withholding or deduction for or on account of United Kingdom tax where the maturity of these Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by RBS N.V.'s London branch or RBS, as applicable, of interest on these Securities on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HMRC can issue a notice to RBS N.V.'s London branch, or RBS, as applicable, to make payments to the Securityholder without deduction of tax (or with tax deducted at the rate provided for in the relevant double tax treaty).

## **5.2 UK information gathering powers**

Securityholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits amounts to or receives amounts treated as interest for the benefit of a Securityholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information

in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2013. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

### **5.3 Stamp taxes**

For the purposes of the following paragraphs, "**Exempt Loan Capital**" means any security which constitutes loan capital for the purposes of section 78 Finance Act 1986 ("**Loan Capital**") and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) subject to certain exceptions has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Securities.

In relation to Securities in bearer form which are denominated in sterling and are not Loan Capital, a charge to stamp duty at 1.5 per cent of the value of such Securities may arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Securities if issued outside the United Kingdom. However, in relation to Securities of that kind originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent of the value of such Security will arise.

A Security or any instrument granting a Security (each an instrument) may be subject to United Kingdom stamp duty if it is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom.

Other than as described above, no United Kingdom stamp duty should be required to be paid on transfers of the Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring the Securities on sale may be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities unless the Securities comprise Exempt Loan Capital.

Stamp duty reserve tax at a rate of 1.5 per cent may be payable on the issue or transfer of a Security which is not a Dutch Scheme Security to a clearing system or depository receipt issuer where the Security comprises an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares (which are not "newly subscribed shares" as defined in section 99(12) of the Finance Act 1988) issued by a body corporate incorporated in the United Kingdom.

The stamp duty reserve tax analysis in the above paragraph is also likely to apply to the issue or transfer of a Dutch Scheme Security to a clearing system, or to a depository receipt issuer, although this is not free from doubt. Were the analysis in the above paragraph not to apply to a transfer of such a Security, stamp duty reserve tax at a rate of 1.5 per cent may be payable on such a transfer in circumstances other than those described in the paragraph above if such Security is not Exempt Loan Capital.

Stamp duty reserve tax should generally not be payable in relation to an agreement to transfer or transfer of a Security within a clearance service provided that no election under section 97A of the Finance Act 1986 applies in respect of that Security.

Stamp duty reserve tax may be payable on a transfer of a Security in circumstances other than those described in the paragraphs above, if the Security does not comprise Exempt Loan Capital.

Stamp duty and stamp duty reserve tax may also be payable on the transfer of an asset on physical settlement of the Securities.

## **6. EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), EU member states, subject to the following exceptions, are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state or to certain limited types of entities established in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

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## SELLING RESTRICTIONS

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*The statements which follow are of a general nature. Potential investors in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any Clearing Agent at the time of exercise and/or settlement.*

### 1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required other than the approval of the Base Prospectus by the BaFin and a notification to the countries set forth in the Final Terms under "Public offer". No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer other than the approval and notification(s) mentioned above.

### 2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Securities may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), be offered to the public in that Relevant Member State only if the following conditions as well as any additional provisions applicable in a Relevant Member State are complied with:

- (a) the offer of the Securities to the public starts or occurs within a period of 12 months beginning on the date after the publication of this Base Prospectus approved by the BaFin and, if the Securities are offered to the public in any Relevant Member State other than Germany, this Base Prospectus as well as any Supplements have been notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive; or
- (b) the Securities are offered to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (c) the Securities are offered to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) the Securities are offered to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR



43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

- (e) the Securities are offered in any other circumstances fulfilling any of the exemptions set forth in Article 3(2) of the Prospectus Directive,

provided that no offer of Securities referred to in (b) to (e) shall require the Issuer to publish a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **3. THE NETHERLANDS**

Securities which qualify as savings certificates as defined in the Savings Certificates Act ("*Wet inzake spaarbewijzen*") may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required with respect to:

- (a) the initial issue of those Securities to the first holders thereof;
- (b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and
- (c) the issue and trading of those Securities, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

### **4. UNITED STATES OF AMERICA**

The Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the "**Securities Act**") and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922.

The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the

Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them in Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Securities at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers participating in the distribution of the Securities not to offer, sell, deliver or trade at any time, directly or indirectly, any Securities in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Securities at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph, "**United States**" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "**U.S. person**" means:

- (a) any person who is a U.S. person as defined in Regulation S under the Securities Act;
- (b) any person or entity other than one of the following:
  - (1) a natural person who is not a resident of the United States;
  - (2) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
  - (3) an estate or trust, the income of which is not subject to United States income tax regardless of source;
  - (4) an entity organised principally for passive investment such as a pool, an investment company or similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
  - (5) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

## **5. UNITED KINGDOM**

The Issuer represents, warrants and agrees that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

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## GENERAL INFORMATION

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### **Authorisation**

With regard to RBS N.V., RBS N.V.'s managing board, in its capacity as RBS N.V.'s representative, is responsible for issuing debt instruments. RBS N.V.'s managing board has approved the issue of debt instruments, including the Securities, pursuant to resolutions dated 1 April 2010 and 7 January 2011. In addition, the issue of Securities has been approved by RBS N.V.'s supervisory board pursuant to a resolution dated 13 January 2011 and in accordance with RBS N.V.'s articles of association. All consents, approvals, authorisations or other orders of all regulatory authorities required by RBS N.V. under the laws of The Netherlands have been given for the issue of the Securities.

With regard to RBS, the establishment of the Base Prospectus and the issue of the Securities has been duly authorised by (i) resolutions of the RBS's board of directors dated 18 November 2009 and 15 December 2009 and (ii) resolutions of the Group Asset and Liability Management Committee dated 8 February 2010 and a sub-committee of the Group Asset and Liability Management Committee dated 11 June 2012.

### **Listing**

Whether or not a tranche of Securities will be listed on one or more stock exchange(s) or unofficial market(s), e.g. the Freiverkehr of a German stock exchange, or not at all, will be set forth in the Final Terms.

Following notification of the approval of this Base Prospectus in accordance with Section 18(1) WpPG, the Securities may be admitted to trading in the regulated markets or included in the unofficial market segments of, and/or listed on, the stock exchanges of several EEA States and/or offered to the public within the EEA States which have been notified.

### **Increases**

The Issuer may at any time issue Securities that increase, and are to be consolidated and form a single series with, Securities that have already been issued by the Issuer.

As a result of the Proposed Dutch Scheme (as defined and further set out in the sub-section "Proposed Dutch Scheme" within the section "Information about The Royal Bank of Scotland plc"), RBS may become the issuer of certain Securities originally issued by RBS N.V.

With a view to the aforesaid circumstances, RBS as issuer may issue Securities that increase, and are to be consolidated and form a single series with, Securities that have originally been issued by RBS N.V. as issuer.

For the purposes of any such increases of Securities, the following sections are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

- the (i) "General Conditions" and (ii) "Product Conditions" set forth in the base prospectus relating to Warrants dated 24 January 2012 of The Royal Bank of Scotland N.V. (the "**Base Prospectus January 2012**"), as supplemented by the supplement dated 2 April 2012 ((i) and (ii) together, the "**Conditions January 2012**"),
- the (i) "General Conditions" and (ii) "Product Conditions" set forth in the base prospectus relating to Warrants dated 18 January 2010 of ABN AMRO Bank N.V. (renamed The Royal Bank of Scotland N.V.) (the "**Base Prospectus January 2010**"), as supplemented by the supplements 1 to 7 ((i) and (ii) together, the "**Conditions January 2010**"), and
- the (i) "General Conditions" and (ii) "Product Conditions" set forth in the base prospectus relating to Warrants dated 16 December 2010 of The Royal Bank of Scotland N.V. (the "**Base Prospectus December 2010**") as supplemented by the supplements 1 to 5 ((i) and (ii) together, the "**Conditions December 2010**").

In case of an increase of Securities having been offered on the basis of the Base Prospectus January 2012, the Base Prospectus January 2010 or the Base Prospectus December 2010, in each case as supplemented, the Conditions January 2012, the Conditions January 2010 or the Conditions December 2010 shall apply, as the case may be.

## **Available Documents**

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com), and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a)-(c) and (j)-(n) will be available via the Issuer's website as specified in the Final Terms:

- (a) the RBS N.V. Registration Document;
- (b) the RBS Registration Document;
- (c) the list entitled "Structured Retail Products" which was published by RBS N.V. and RBS on 23 March 2012 (the "**List of Securities**") which lists Structured Retail Products issued by RBS N.V. for which it is possible that RBS can become the issuer of such securities under the Proposed Dutch Scheme and details whether or not RBS is expected to become the issuer of those securities pursuant to the Proposed Dutch Scheme;
- (d) the Financial Statements 2011 of RBS N.V.;
- (e) the Financial Statements 2010 of RBS N.V.;

- (f) the Annual Report and Accounts 2011 of RBS;
- (g) the Annual Report and Accounts 2010 of RBS;
- (h) the Annual Report and Accounts 2011 of RBS Holdings;
- (i) the Annual Report 2010 of RBS Holdings;
- (j) the Base Prospectus January 2012 and any supplements thereto;
- (k) the Base Prospectus December 2010 and any supplements thereto;
- (l) the Base Prospectus January 2010 and any supplements thereto;
- (m) this Base Prospectus and any Supplements; and
- (n) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

A copy of the Guarantee (declaration pursuant to Article 403 of The Netherlands Civil Code) may be obtained from the commercial register kept with the chamber of commerce of Amsterdam, De Ruyterkade 5, P.O. Box 2852, 1000 CW Amsterdam, The Netherlands.

**Investors are recommended to read all available documents prior to a purchase of the Securities.**

### **Notices with regard to the Securities**

All notices under the General Conditions and/or the Product Conditions shall either (i) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon such delivery, unless the relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

### **Scale-back and Cancellation**

The Issuer reserves the right, prior to the issue date, in its absolute discretion to:

- (a) decline in whole or in part an application for Securities such that a potential purchaser for Securities may, in certain circumstances, not be issued the number of (or any) Securities for which it has applied ("**Scale-back**"); or
- (b) withdraw, cancel or modify the offer of the Securities ("**Cancellation**").

The Issuer may Scale-back or Cancel the Securities without notice and will notify potential purchasers of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Securities are not issued, no subscription monies shall be payable by potential purchasers to the Issuer (either directly or indirectly through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a "**Selling Agent**")) with respect to the Securities. Potential purchasers should contact their Selling Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between potential purchasers and their respective Selling Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

### **Clearing Agents**

The Securities may be accepted for clearance through Clearstream Banking AG, Frankfurt ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and/or any other or further Clearing Agent(s) as specified in the Final Terms. If applicable, the relevant Securities Identification Code (WKN), the International Securities Identification Number (ISIN) as well as the Common Code allocated to the individual tranche of Securities as well as any other relevant securities identification code allocated to any tranche of Securities by any Clearing Agent will be specified in the Final Terms. If the Securities are to be cleared through an additional or alternative Clearing Agent, the required additional or alternative information will be specified in the Final Terms. Transactions will normally be settled not earlier than three days after the date of the transaction.

The addresses of CBF, CBL and Euroclear are as set forth below:

- Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, 65760 Eschborn, Germany;
- Clearstream Banking, société anonyme, Luxembourg, 42 avenue J.F. Kennedy, L-1855 Luxembourg; and
- Euroclear Bank S.A./N.V., 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium.

## Other Information

Notification:	The German Federal Financial Supervisory Authority has provided the [●] with a notification of approval relating to the Base Prospectus and attesting that the Base Prospectus has been drawn up in accordance with the German Securities Prospectus Act ( <i>Wertpapierprospektgesetz</i> ).
Issue Date:	[●]
Initial Issue Price:	[●] <sup>4</sup>
Securities Identification Codes:	[●][If fungible with an existing tranche of Securities, details of that tranche, including the date on which the Securities become fungible.]
[Listing and Admission to Trading:	[●]]
[Inclusion in an Unofficial Market:	[●]]
[Market Making:	[●]]
Offer:	[Public offer Commencement: [●] [Ending: [●]. The offer period may be extended or shortened.] Country/Countries: [●] [Non-public offer]
[Subscription Period:	[●]]
[Categories of Potential Investors:	[●]]
[Process for notification to applicants of amount allotted and indication whether dealing may begin before notification:	[●]]
Total Amount of the Offer:	[●][If the total amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.]
[Minimum Subscription Amount or Number:	[●]]
[Maximum Subscription Amount or Number:	[●]]

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<sup>4</sup> Agio needs to be specified if applicable. If Issue Price is not specified, the criteria and/or conditions in accordance with which the Issue Price will be determined need to be disclosed.

[Method and Time Limits for Paying Up the Securities and for their Delivery:	[●]]
[Interests of Natural and Legal Persons Involved in the Issue/Offer:	[Save for the Issuer, so far as the Issuer is aware, no person involved in the issue or offer of the Securities has a material interest in the issue or the offer.][●]]
[Allotted Amount:	[●]] <sup>5]</sup>
[Details of where Information on the Underlying can be Obtained:	[●]] <sup>6</sup> [The information included herein with respect to the underlying by reference to which payments or, if applicable, delivery under the Securities are determined (the " <b>Underlying</b> ") consists of extracts from, or summaries of, [publicly available] information [by ●]. The Issuer accepts responsibility that such information has been correctly reproduced. As far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted that would lead to the information reproduced herein becoming inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, the Issuer accepts no responsibility with respect to the accuracy or completeness of the information set forth herein concerning the Underlying of the Securities or that there has not occurred any event which would affect the accuracy or completeness of such information.][●]]
[Additional Risk Factors:	[●]] <sup>7</sup>
[Additional Tax Disclosure:	[●]]
[Additional Selling Restrictions:	[●]]
[Further Information:	[●]] <sup>8]</sup>

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<sup>5</sup> Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.

<sup>6</sup> Include details of where information about the past and future performance and volatility of the Underlying can be obtained. Where the Underlying is an index include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer include details of where the information about the index can be obtained. Where the Underlying is not an index include equivalent information.

<sup>7</sup> The Final Terms may contain additional risk factors to reflect the specific structure applicable to a specific tranche of Securities.

<sup>8</sup> Information in relation to a specific tranche of Securities.



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## DOCUMENTS INCORPORATED BY REFERENCE

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The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the RBS N.V. Registration Document (excluding any references in the RBS N.V. Registration Document to the "RBSG Risk Factors" and the "RBSG Registration Document" and in particular excluding on page 3 of the RBS N.V. Registration Document (i) the last sentence in the second paragraph of the section "Risk Factors" and (ii) the last sentence of the paragraph "The Group is reliant on the RBSG Group", and excluding items (a) to (j) (including) in the section "Documents Incorporated by Reference" on pages 46 to 48 of the RBS N.V. Registration Document) (incorporated on page 2 of this Base Prospectus);
- (b) the RBS Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the RBS Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the RBS Registration Document and items (a) to (f) (including) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the RBS Registration Document) (incorporated on page 20 of this Base Prospectus);
- (c) the Articles of Association (incorporated on page 88 of this Base Prospectus);
- (d) the Announcement (incorporated on page 88 of this Base Prospectus);
- (e) the Annual Report and Accounts 2011 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 10 and the section "Additional Information - Risk Factors" on pages 236 to 245 of the Annual Report and Accounts 2011 of RBS Holdings N.V.) (incorporated on page 88 of this Base Prospectus);
- (f) the Annual Report 2010 of RBS Holdings N.V. (excluding the section "Business Review - Risk Factors" on page 9 and the section "Additional Information - Risk Factors" on pages 221 to 231 of the Annual Report 2010 of RBS Holdings N.V.) (incorporated on page 88 of this Base Prospectus);
- (g) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated on page 98 of this Base Prospectus);
- (h) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated on page 97 of this Base Prospectus);
- (i) the Annual Report 2011 of RBS (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated on page 98 of this Base Prospectus);

- (j) the Annual Report 2010 of RBS (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated on page 98 of this Base Prospectus);
- (k) the Unaudited Interim Statement of RBSG (excluding the last sentence on page 5 of the Unaudited Interim Statement of RBSG) (incorporated on page page 100 of this Base Prospectus);
- (l) the Conditions January 2012 (incorporated on page page 119 of this Base Prospectus);
- (m) the Conditions December 2010 (incorporated on page page 119 of this Base Prospectus);
- (n) the Conditions January 2010 (incorporated on page page 119 of this Base Prospectus);
- (o) the Press Release dated 1 May 2012 (incorporated on page 99 of this Base Prospectus)
- (p) the press release "Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS: Dutch Scheme" which was published by RBSG on 26 March 2012;
- (q) the press release "Securities issued by, and guarantees of securities granted by, RBS N.V.: Expected Dutch Scheme" which was published by RBS N.V. and RBS on 23 March 2012; and
- (r) the List of Securities which was published by RBS N.V. and RBS on 23 March 2012.

The documents referred to in (a), (c)-(f) and (p)-(r) were filed with the AFM. The documents referred to in (b), (g)-(k) and (o) were filed with the FSA. The documents referred to in (l)-(n) were filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(r) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

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## CONDITIONS: GENERAL CONDITIONS

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***The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>9</sup>.***

### 1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

### 2. FORM AND STATUS

- (a) Form. [The Securities are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.]<sup>10</sup> [The Securities are issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").]<sup>11</sup> [●] No definitive securities will be issued.
- (b) "**Securityholder**" means [the holder of a unit in the Global Security.]<sup>12</sup> [a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.]<sup>13</sup> [●]
- (c) Status. The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

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<sup>9</sup> In case of Securities represented by a Global Security.

<sup>10</sup> In case of Securities represented by a Global Security.

<sup>11</sup> In case of Securities issued in dematerialised form.

<sup>12</sup> In case of Securities represented by a Global Security.

<sup>13</sup> In case of Securities issued in dematerialised form.

### 3. NOTICES

All notices under the Conditions shall be [published on the Issuer's website • (or any successor website) and shall become effective upon such publication] [delivered to the Clearing Agent and shall become effective upon such delivery], unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

### 4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.
- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

### 5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the "**Offer**"). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the

Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

6. SUBSTITUTION

(a) Substitution of Issuer. [The Issuer may at any time without the consent of the Securityholders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities:

(i) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB ("**RBS**" or the "**Substitute**") subject to the Issuer having given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; or

(ii) any entity other than RBS (also, the "**Substitute**"), subject to

either (x)

(A) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and

(B) the Issuer or RBS having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Securityholders;

or (y)

(A) the Issuer having given at least three months' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and

(B) each Securityholder, as of (and including) the date of such notice until (and including) the date of such substitution, being entitled to terminate the Securities held by such Securityholder without any notice period in which event the Issuer will, if and to the extent permitted by the applicable law, pay to such Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination. Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

and in each case subject to all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that

the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect.][●]<sup>14</sup> In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

## 7. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

## 8. AGENTS

- (a) Principal Paying Agent and Paying Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any paying agent (the "**Paying Agent**") and to appoint further or additional Paying Agents, provided that no termination of appointment of the principal paying agent (the "**Principal Paying Agent**") shall become effective until a replacement Principal Paying Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be a Paying Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Paying Agent will be given to Securityholders in accordance with General Condition 3. Each Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders or any of them.
- (b) Calculation Agent. The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation

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<sup>14</sup> Insert further or other requirements for the substitution of the Issuer.

Agent shall have been appointed. Notice of any termination or appointment will be given to the Securityholders in accordance with General Condition 3.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders.

9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any Paying Agent shall only be liable in case of culpably breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO COMMODITY [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]**  
**WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>15</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**["Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;]<sup>16</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{17}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{18}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Commodity"** means •, subject to an adjustment in accordance with Product Condition 4;

**["Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange"** means • or any successor to such exchange or quotation system;

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<sup>15</sup> In case of Securities represented by a Global Security.

<sup>16</sup> In case of Discount Warrants.

<sup>17</sup> In case of Call Warrants and Discount Call Warrants.

<sup>18</sup> In case of Put Warrants and Discount Put Warrants.



["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●<sup>19</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>20</sup>[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>21</sup>

["**Exercise Time**" means ●;]<sup>22</sup>

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Commodity published on [● page ● (or on a page replacing such page)][●] at or about the Valuation Time on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]<sup>23</sup>

"**Integral Multiple**" means ●;

"**Issue Date**" means ●

"**Issuer**" means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][

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<sup>19</sup> Insert relevant page.

<sup>20</sup> In case of Quanto Warrants.

<sup>21</sup> In case of American style warrants.

<sup>22</sup> In case of American style warrants.

<sup>23</sup> In case of Securities represented by a Global Security.

branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>24</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>25</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{26}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{27}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>28</sup>

**"Maximum Exercise Number"** means ●;]

**"Minimum Exercise Number"** means ●;]

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

<sup>24</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>25</sup> Insert/use in case of an increase of Securities by RBS.

<sup>26</sup> In case of Discount Call Warrants.

<sup>27</sup> In case of Discount Put Warrants.

<sup>28</sup> In case of Discount Warrants.

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

[**"Pricing Date"** means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>29</sup>

**"Principal Paying Agent"** means ●, subject to a replacement pursuant to General Condition 8;

**"Related Exchange"** means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

**"Relevant Number of Trading Days"** means ●;

**"Securities"** means ●;

**"Securityholder"** has the meaning given in General Condition 2;

[**"Series"** means ●;]

**"Settlement Currency"** means ●;

**"Strike"** means ●, subject to an adjustment in accordance with Product Condition 4;

[**"Strike Currency"** means ●;]

**"Trading Day"** means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][●];

**"Valuation Date"** means [the Exercise Date]<sup>30</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>31</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

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<sup>29</sup> In case of a subscription period.

<sup>30</sup> In case of European style Warrants.

<sup>31</sup> In case of European style Warrants.

**"Valuation Time"** means [the regular close of trading on the Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>32</sup> [lower of the Maximum Amount and the Cash Amount]<sup>33</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such

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<sup>32</sup> In case of Warrants other than Discount Warrants.

<sup>33</sup> In case of Discount Warrants.

persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay the [Cash Amount]<sup>34</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>35</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>36</sup> [lower of the Maximum Amount and the Cash Amount]<sup>37</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

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<sup>34</sup> In case of Warrants other than Discount Warrants.

<sup>35</sup> In case of Discount Warrants.

<sup>36</sup> In case of Warrants other than Discount Warrants.

<sup>37</sup> In case of Discount Warrants.

A Notice shall:

- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account relating to the Securities to be debited;
  - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
  - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>38</sup> for such Securities;
  - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise

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<sup>38</sup> In case of Discount Warrants.

Number of Securities [and]]<sup>39</sup> [no more than the Maximum Exercise Number of Securities]<sup>40</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading

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<sup>39</sup> In case of a Minimum Exercise Number of Securities.

<sup>40</sup> In case of a Maximum Exercise Number of Securities.

Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>41</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>42</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>43</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>44</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment

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<sup>41</sup> In case of Warrants other than Discount Warrants.

<sup>42</sup> In case of Discount Warrants.

<sup>43</sup> In case of Warrants other than Discount Warrants.

<sup>44</sup> In case of Discount Warrants.



in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Commodity to commence, or the permanent discontinuation of trading of the Commodity, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Commodity or any contract related to the Commodity on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Commodity is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or

- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Commodity (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Commodity is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.

- (b) **"Adjustment Event"** means:
- (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
  - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
  - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
  - (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Commodity; or
  - (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative adjustment events, if applicable]*

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into

in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Commodity or (B) instruments related to the Commodity used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Commodity by another commodity;

- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

## [8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
  - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the

effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURE CONTRACTS**  
**[DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>45</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;<sup>46</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{47}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{48}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange"** means • or any successor to such exchange or quotation system;

**"Exchange Rate"** means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time]

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<sup>45</sup> In case of Securities represented by a Global Security.

<sup>46</sup> In case of Discount Warrants.

<sup>47</sup> In case of Call Warrants and Discount Call Warrants.

<sup>48</sup> In case of Put Warrants and Discount Put Warrants.



[on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●<sup>49</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>50</sup>[●];]

**"Exercise Date"** means ● or, if this day is not a Business Day, the first succeeding Business Day;

**"Exercise Period"** means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;<sup>51</sup>

**"Exercise Time"** means ●;<sup>52</sup>

**"Expenses"** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Conditions 3 and 4, [an amount equal to the Reference Asset Price at or about the Valuation Time on the Valuation Date or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

**"Global Security"** has the meaning given in General Condition 2;<sup>53</sup>

**"Integral Multiple"** means ●;

**"Issue Date"** means ●;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a

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<sup>49</sup> Insert relevant page.

<sup>50</sup> In case of Quanto Warrants.

<sup>51</sup> In case of American style warrants.

<sup>52</sup> In case of American style warrants.

<sup>53</sup> In case of Securities represented by a Global Security.

substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>54</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>55</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{56}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{57}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>58</sup>

**"Maximum Exercise Number"** means ●;

**"Minimum Exercise Number"** means ●;

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement

<sup>54</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>55</sup> Insert/use in case of an increase of Securities by RBS.

<sup>56</sup> In case of Discount Call Warrants.

<sup>57</sup> In case of Discount Put Warrants.

<sup>58</sup> In case of Discount Warrants.

Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>59</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Reference Asset**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Reference Asset Price**" means, subject to Product Conditions 3 and 4, [the price of the Reference Asset on the Exchange [(floor trading)] divided by the applicable contract factor (the value of 1.0 future's point) as published on [● page ● (or on a page replacing such page)][●] without regard to any subsequently published correction][●];

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Relevant Number of Trading Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date] <sup>60</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date] <sup>61</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first

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<sup>59</sup> In case of a subscription period.

<sup>60</sup> In case of European style warrants.

<sup>61</sup> In case of American style warrants.

succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

**"Valuation Time"** means [the regular close of trading on the Exchange [(floor trading)]]<sup>62</sup> or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>62</sup> [lower of the Maximum Amount and the Cash Amount]<sup>63</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a **"Certification"**) to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, **"U.S. person"** means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the

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<sup>62</sup> In case of Warrants other than Discount Warrants.

<sup>63</sup> In case of Discount Warrants.

beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>64</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>65</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>66</sup> [lower of the Maximum Amount and the Cash Amount]<sup>67</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The

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<sup>64</sup> In case of Warrants other than Discount Warrants.

<sup>65</sup> In case of Discount Warrants.

<sup>66</sup> In case of Warrants other than Discount Warrants.

<sup>67</sup> In case of Discount Warrants.

form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account relating to the Securities to be debited;
  - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
  - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>68</sup> for such Securities;
  - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.

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<sup>68</sup> In case of Discount Warrants.

- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>69</sup> [no more than the Maximum Exercise Number of Securities]<sup>70</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such

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<sup>69</sup> In case of a Minimum Exercise Number of Securities.

<sup>70</sup> In case of a Maximum Exercise Number of Securities.

persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>71</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>72</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>73</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>74</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an

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<sup>71</sup> In case of Warrants other than Discount Warrants.

<sup>72</sup> In case of Discount Warrants.

<sup>73</sup> In case of Warrants other than Discount Warrants.

<sup>74</sup> In case of Discount Warrants.



Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Reference Asset is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or

- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.

- (b) **"Adjustment Event"** means:
- (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
  - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
  - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
  - (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or
  - (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative adjustment events, if applicable]*

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely

or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Reference Asset by another commodity forward contract or commodity future contract;

- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

## [8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
  - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the

effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO CURRENCY [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]**  
**WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>75</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;<sup>76</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

[(Final Reference Price – Strike) x Multiplier]<sup>77</sup>

[(Strike – Final Reference Price) x Multiplier]<sup>78</sup>

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange Rate"** means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [•]<sup>79</sup>

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<sup>75</sup> In case of Securities represented by a Global Security.

<sup>76</sup> In case of Discount Warrants.

<sup>77</sup> In case of Call Warrants and Discount Call Warrants.

<sup>78</sup> In case of Put Warrants and Discount Put Warrants.

<sup>79</sup> Insert relevant page.



(or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>80</sup>[•];]

**"Exercise Date"** means • or, if this day is not a Business Day, the first succeeding Business Day;

**"Exercise Period"** means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>81</sup>

**"Exercise Time"** means •;]<sup>82</sup>

**"Expenses"** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Conditions 3 and 4, [an amount equal to the [mid-market][•] price of the Underlying FX Rate published on [[Bloomberg][•] page [WMCO][•] (or on a page replacing such page)][•] at or about the Valuation Time on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the [mid-market][•] price of the Underlying FX Rate at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][•];

**"Global Security"** has the meaning given in General Condition 2;]<sup>83</sup>

**"Integral Multiple"** means •;

**"Issue Date"** means •;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in •]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in •] is expected to become the issuer of the Securities as a result of the proposed transfers of a

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<sup>80</sup> In case of Quanto Warrants.

<sup>81</sup> In case of American style warrants.

<sup>82</sup> In case of American style warrants.

<sup>83</sup> In case of Securities represented by a Global Security.

substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>84</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>85</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{\text{86}}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{\text{87}}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>88</sup>

**"Maximum Exercise Number"** means ●;]

**"Minimum Exercise Number"** means ●;]

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement

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<sup>84</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>85</sup> Insert/use in case of an increase of Securities by RBS.

<sup>86</sup> In case of Discount Call Warrants.

<sup>87</sup> In case of Discount Put Warrants.

<sup>88</sup> In case of Discount Warrants.

Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>89</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Relevant Number of Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

"**Underlying FX Rate**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Valuation Date**" means [the Exercise Date]<sup>90</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>91</sup>[●]. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means ● or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

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<sup>89</sup> In case of a subscription period.

<sup>90</sup> In case of European style warrants.

<sup>91</sup> In case of American style warrants.

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>92</sup> [lower of the Maximum Amount and the Cash Amount]<sup>93</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.

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<sup>92</sup> In case of Warrants other than Discount Warrants.

<sup>93</sup> In case of Discount Warrants.

- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>94</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>95</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>96</sup> [lower of the Maximum Amount and the Cash Amount]<sup>97</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>98</sup> for such Securities;

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<sup>94</sup> In case of Warrants other than Discount Warrants.

<sup>95</sup> In case of Discount Warrants.

<sup>96</sup> In case of Warrants other than Discount Warrants.

<sup>97</sup> In case of Discount Warrants.

- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>99</sup> [no more than the Maximum Exercise Number of Securities]<sup>100</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2

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<sup>98</sup> In case of Discount Warrants.

<sup>99</sup> In case of a Minimum Exercise Number of Securities.

<sup>100</sup> In case of a Maximum Exercise Number of Securities.

shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>101</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>102</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>103</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>104</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding day (other than a Saturday or Sunday) on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.
- (b) **"Market Disruption Event"** means:
  - (i) Price Source Disruption. It becomes impossible to obtain the Underlying FX Rate in the inter-bank market; or
  - (ii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any

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<sup>101</sup> In case of Warrants other than Discount Warrants.

<sup>102</sup> In case of Discount Warrants.

<sup>103</sup> In case of Warrants other than Discount Warrants.

<sup>104</sup> In case of Discount Warrants.



Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iii) Inconvertibility/Non-transferability. The occurrence of any event which [(A) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Settlement Currency or (B)] generally makes it impossible to deliver the Settlement Currency from accounts in the country of the principal financial centre of the Settlement Currency to accounts outside such country or the Settlement Currency between accounts in such country or to a party that is a non-resident of such country; or
- (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of either of the currencies in the Underlying FX Rate or of the Settlement Currency; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or]
- (vi) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means [any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial

markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Underlying FX Rate][●].

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Underlying FX Rate is related to one or more emerging market(s):*

- (c) **"Emerging Market Disruption Event"** means:
- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
  - (iii) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
  - (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority (as defined below) which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
  - (v) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
  - (vi) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
  - (vii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Underlying FX Rate (the **"Relevant Transactions"**); or (B) accounts in which the Relevant

Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (viii) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (ix) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure government* (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency or the lawful currency in which the Underlying FX Rate is denominated from time to time, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent, an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **"Adjustment Event"** means:
  - (i) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, transactions in the Underlying

FX Rate (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Underlying FX Rate on the Valuation Date and/or on each of the three days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (ii) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Underlying FX Rate; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative adjustment events, if applicable]*

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Underlying FX Rate or (B) instruments related to the Underlying FX Rate used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Underlying FX Rate by another exchange rate;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which

the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO FUND [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]**  
**WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>105</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**["Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;]<sup>106</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 3, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{107}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{108}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**["Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**["Exchange"** means •;]<sup>109</sup>

**["Exchange Rate"** means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [on the Valuation Date]][on the

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<sup>105</sup> In case of Securities represented by a Global Security.

<sup>106</sup> In case of Discount Warrants.

<sup>107</sup> In case of Call Warrants and Discount Call Warrants.

<sup>108</sup> In case of Put Warrants and Discount Put Warrants.

<sup>109</sup> In case of a Fund which is an exchange traded fund.



Business Day following the Valuation Date] by reference to [●<sup>110</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>111</sup>[●];]

**"Exercise Date"** means ● or, if this day is not a Business Day, the first succeeding Business Day;

**"Exercise Period"** means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;<sup>112</sup>

**"Exercise Time"** means ●;<sup>113</sup>

**"Expenses"** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Condition 3, [an amount equal to the NAV of a Fund Unit as quoted by the Fund Calculation Agent for the Valuation Date [or, where the Fund is an exchange traded fund, the price of a Fund Unit on the Exchange for the Valuation Time on the Valuation Date], without regard to any subsequently published correction or (if no such NAV [or price, as the case may be,] is quoted and no Fund Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the NAV [or, where the Fund is an exchange traded fund, the price] of the Fund Unit for the Valuation Date [or, where the Fund is an exchange traded fund, for the Valuation Time on the Valuation Date] and notified to the Securityholders in accordance with General Condition 3][●];

**"Fund"** means ●, subject to an adjustment in accordance with Product Condition 3;

**"Fund Administrator"** means the fund administrator, manager, trustee or similar person or entity with the primary administrative responsibilities for the Fund;

**"Fund Adviser"** means any person or entity appointed as investment manager or investment adviser (whether discretionary or not) for the Fund;

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<sup>110</sup> Insert relevant page.

<sup>111</sup> In case of Quanto Warrants.

<sup>112</sup> In case of American style warrants.

<sup>113</sup> In case of American style warrants.

**"Fund Calculation Agent"** means any person or entity responsible for the calculation and quotation of the NAV of a Fund Unit pursuant to the laws and regulations (including but not limited to the Fund's constitutive documents) applicable to the Fund;

**"Fund Disruption Event"** means each event specified as Fund Disruption Event in Product Condition 3;

**"Fund Prospectus"** means [●] and, in relation to any Replacement Fund, means the prospectus relating to the Replacement Fund as notified to the Securityholders in accordance with Product Condition 3 [(c)][(d)], each as amended from time to time;

**"Fund Service Provider"** means any person or entity who is appointed to provide services, directly or indirectly, for the Fund, whether or not specified in the Fund's constitutive documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, Fund Calculation Agent, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**"Fund Substitution Date"** means the date notified to the Securityholders as the date for the replacement of the Fund by a Replacement Fund in accordance with Product Condition 3 [(c)][(d)];

**"Fund Unit"** means [a unit of the Fund][●];

[**"Global Security"** has the meaning given in General Condition 2;]<sup>114</sup>

**"Inclusion Date"** means (i) with respect to the Fund, the Issue Date and (ii) with respect to any Replacement Fund, the Fund Substitution Date of that Fund;

**"Integral Multiple"** means ●;

**"Issue Date"** means ●;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>115</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam

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<sup>114</sup> In case of Securities represented by a Global Security.

<sup>115</sup> Insert/use in case of an issue of Securities by RBS N.V.

acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>116</sup>;

**"Maturity Date"** means ●;

**["Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 3, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{117}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{118}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>119</sup>

**["Maximum Exercise Number"** means ●;]

**"Merger Event"** means (i) any merger or similar event regarding the Fund or a Fund Service Provider with or into another entity, fund or person (other than a merger or similar event in which the Fund or a Fund Service Provider is the continuing entity and which does not result in a reclassification or change of its outstanding shares, units or interests) or (ii) any takeover offer or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding shares, units or interests of the Fund or a Fund Service Provider that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person);

**["Minimum Exercise Number"** means ●;]

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 3;

**"NAV"** means net asset value;

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement

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<sup>116</sup> Insert/use in case of an increase of Securities by RBS.

<sup>117</sup> In case of Discount Call Warrants.

<sup>118</sup> In case of Discount Put Warrants.

<sup>119</sup> In case of Discount Warrants.

Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>120</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Reference Price**" means, with respect to any day, [an amount [(expressed in the Strike Currency)] equal to the NAV of a Fund Unit as quoted by the fund manager for such day without regard to any subsequently published correction][●];

["**Related Exchange**" means, with respect to a Fund which is an exchange traded fund, each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Fund are traded;]

"**Relevant Number of Trading Days**" means ●;

"**Replacement Fund**" means the fund selected by the Calculation Agent to replace the Fund in accordance with Product Condition 3[(b)][(c)](ii);

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 3;

["**Strike Currency**" means ●;]

"**Trading Day**" means any day on which dealing in Fund Units can take place (or, but for the occurrence of a Fund Disruption Event[ or an Emerging Market Disruption Event] could have taken place) [or, where the Fund is an exchange traded fund, any day that is (or, but for the occurrence of a Fund Disruption Event[ or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time]; [and]

"**Valuation Date**" means [the Exercise Date]<sup>121</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the

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<sup>120</sup> In case of a subscription period.

<sup>121</sup> In case of European style warrants.

Exercise Date]<sup>122</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3[.]; and]

["**Valuation Time**" means, with respect to a Fund which is an exchange traded fund, the close of trading on the Exchange in relation to a Fund Unit or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.]

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>123</sup> [lower of the Maximum Amount and the Cash Amount]<sup>124</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions

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<sup>122</sup> In case of American style warrants.

<sup>123</sup> In case of Warrants other than Discount Warrants.

<sup>124</sup> In case of Discount Warrants.

of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>125</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>126</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>127</sup> [lower of the Maximum Amount and the Cash Amount]<sup>128</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).

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<sup>125</sup> In case of Warrants other than Discount Warrants.

<sup>126</sup> In case of Discount Warrants.

<sup>127</sup> In case of Warrants other than Discount Warrants.

<sup>128</sup> In case of Discount Warrants.

- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>129</sup> for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.

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<sup>129</sup> In case of Discount Warrants.

- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>130</sup> [no more than the Maximum Exercise Number of Securities]<sup>131</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity

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<sup>130</sup> In case of a Minimum Exercise Number of Securities.

<sup>131</sup> In case of a Maximum Exercise Number of Securities.



organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>132</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>133</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>134</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>135</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. FUND DISRUPTION [AND EMERGING MARKET DISRUPTION EVENT]

- (a) **"Fund Disruption Event"** means each of the following events, provided that the Calculation Agent determines that the relevant event either has resulted or is reasonably likely to result in an adverse effect on the value of a Fund Unit or on the rights of any investor in the Fund:
  - (i) Global Events:
    - (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date, or (b) a material change has been

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<sup>132</sup> In case of Warrants other than Discount Warrants.

<sup>133</sup> In case of Discount Warrants.

<sup>134</sup> In case of Warrants other than Discount Warrants.

<sup>135</sup> In case of Discount Warrants.

made to the underlying nature, strategy or risk of the Fund's portfolio from that in effect at its Inclusion Date, or (c) the operation or organisation of the Fund or the Fund Service Provider (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date, or (d) an event or change occurs affecting any of the ownership, management or reputation or liquidity of the Fund or any assets of the Fund, or (e) any other amendments or changes are made after the Inclusion Date to any of the Fund's constitutive documents or the Fund Prospectus.

- (B) (a) The Fund is not being managed in accordance with its constitutive documents and/or the Fund Prospectus as in effect on the Inclusion Date, and no action satisfactory (in the determination of the Calculation Agent) has been taken by the Fund or any person or entity on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes or will with the passage of time (in the determination of the Calculation Agent) cause the failure of the Fund to meet or maintain any obligation or undertaking under its constitutive documents or the Fund Prospectus.
- (C) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (D) Written notification is given by the Fund or any Fund Service Provider (or any person or entity acting on behalf thereof) to holders of Fund Units or to the Fund Administrator that the Fund or any Fund Service

Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up or liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office (the "**Official**"), a proceeding seeking a judgment of insolvency or any other relief under any insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or the Official ("**Regulatory or Insolvency Proceedings**"), or (ii) has instituted against it Regulatory or Insolvency Proceedings by a person or entity not being an Official which either (x) results in a judgment of insolvency or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (however described) relating to the Fund or the Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, is economically equivalent to any of the events specified in Product Conditions 3(a)(i)(D)(a) through 3(a)(i)(D)(e) above.

- (E) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (F) Any Merger Event occurs or is announced.
- (G) Any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or

financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.

- (H) Any change occurs in the legal, tax, accounting or regulatory treatment of the Fund from that which was applicable at the Inclusion Date.
  - (I) A failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
  - (J) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) The Fund and/or the Fund Calculation Agent ceases for any reason whatsoever to provide, publish or make available the NAV of a Fund Unit for a day for which it normally provides, publishes or makes available the NAV of a Fund Unit [or, where the Fund is an exchange traded fund, there is a failure to publish the price of the Fund Units on the Exchange on a day on which normally such prices are published].
  - (B) (a) The time delay between the calculation of the NAV (or any estimated NAV) of a Fund Unit and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as in effect on the Inclusion Date, or (b) any information relating to the Fund that was specified to be published in accordance with the Fund's constitutive documents or the Fund Prospectus in effect on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
  - (C) The audited NAV of a Fund Unit varies by more than 0.50 per cent from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Calculation Agent determines that the unaudited official NAV of a Fund Unit published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund Unit as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
  - (D) (a) The occurrence of any event affecting the Fund Units that in the determination of the Calculation Agent would make it impossible or impracticable for the Calculation Agent to establish the value of such

Fund Unit, and the Calculation Agent determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (b) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, information that such person or entity has agreed to deliver, or cause to be delivered, to the Issuer or the Calculation Agent or information that has been previously delivered to the Issuer or the Calculation Agent in accordance with such person's or entity's normal practice and that the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities.

(iii) Fund Units:

Any of the following events relating to the Fund Units occurs:

- (A) a subdivision, reclassification or distribution of Fund Units which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Fund Units;
- (B) the Fund Units or a portion thereof is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund;
- (C) a (a) dividend (including cash and whether ordinary or extraordinary), (b) distribution, or (c) issue of Fund Units, capital, securities, rights or other assets or interests to existing holders of Fund Units which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Fund Units; or
- (D) any suspension or limitation on the trading of the relevant currencies in which the Fund Units are denominated or any amendment to the currency of denomination of the Fund Units so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund.

(iv) Trading and Fees:

- (A) The Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) in respect of the Fund Units above the level on the Inclusion Date.
- (B) Any suspension of or limitation imposed on trading of the Fund Units (for any reason, including, without limitation, by reason of liquidity

restrictions) or any dealing request made by any investor or prospective investor in the Fund is deferred in whole or in part or is made at a value other than the related NAV or price, as the case may be.

- (C) The frequency at which Fund Units can be traded is amended or the timing for subscription or redemption of Fund Units is amended, in each case so that it is no longer that as in effect on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (however described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Calculation Agent determines to adversely affect the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
  - (D) The Issuer or the Calculation Agent becomes aware of any failure by the Fund or any person or entity on its behalf to disclose to the Issuer or the Calculation Agent, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Fund Units.
- (vi) General: Any other event occurs which the Calculation Agent determines is economically equivalent to any of the events specified in Product Condition 3 (a)(i) to (v) above.

*[Insert supplemental or alternative fund disruption events, if applicable]*

*[Insert in case the Fund is related to one or more emerging market(s):*

- (b) **"Emerging Market Disruption Event"** means:
- (i) **Moratorium.** A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) **Exchange Rate Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
  - (iii) **Governmental Default.** With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
  - (iv) **Inconvertibility/Non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
  - (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any

of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Fund or any Fund Unit (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency and the lawful currency in which the Fund Units are denominated or in which payments are made under the Fund Units from time to time,[ or, where the Fund is an exchange traded fund, the lawful currency of the country in which the Exchange is located,] provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.



**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(b)][(c)] Consequences of a Fund Disruption Event [or Emerging Market Disruption Event].

- (i) If in the determination of the Calculation Agent, a Fund Disruption Event [and/or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Fund Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Fund Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Fund Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Fund Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price.
- (ii) Following the occurrence of a Fund Disruption Event [and/or Emerging Market Disruption Event] (and regardless of whether or not such event is then continuing) the following actions may be taken:
  - (x) (A) the Calculation Agent may make adjustments to the Conditions to account for the economic effect on the Securities of such event and (B) determine the effective date of the relevant adjustments; or
  - (y) the Calculation Agent may select a Replacement Fund with a similar risk profile as the Fund replaced and a Fund Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Fund Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Fund Substitution Date, and (C) the Calculation Agent may make adjustments to the Conditions to reflect such substitution; or
  - (z) the Issuer may terminate the Securities, in whole but not in part, on the date notified to the Securityholders in accordance with General Condition 3. If the Securities are terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such

Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

An adjustment in accordance with Product Condition 3[(b)][(c)](ii)(x) or a selection of a Replacement Fund in accordance with Product Condition 3[(b)][(c)](ii)(y) shall not preclude a subsequent termination in accordance with Product Condition 3[(b)][(c)](ii)(z) with respect to the same event.

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations shall be made exercising reasonable discretion (*billiges Ermessen*). The Issuer shall give notice in accordance with General Condition 3 of any determination, adjustment or other decision made by it or the Calculation Agent pursuant to this Product Condition 3 as soon as practicable after it has been made. In case of a selection of a Replacement Fund in accordance with Product Condition 3[(b)][(c)](ii)(y), the notice shall also specify the prospectus relating to the Replacement Fund and the date of replacement of the Fund by the Replacement Fund. The Issuer shall make available for inspection by Securityholders copies of any such determinations and/or adjustments.

#### 4. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

5. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Fund or the Fund Units or (B) instruments related to the the Fund or the Fund Units used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Fund by another fund or the Fund Units by other fund units;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 5 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

6. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

7. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 7(a) and/or Product Condition 7(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[7][8]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[8][9]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO GOVERNMENT BOND FUTURE CONTRACTS [DISCOUNT] [AMERICAN]**  
**[EUROPEAN] [CALL] [PUT] [QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>136</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;<sup>137</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{138}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{139}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;

**"Exchange"** means • or any successor to such exchange or quotation system;

**"Exchange Rate"** means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to

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<sup>136</sup> In case of Securities represented by a Global Security.

<sup>137</sup> In case of Discount Warrants.

<sup>138</sup> In case of Call Warrants and Discount Call Warrants.

<sup>139</sup> In case of Put Warrants and Discount Put Warrants.

[●<sup>140</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>141</sup>[●];]

**"Exercise Date"** means ● or, if this day is not a Business Day, the first succeeding Business Day;

**"Exercise Period"** means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;<sup>142</sup>

**"Exercise Time"** means ●;<sup>143</sup>

**"Expenses"** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Conditions 3 and 4, [an amount equal to the Reference Asset Price at or about the Valuation Time on the Valuation Date or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

**"Global Security"** has the meaning given in General Condition 2;<sup>144</sup>

**"Integral Multiple"** means ●;

**"Issue Date"** means ●;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal

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<sup>140</sup> Insert relevant page.

<sup>141</sup> In case of Quanto Warrants.

<sup>142</sup> In case of American style warrants.

<sup>143</sup> In case of American style warrants.

<sup>144</sup> In case of Securities represented by a Global Security.

Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>145</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>146</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{147}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{148}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>149</sup>

**"Maximum Exercise Number"** means ●;

**"Minimum Exercise Number"** means ●;

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

<sup>145</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>146</sup> Insert/use in case of an increase of Securities by RBS.

<sup>147</sup> In case of Discount Call Warrants.

<sup>148</sup> In case of Discount Put Warrants.

<sup>149</sup> In case of Discount Warrants.



["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>150</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Reference Asset**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Reference Asset Price**" means, subject to Product Conditions 3 and 4, [the price of the Reference Asset on the Exchange [(floor trading)] divided by the applicable contract factor (the value of 1.0 future's point) as published on [● page ● (or on a page replacing such page)][●] without regard to any subsequently published correction][●];

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Relevant Number of Trading Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date]<sup>151</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>152</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

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<sup>150</sup> In case of a subscription period.

<sup>151</sup> In case of European style warrants.

<sup>152</sup> In case of American style warrants.

**"Valuation Time"** means [the regular close of trading on the Exchange [(floor trading)]]**[●]** or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>153</sup> [lower of the Maximum Amount and the Cash Amount]<sup>154</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such

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<sup>153</sup> In case of Warrants other than Discount Warrants.

<sup>154</sup> In case of Discount Warrants.

persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>155</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>156</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>157</sup> [lower of the Maximum Amount and the Cash Amount]<sup>158</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

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<sup>155</sup> In case of Warrants other than Discount Warrants.

<sup>156</sup> In case of Discount Warrants.

<sup>157</sup> In case of Warrants other than Discount Warrants.

<sup>158</sup> In case of Discount Warrants.

A Notice shall:

- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account relating to the Securities to be debited;
  - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
  - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>159</sup> for such Securities;
  - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise

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<sup>159</sup> In case of Discount Warrants.

Number of Securities [and]]<sup>160</sup> [no more than the Maximum Exercise Number of Securities]<sup>161</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading

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<sup>160</sup> In case of a Minimum Exercise Number of Securities.

<sup>161</sup> In case of a Maximum Exercise Number of Securities.

Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>162</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>163</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>164</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>165</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment

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<sup>162</sup> In case of Warrants other than Discount Warrants.

<sup>163</sup> In case of Discount Warrants.

<sup>164</sup> In case of Warrants other than Discount Warrants.

<sup>165</sup> In case of Discount Warrants.

in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of

such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (viii) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the Governmental Authority; or
- (ix) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[For the purposes of this Product Condition 3(b)] "**Governmental Authority**" means [any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the issuer of the government bond to which the Reference Asset is related][●].

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Reference Asset is related to one or more emerging market(s):*

- (c) "**Emerging Market Disruption Event**" means:
  - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
  - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all



holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or

- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

For the purposes of this Product Condition 3(c) "**Governmental Authority**" means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"**Relevant Currency Exchange Rate**" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"**Standard Currency**" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) "**Adjustment Event**" means:
  - (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
  - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
  - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other

than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or
- (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative adjustment events, if applicable]*

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "Hedging Disruption Event" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Reference Asset by another government bond;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which

the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INDEX [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]**  
**WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>166</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**["Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;]<sup>167</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{168}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{169}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**["Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange"** means [each exchange or quotation system from which the Index Sponsor takes the prices of the Index Components to compute the Index or any successor to such exchange or quotation system][•];

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<sup>166</sup> In case of Securities represented by a Global Security.

<sup>167</sup> In case of Discount Warrants.

<sup>168</sup> In case of Call Warrants and Discount Call Warrants.

<sup>169</sup> In case of Put Warrants and Discount Put Warrants.

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●<sup>170</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>171</sup>[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>172</sup>

["**Exercise Time**" means ●;]<sup>173</sup>

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the level of the Index announced on [● page ● (or on a page replacing such page)][●] at or about the Valuation Time on the Valuation Date[, or the Index Early Termination Date, as the case may be], without regard to any subsequently announced correction or (if no such level is announced and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the Index at or about the Valuation Time on the Valuation Date[, or the Index Early Termination Date, as the case may be,] and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]<sup>174</sup>

"**Index**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Index Components**" means [the securities or other financial instruments that comprise the Index][●], subject to an adjustment in accordance with Product Condition 4;

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<sup>170</sup> Insert relevant page.

<sup>171</sup> In case of Quanto Warrants.

<sup>172</sup> In case of American style warrants.

<sup>173</sup> In case of American style warrants.

<sup>174</sup> In case of Securities represented by a Global Security.



["**Index Early Termination Date**" means the day on which the Index Early Termination Event occurs or, if such day is not a Trading Day, the first succeeding Trading Day, subject to a postponement in accordance with Product Condition 3;]

["**Index Early Termination Event**" means [the occurrence of the event that the total number of Index Components comprised in the Index is less than the minimum number of index components, as specified in the index description attached to the Product Conditions][●];]

"**Index Sponsor**" means [the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Trading Day][●] and references to the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>175</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>176</sup>;

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

"**Maturity Date**" means ●;

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

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<sup>175</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>176</sup> Insert/use in case of an increase of Securities by RBS.

$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{177}$

$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{178}$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>179</sup>

["**Maximum Exercise Number**" means ●;]

["**Minimum Exercise Number**" means ●;]

"**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>180</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Relevant Number of Trading Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

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<sup>177</sup> In case of Discount Call Warrants.

<sup>178</sup> In case of Discount Put Warrants.

<sup>179</sup> In case of Discount Warrants.

<sup>180</sup> In case of a subscription period.

**"Trading Day"** means [any day on which the Index Sponsor should calculate and announce the closing level of the Index according to its rules][●];

**"Valuation Date"** means [the Exercise Date]<sup>181</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>182</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

**"Valuation Time"** means the time with reference to which the Index Sponsor calculates the [closing level][●] of the Index or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:]*

- (a) Securityholder's Right. The Issuer, subject to an early termination [other than in accordance with Product Condition 5(b)], hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>183</sup> [lower of the Maximum Amount and the Cash Amount]<sup>184</sup> on the Maturity Date [either (i)] upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c)[, or (ii) in case of an Index Early Termination Event in accordance with Product Condition 5(b)].
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person

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<sup>181</sup> In case of European style warrants.

<sup>182</sup> In case of American style warrants.

<sup>183</sup> In case of Warrants other than Discount Warrants.

<sup>184</sup> In case of Discount Warrants.

within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>185</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>186</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination [other than in accordance with Product Condition 5(b)], hereby grants the holder of each Security

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<sup>185</sup> In case of Warrants other than Discount Warrants.

<sup>186</sup> In case of Discount Warrants.

the right to demand payment of the [Cash Amount]<sup>187</sup> [lower of the Maximum Amount and the Cash Amount]<sup>188</sup> on the Maturity Date either

- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g)[, or
  - (iii) in case of an Index Early Termination Event in accordance with Product Condition 5(b)].
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>189</sup> for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other

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<sup>187</sup> In case of Warrants other than Discount Warrants.

<sup>188</sup> In case of Discount Warrants.

<sup>189</sup> In case of Discount Warrants.

entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>190</sup> [no more than the Maximum Exercise Number of Securities]<sup>191</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

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<sup>190</sup> In case of a Minimum Exercise Number of Securities.

<sup>191</sup> In case of a Maximum Exercise Number of Securities.

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
  - (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>192</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>193</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>194</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>195</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
  - (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next

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<sup>192</sup> In case of Warrants other than Discount Warrants.

<sup>193</sup> In case of Discount Warrants.

<sup>194</sup> In case of Warrants other than Discount Warrants.

<sup>195</sup> In case of Discount Warrants.

following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date [or the Index Early Termination Date], then the Valuation Date [or the Index Early Termination Date, as the case may be,] shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date [or the Index Early Termination Date, as the case may be]. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [or the Index Early Termination Date, as the case may be] (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.
- (b) **"Market Disruption Event"** means:
- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
- (A) on any Exchange(s) in Index Components that comprise 20 per cent or more of the level of the Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in an Index Component is suspended or limited at that time, then the



relevant percentage contribution of that Index Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Index Component relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or

- (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Index if, in the determination of the Calculation Agent, such suspension or limitation is material.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any Exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Index or any Index Component is related to one or more emerging market(s):*

- (c) **"Emerging Market Disruption Event"** means:
  - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
  - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security,

indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index or any Index Component (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or

- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Index or any Index Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable as determined by the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (b) If (A) on or prior to the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that

formula or method to maintain the Index in the event of changes in Index Components and other routine events); or (B) on the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or announce the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of an announced level for the Index on the Valuation Date [or the Index Early Termination Date, as the case may be,] the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those Index Components that comprised the Index immediately prior to the change or failure (other than those Index Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Index Components are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 3.

- (c) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index. [Where the Index Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(c): (A) a distribution or dividend to existing holders of the shares of (i) shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the shares equally or proportionately with such payments to holders of shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (E) any non-cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date[, or the Index Early Termination

Date, as the case may be]; (G) a distribution of cash dividends on the shares equal to or greater than 8 per cent per annum of the then current market value of the shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.]<sup>196</sup>

- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.

[Insert supplemental or alternative adjustment events, if applicable]

- (e) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

- [(a)] [Early Termination. ]The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.
- [(b)] Index Early Termination. Upon the occurrence of an Index Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event the Issuer shall pay the [Cash Amount]<sup>197</sup> [lower of the Maximum

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<sup>196</sup> Where the Index Components are shares.

<sup>197</sup> In case of Warrants other than Discount Warrants.

Amount and the Cash Amount]<sup>198</sup> for each Security on the Maturity Date to the Clearing Agent for credit to the account of the Securityholder.]

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Index or any Index Components or (B) instruments related to the Index or any Index Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) make an adjustment to the composition of the Index or replace the Index by another index;

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<sup>198</sup> In case of Discount Warrants.

- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

## [8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
  - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the

effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.



[INDEX DESCRIPTION

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INFLATION INDEX [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]**  
**[QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>199</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;<sup>200</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{201}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{202}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange Rate"** means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date][•] by reference to

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<sup>199</sup> In case of Securities represented by a Global Security.

<sup>200</sup> In case of Discount Warrants.

<sup>201</sup> In case of Call Warrants and Discount Call Warrants.

<sup>202</sup> In case of Put Warrants and Discount Put Warrants.

[●<sup>203</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>204</sup>[●];]

**"Exercise Date"** means ● or, if this day is not a Business Day, the first succeeding Business Day;

**"Exercise Period"** means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;<sup>205</sup>

**"Exercise Time"** means ●;<sup>206</sup>

**"Expenses"** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Conditions 3 and 4, [an amount equal to the level of the Index announced on [● page ● (or on a page replacing such page)][●] by the Index Sponsor with respect to the Valuation Month, without regard to any subsequently announced correction or (if no such level is announced and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the Index with respect to the Valuation Month and notified to the Securityholders in accordance with General Condition 3][●];

**"Global Security"** has the meaning given in General Condition 2;<sup>207</sup>

**"Index"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Index Sponsor"** means [the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a [regular][monthly] basis][●], and references to the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

**"Integral Multiple"** means ●;

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<sup>203</sup> Insert relevant page.

<sup>204</sup> In case of Quanto Warrants.

<sup>205</sup> In case of American style warrants.

<sup>206</sup> In case of American style warrants.

<sup>207</sup> In case of Securities represented by a Global Security.

**"Issue Date"** means ●;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>208</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>209</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{210}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{211}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>212</sup>

**"Maximum Exercise Number"** means ●;

**"Minimum Exercise Number"** means ●;

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<sup>208</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>209</sup> Insert/use in case of an increase of Securities by RBS.

<sup>210</sup> In case of Discount Call Warrants.

<sup>211</sup> In case of Discount Put Warrants.

<sup>212</sup> In case of Discount Warrants.

"**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>213</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Relevant Number of Months**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4; [and]

["**Strike Currency**" means ●;]

["**Trading Day**" means [any day on which the Index Sponsor should calculate and announce the closing level of the Index according to its rules][●];]

["**Valuation Date**" means [the Exercise Date]<sup>214</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>215</sup>[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day;]

"**Valuation Month**" means ●, subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the time with reference to which the Index Sponsor calculates the [closing level][●] of the Index or such other time as the Issuer may determine in its reasonable

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<sup>213</sup> In case of a subscription period.

<sup>214</sup> In case of European style warrants.

<sup>215</sup> In case of American style warrants.

discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3[●].

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:]*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>216</sup> [lower of the Maximum Amount and the Cash Amount]<sup>217</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain

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<sup>216</sup> In case of Warrants other than Discount Warrants.

<sup>217</sup> In case of Discount Warrants.

requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>218</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>219</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>220</sup> [lower of the Maximum Amount and the Cash Amount]<sup>221</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

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<sup>218</sup> In case of Warrants other than Discount Warrants.

<sup>219</sup> In case of Discount Warrants.

<sup>220</sup> In case of Warrants other than Discount Warrants.

<sup>221</sup> In case of Discount Warrants.

- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account relating to the Securities to be debited;
  - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
  - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>222</sup> for such Securities;
  - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
  - (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>223</sup> [no more than the Maximum Exercise Number of

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<sup>222</sup> In case of Discount Warrants.

<sup>223</sup> In case of a Minimum Exercise Number of Securities.



Securities]<sup>224</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons;

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<sup>224</sup> In case of a Maximum Exercise Number of Securities.

or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>225</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>226</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>227</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>228</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred with respect to the Valuation Month, then the Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring with respect to each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Month. In that case (i) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the

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<sup>225</sup> In case of Warrants other than Discount Warrants.

<sup>226</sup> In case of Discount Warrants.

<sup>227</sup> In case of Warrants other than Discount Warrants.

<sup>228</sup> In case of Discount Warrants.

provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **"Market Disruption Event"** means that the Index Sponsor fails to calculate and/or announce the level of the Index.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Index is related to one or more emerging market(s):*

- (c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant

Currency between accounts in such country or to a party that is a non-resident of such country; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Index is denominated or of the country to which the Index is related, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable as determined by the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (b) If with respect to the Valuation Month or prior thereto the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Index or in any other way materially modifies the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of an announced level for the Index with respect to the Valuation Month, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or, the Issuer shall terminate the Securities by giving notice in accordance with General Condition 3. In case of such a termination the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Material Change Termination Amount**"). The Material Change Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Material Change Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (c) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index.
- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.

*[Insert supplemental or alternative adjustment events, if applicable]*

- (e) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Index or (B) instruments related to the Index used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) make an adjustment to the composition of the Index or replace the Index by another index;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which



the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

[INDEX DESCRIPTION

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO SINGLE STOCK [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]**  
**[QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>229</sup>.*

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business [and on which the Exchange is open for business]<sup>230</sup>][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;<sup>231</sup>

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{232}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{233}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;<sup>234</sup>

"**Clearing Agent**" means •;

"**Delivery Details**" means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][•];<sup>235</sup>

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<sup>229</sup> In case of Securities represented by a Global Security.

<sup>230</sup> In case of physical settlement.

<sup>231</sup> In case of Discount Warrants.

<sup>232</sup> In case of Call Warrants and Discount Call Warrants.

<sup>233</sup> In case of Put Warrants and Discount Put Warrants.

<sup>234</sup> In case of cash settlement.

<sup>235</sup> In case of physical settlement.

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [•<sup>236</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>237</sup>[•];]

"**Exercise Date**" means • or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>238</sup>

["**Exercise Time**" means •;]<sup>239</sup>

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment [or delivery]<sup>240</sup> due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Share quoted on the Exchange at or about the Valuation Time on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][•];

["**Global Security**" has the meaning given in General Condition 2;]<sup>241</sup>

"**Integral Multiple**" means •;

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<sup>236</sup> Insert relevant page.

<sup>237</sup> In case of Quanto Warrants.

<sup>238</sup> In case of American style warrants.

<sup>239</sup> In case of American style warrants.

<sup>240</sup> In case of physical settlement.

<sup>241</sup> In case of Securities represented by a Global Security.

**"Issue Date"** means ●;

**"Issuer"** means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>242</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>243</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{244}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{245}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]<sup>246</sup>

**"Maximum Exercise Number"** means ●;]

**"Minimum Exercise Number"** means ●;]

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

<sup>242</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>243</sup> Insert/use in case of an increase of Securities by RBS.

<sup>244</sup> In case of Call Warrants and Discount Call Warrants.

<sup>245</sup> In case of Put Warrants and Discount Put Warrants.

<sup>246</sup> In case of cash settlement.

**"Paying Agent"** means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][ ●];

[**"Pricing Date"** means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>247</sup>

**"Principal Paying Agent"** means ●, subject to a replacement pursuant to General Condition 8;

**"Related Exchange"** means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

**"Relevant Number of Trading Days"** means ●;

**"Securities"** means ●;

**"Securityholder"** has the meaning given in General Condition 2;

[**"Series"** means ●;]

**"Settlement Currency"** means ●;

[**"Settlement Disruption Event"** means an event specified in Product Condition 3[(c)][(d)];]<sup>248</sup>

**"Share"** means ●, subject to an adjustment in accordance with Product Condition 4;

[**"Share Amount"** means [● Share[s]][one Share multiplied by the Multiplier], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Reference Price;]<sup>249</sup>

**"Share Company"** means ●, subject to an adjustment in accordance with Product Condition 4;

**"Strike"** means ●, subject to an adjustment in accordance with Product Condition 4;

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<sup>247</sup> In case of a subscription period.

<sup>248</sup> In case of physical settlement.

<sup>249</sup> In case of physical settlement.

["**Strike Currency**" means •;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][•];

"**Valuation Date**" means [the Exercise Date]<sup>250</sup> [(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>251</sup>[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange][•] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]<sup>252</sup> [lower of the Maximum Amount and the Cash Amount]<sup>253-254</sup> [delivery of the Share Amount]<sup>255</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), provided that [the Final Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]<sup>256</sup> a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(c)[ and that the Strike and any Expenses in accordance with Product Conditions 2(c)(iii) are paid]<sup>257</sup>.
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.

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<sup>250</sup> In case of European style warrants.

<sup>251</sup> In case of American style warrants.

<sup>252</sup> In case of Warrants other than Discount Warrants.

<sup>253</sup> In case of Discount Warrants.

<sup>254</sup> In case of cash settlement.

<sup>255</sup> In case of physical settlement.

<sup>256</sup> In case of Call Warrants which are physically settled.

<sup>257</sup> In case of physical settlement.

- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
- (iv) specify the Delivery Details]<sup>258</sup>.
- [(d) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of

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<sup>258</sup> In case of physical settlement.



interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

- (e) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(c)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.
- (f) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with

respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]<sup>259</sup>

[(d)][(g)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(e)][(h)] Settlement. The Issuer shall [pay [the Cash Amount]<sup>260</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>261</sup>]<sup>262</sup> [deliver or pay the Share Amount]<sup>263</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(i)] Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(j)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>264</sup>

[(j)] Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]<sup>265</sup>

[(f)][(k)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

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<sup>259</sup> In case of physical settlement.

<sup>260</sup> In case of Warrants other than Discount Warrants.

<sup>261</sup> In case of Discount Warrants.

<sup>262</sup> In case of cash settlement.

<sup>263</sup> In case of physical settlement.

<sup>264</sup> In case of physical settlement.

<sup>265</sup> In case of physical settlement.

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]<sup>266</sup> [lower of the Maximum Amount and the Cash Amount]<sup>267</sup>]<sup>268</sup> [delivery of the Share Amount]<sup>269</sup> on the Maturity Date[, subject to payment of the Strike and any Expenses in accordance with Product Condition 2(b)(vii) (in case of an exercise in accordance with Product Condition 2(a)(i)) or Product Condition 2(g)(iii) (in case of an automatic exercise in accordance with Product Condition 2(a)(ii))]<sup>270</sup> either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), provided that [the Final Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]<sup>271</sup> a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the [number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>272</sup> for such Securities]<sup>273</sup> [Delivery Details]<sup>274</sup>;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or

<sup>266</sup> In case of Warrants other than Discount Warrants.

<sup>267</sup> In case of Discount Warrants.

<sup>268</sup> In case of cash settlement.

<sup>269</sup> In case of physical settlement.

<sup>270</sup> In case of physical settlement.

<sup>271</sup> In case of Call Warrants which are physically settled.

<sup>272</sup> In case of Discount Warrants.

<sup>273</sup> In case of cash settlement.

<sup>274</sup> In case of physical settlement.

other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings; and
  - (vii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Notice with respect thereto]<sup>275</sup>.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>276</sup> [no more than the Maximum Exercise Number of Securities]<sup>277</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent

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<sup>275</sup> In case of physical settlement.

<sup>276</sup> In case of a Minimum Exercise Number of Securities.

<sup>277</sup> In case of a Maximum Exercise Number of Securities.

shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;]
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and

- (iv) specify the Delivery Details]<sup>278</sup>.
- [(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.
- (i) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(g)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of

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<sup>278</sup> In case of physical settlement.

interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.

- (j) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]<sup>279</sup>

[(h)][(k)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(i)][(l)] Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), [pay the [Cash Amount]<sup>280</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>281</sup>]<sup>282</sup> [deliver or pay the Share Amount]<sup>283</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), [pay [the Cash Amount]<sup>284</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>285</sup>]<sup>286</sup> [deliver or pay the Share Amount]<sup>287</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(m) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(n)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may

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<sup>279</sup> In case of physical settlement.

<sup>280</sup> In case of Warrants other than Discount Warrants.

<sup>281</sup> In case of Discount Warrants.

<sup>282</sup> In case of cash settlement.

<sup>283</sup> In case of physical settlement.

<sup>284</sup> In case of Warrants other than Discount Warrants.

<sup>285</sup> In case of Discount Warrants.

<sup>286</sup> In case of cash settlement.

<sup>287</sup> In case of physical settlement.

sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>288</sup>

[(n)] Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]<sup>289</sup>

[(j)][(o)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]<sup>290</sup>

(a) [Market Disruption]<sup>291</sup>

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

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<sup>288</sup> In case of physical settlement.

<sup>289</sup> In case of physical settlement.

<sup>290</sup> In case of physical settlement.

<sup>291</sup> In case of physical settlement.



(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Share is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or

- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Shares (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[[c]][(d)] Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of the Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Share Amount and notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Security by

payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.<sup>292</sup>

[(d)][(e)] Each and any of the Calculation Agent's [and the Issuer's]<sup>293</sup> determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

(a) Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so (in this case an **"Adjustment Event"**), will:

- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of the adjustments.

(b) **"Potential Adjustment Event"** means:

- (i) a subdivision, consolidation or reclassification of the Shares (unless a Merger Event), or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of the Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or

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<sup>292</sup> In case of physical settlement.

<sup>293</sup> In case of physical settlement.

proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend;
- (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent per annum of the then current market value of the Shares;
- (v) a call by the Share Company with respect to Shares that are not fully paid;
- (vi) a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.

*[Insert supplemental or alternative potential adjustment events, if applicable]*

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or
  - (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

**"De-listing"** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**"Merger Date"** means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**"Merger Event"** means any (i) reclassification of or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

**"Nationalisation"** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are under no obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination under this Product Condition 4.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Shares or (B) instruments related to the Shares used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Share by another share;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

## [8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in



or, in the case of a rate of exchange, converted into Euro at the Established Rate; and

- (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].

- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO STOCK BASKET [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]**  
**[QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>294</sup>.*

1. DEFINITIONS

"**Basket**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and on which each Clearing Agent is open for business [and on which each Exchange is open for business]<sup>295</sup>][●];

"**Calculation Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [●], subject to an adjustment in accordance with Product Condition 4;<sup>296</sup>

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Basket Reference Price} - \text{Strike}) \times \text{Multiplier}]^{297}$$

$$[(\text{Strike} - \text{Final Basket Reference Price}) \times \text{Multiplier}]^{298}$$

[●].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;<sup>299</sup>

"**Clearing Agent**" means ●;

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<sup>294</sup> In case of Securities represented by a Global Security.

<sup>295</sup> In case of physical settlement.

<sup>296</sup> In case of Discount Warrants.

<sup>297</sup> In case of Call Warrants and Discount Call Warrants.

<sup>298</sup> In case of Put Warrants and Discount Put Warrants.

<sup>299</sup> In case of cash settlement.

["**Delivery Details**" means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][●];<sup>300</sup>

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means [each exchange or quotation system specified in the definition of Basket or any successor to such exchange or quotation system][●];

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●<sup>301</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>302</sup>[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>303</sup>

["**Exercise Time**" means ●;]<sup>304</sup>

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment [or delivery]<sup>305</sup> due following exercise or otherwise with respect to such Security;

"**Final Basket Reference Price**" means, subject to an adjustment in accordance with Product Condition 4, [an amount equal to the sum of the products, calculated with respect to each Share, of (i) the Final Share Reference Price and (ii) the Weight of the Share][●];

"**Final Share Reference Price**" means, with respect to each Share and subject to Product Conditions 3 and 4, [an amount (converted into the [Settlement Currency][Strike Currency] at the Exchange Rate, if necessary) equal to the price of such Share quoted on the relevant

<sup>300</sup> In case of physical settlement.

<sup>301</sup> Insert relevant page.

<sup>302</sup> In case of Quanto Warrants.

<sup>303</sup> In case of American style warrants.

<sup>304</sup> In case of American style warrants.

<sup>305</sup> In case of physical settlement.

Exchange at or about the Valuation Time on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] with respect to such Share has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of such Share at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3[●];

["**Global Security**" has the meaning given in General Condition 2;]<sup>306</sup>

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>307</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus]<sup>308</sup>;

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

"**Maturity Date**" means [(i) the fifth Business Day following the Valuation Date or (ii) in the event of a Market Disruption Event, the fifth Business Day following the Valuation Date which is the last to occur]<sup>309</sup> [●];

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{310}$$

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<sup>306</sup> In case of Securities represented by a Global Security.

<sup>307</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>308</sup> Insert/use in case of an increase of Securities by RBS.

<sup>309</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

[(Strike – Cap) x Multiplier]<sup>311</sup>]

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;<sup>312</sup>

["**Maximum Exercise Number**" means ●;]

["**Minimum Exercise Number**" means ●;]

"**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>313</sup>

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on a Share are traded;

"**Relevant Number of Trading Days**" means●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

["**Settlement Disruption Event**" means an event specified in Product Condition 3[(c)][(d)];]<sup>314</sup>

"**Share**" means each share specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

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<sup>310</sup> In case of Call Warrants and Discount Call Warrants.

<sup>311</sup> In case of Put Warrants and Discount Put Warrants.

<sup>312</sup> In case of cash settlement.

<sup>313</sup> In case of a subscription period.

<sup>314</sup> In case of physical settlement

["**Share Amount**" means [the number of Shares specified in the definition of Basket] [, for each Share, one Share multiplied by its Weight][●], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of such Share (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Share Reference Price;]<sup>315</sup>

"**Share Company**" means each share company specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means with respect to each Share, [the currency specified in the definition of Basket][●];]

"**Trading Day**" means, with respect to the Basket, [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on all Exchanges and Related Exchanges other than a day on which trading on any Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date]<sup>316</sup> [(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>317</sup> [●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3;

"**Valuation Time**" means [the regular close of trading on the relevant Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3; and

"**Weight**" means, with respect to each Share, [the weight specified in the definition of Basket, expressed as a decimal number][●], subject to an adjustment in accordance with Product Condition 4.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

<sup>315</sup> In case of physical settlement

<sup>316</sup> In case of European style warrants.

<sup>317</sup> In case of American style warrants.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]<sup>318</sup> [lower of the Maximum Amount and the Cash Amount]<sup>319</sup>]<sup>320</sup> [delivery of the Share Amount]<sup>321</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), provided that [the Final Basket Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]<sup>322</sup> a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(c)[ and that the Strike and any Expenses in accordance with Product Conditions 2(c)(iii) are paid]<sup>323</sup>.
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain

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<sup>318</sup> In case of Warrants other than Discount Warrants.

<sup>319</sup> In case of Discount Warrants.

<sup>320</sup> In case of cash settlement.

<sup>321</sup> In case of physical settlement.

<sup>322</sup> In case of Call Warrants which are physically settled.

<sup>323</sup> In case of physical settlement.



requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
- (iv) specify the Delivery Details]<sup>324</sup>.

[(d) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

(e) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(c)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares

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<sup>324</sup> In case of physical settlement.

comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.

- (f) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of any Share Company.]<sup>325</sup>

[(d)][(g)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(e)][(h)] Settlement. The Issuer shall [pay [the Cash Amount]<sup>326</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>327</sup>]<sup>328</sup> [deliver or pay the Share Amount]<sup>329</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(i)] Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(j)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to

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<sup>325</sup> In case of physical settlement.

<sup>326</sup> In case of Warrants other than Discount Warrants.

<sup>327</sup> In case of Discount Warrants.

<sup>328</sup> In case of cash settlement.

<sup>329</sup> In case of physical settlement.

such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>330</sup>

[(j) Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the relevant Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]<sup>331</sup>

[(f)][(k)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

(a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]<sup>332</sup> [lower of the Maximum Amount and the Cash Amount]<sup>333</sup><sup>334</sup> [delivery of the Share Amount]<sup>335</sup> on the Maturity Date[, subject to payment of the Strike and any Expenses in accordance with Product Condition 2(b)(vii) (in case of an exercise in accordance with Product Condition 2(a)(i)) or Product Condition 2(g)(iii) (in case of an automatic exercise in accordance with Product Condition 2(a)(ii))]<sup>336</sup> either

(i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or

(ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), provided that [the Final Basket Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]<sup>337</sup> a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(g).

(b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be

<sup>330</sup> In case of physical settlement.

<sup>331</sup> In case of physical settlement.

<sup>332</sup> In case of Warrants other than Discount Warrants.

<sup>333</sup> In case of Discount Warrants.

<sup>334</sup> In case of cash settlement.

<sup>335</sup> In case of physical settlement.

<sup>336</sup> In case of physical settlement.

<sup>337</sup> In case of Call Warrants which are physically settled.

received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the [number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>338</sup> for such Securities]<sup>339</sup>[Delivery Details]<sup>340</sup>;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings[; and

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<sup>338</sup> In case of Discount Warrants.

<sup>339</sup> In case of cash settlement.

<sup>340</sup> In case of physical settlement.

- (vii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Notice with respect thereto]<sup>341</sup>.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]<sup>342</sup> [no more than the Maximum Exercise Number of Securities]<sup>343</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise

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<sup>341</sup> In case of physical settlement.

<sup>342</sup> In case of a Minimum Exercise Number of Securities.

<sup>343</sup> In case of a Maximum Exercise Number of Securities.

primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
- (iv) specify the Delivery Details<sup>344</sup>.

[(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder

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<sup>344</sup> In case of physical settlement.

shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

- (i) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfill the requirements set forth in Product Condition 2(g)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.
- (j) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of any Share Company.<sup>345</sup>

[(h)][(k)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(i)][(l)] Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), [pay [the Cash Amount]<sup>346</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>347</sup>]<sup>348</sup> [deliver or pay the Share Amount]<sup>349</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product

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<sup>345</sup> In case of physical settlement.

<sup>346</sup> In case of Warrants other than Discount Warrants.

<sup>347</sup> In case of Discount Warrants.

<sup>348</sup> In case of cash settlement.

<sup>349</sup> In case of physical settlement.

Condition 2(a)(ii), [pay [the Cash Amount]<sup>350</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>351</sup>]<sup>352</sup> [deliver or pay the Share Amount]<sup>353</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(m) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(n)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>354</sup>

[(n) Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the relevant Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]<sup>355</sup>

[(j)][(o) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]<sup>356</sup>

(a) [Market Disruption]<sup>357</sup>

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the

<sup>350</sup> In case of Warrants other than Discount Warrants.

<sup>351</sup> In case of Discount Warrants.

<sup>352</sup> In case of cash settlement.

<sup>353</sup> In case of physical settlement.

<sup>354</sup> In case of physical settlement.

<sup>355</sup> In case of physical settlement.

<sup>356</sup> In case of physical settlement.

<sup>357</sup> In case of physical settlement.



Valuation Date [for a Share affected by a Market Disruption Event]<sup>358</sup> shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [for the Share affected by a Market Disruption Event]<sup>359</sup> (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Share Reference Price [of the Share affected by a Market Disruption Event]<sup>360</sup>. [The Valuation Date for a Share not affected by a Market Disruption Event shall be the original Valuation Date.]<sup>361</sup> If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in any Share on any relevant Exchange or any other exchange on which such Share is listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to a Share on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or

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<sup>358</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

<sup>359</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

<sup>360</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

<sup>361</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any relevant exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case one or more Share(s) is/are related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to any Share (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial

markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which any Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[[c]][(d)] [Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of the Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Share Amount and notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Security by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.]

[Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred affecting a Share or all Shares, then the Maturity Date for the affected Share(s) shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of a Share is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of such Share and notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Share by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of a Share relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of the Share affected by a Settlement Disruption Event on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of a Share in accordance with such market method as it determines at the relevant time for delivery of such Share.]<sup>362</sup><sup>363</sup>

[(d)][(e)] Each and any of the Calculation Agent's [and the Issuer's]<sup>364</sup> determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) Following a declaration by any Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of any Share and, if so (in this case an "**Adjustment Event**"), will:

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<sup>362</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

<sup>363</sup> In case of physical settlement.

<sup>364</sup> In case of physical settlement.

- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (ii) determine the effective date of the adjustments.
- (b) **"Potential Adjustment Event"** means:
- (i) a subdivision, consolidation or reclassification of any Share (unless a Merger Event), or a free distribution or dividend of such Share to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of any Share of (A) such Share, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of any Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
  - (iii) an extraordinary dividend;
  - (iv) a distribution of cash dividends on any Share equal to or greater than 8 per cent per annum of the then current market value of such Share;
  - (v) a call by any Share Company with respect to any Share that are not fully paid;
  - (vi) a repurchase by any Share Company of any Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
  - (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of any Share.

*[Insert supplemental or alternative potential adjustment events, if applicable]*

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to any Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, (including but not limited to (A) a replacement of the Share(s) affected by a De-listing, Merger Event, Nationalisation or Insolvency (the "**Affected Share**") by a successor share or by a cash amount corresponding to the fair market value of the Affected

Share, (B) a removal of the Affected Share from the Basket and allocation of the fair market value of the Affected Share pro rata to the remaining Shares in the Basket, (C) any other adjustment) and determine the effective date of that adjustment; or

- (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

**"De-listing"** means a Share for any reason ceases to be listed or is suspended from listing on the relevant Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**"Merger Date"** means the date upon which all holders of the Shares of any Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**"Merger Event"** means any (i) reclassification of or change to the Shares of any Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of any Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of such Share Company); or (iii) other take-over offer for the Shares of any Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of such Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

**"Nationalisation"** means that all the Shares of any Share Company or all the assets or substantially all the assets of any Share Company are nationalised, expropriated or

are otherwise required to be transferred to any governmental agency, authority or entity.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting any Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of such Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are under no obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination under this Product Condition 4.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:



- (i) any material illiquidity in the market with respect to (A) any Share or (B) instruments related to any Share used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the relevant Share by another share;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which

the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO STRUCTURED SECURITIES [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL]**  
**[PUT] [QUANTO] WARRANTS**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>365</sup>.*

1. DEFINITIONS

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

**"Calculation Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Cap"** means [•], subject to an adjustment in accordance with Product Condition 4;<sup>366</sup>

**"Cash Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{367}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{368}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

**"Clearing Agent"** means •;

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange"** means • or any successor to such exchange or quotation system;

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<sup>365</sup> In case of Securities represented by a Global Security.

<sup>366</sup> In case of Discount Warrants.

<sup>367</sup> In case of Call Warrants and Discount Call Warrants.

<sup>368</sup> In case of Put Warrants and Discount Put Warrants.

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●<sup>369</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]<sup>370</sup>[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]<sup>371</sup>

["**Exercise Time**" means ●;]<sup>372</sup>

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Reference Asset on the Exchange published on [●● page ●● (or on a page replacing such page)][●●] at or about the Valuation Time on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset at or about the Valuation Time on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]<sup>373</sup>

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means [The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][

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<sup>369</sup> Insert relevant page.

<sup>370</sup> In case of Quanto Warrants.

<sup>371</sup> In case of American style warrants.

<sup>372</sup> In case of American style warrants.

<sup>373</sup> In case of Securities represented by a Global Security.

branch in ●]. The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●] is expected to become the issuer of the Securities as a result of the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus<sup>374</sup> [The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●]. The Royal Bank of Scotland plc has become the issuer of the Securities that have originally been issued by The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its [principal office in The Netherlands][ branch in ●] as a result of the transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc. Further information is made available in the base prospectus relating to the Securities and any supplements to such base prospectus<sup>375</sup>;

**"Market Disruption Event"** means each event specified as Market Disruption Event in Product Condition 3;

**"Maturity Date"** means ●;

**["Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{376}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{377}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;<sup>378</sup>

**["Maximum Exercise Number"** means ●;]

**["Minimum Exercise Number"** means ●;]

**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;

**["Participation Rate"** means, with respect to each Security, ●, subject to an adjustment in accordance with Product Condition 4;]

<sup>374</sup> Insert/use in case of an issue of Securities by RBS N.V.

<sup>375</sup> Insert/use in case of an increase of Securities by RBS.

<sup>376</sup> In case of Discount Call Warrants.

<sup>377</sup> In case of Discount Put Warrants.

<sup>378</sup> In case of Discount Warrants.

**"Paying Agent"** means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

**"Payment Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

[**"Pricing Date"** means • subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]<sup>379</sup>

**"Principal Paying Agent"** means •, subject to a replacement pursuant to General Condition 8;

**"Reference Asset"** means •, subject to an adjustment pursuant to Product Condition 4;

**"Relevant Number of Trading Days"** means •;

**"Securities"** means •;

**"Securityholder"** has the meaning given in General Condition 2;

[**"Series"** means •;]

**"Settlement Currency"** means •;

**"Strike"** means •, subject to an adjustment in accordance with Product Condition 4;

[**"Strike Currency"** means •;]

**"Trading Day"** means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange other than a day on which trading on the Exchange is scheduled to close prior to its regular weekday closing time][•];

**"Valuation Date"** means [the Exercise Date]<sup>380</sup>[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]<sup>381</sup>[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

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<sup>379</sup> In case of a subscription period.

<sup>380</sup> In case of European style warrants.

<sup>381</sup> In case of American style warrants.

**"Valuation Time"** means [the regular close of trading on the Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

*[Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>382</sup> [lower of the Maximum Amount and the Cash Amount]<sup>383</sup> on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such

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<sup>382</sup> In case of Warrants other than Discount Warrants.

<sup>383</sup> In case of Discount Warrants.



persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]<sup>384</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>385</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

*[Insert if the Warrants are American style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]<sup>386</sup> [lower of the Maximum Amount and the Cash Amount]<sup>387</sup> on the Maturity Date either
  - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
  - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

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<sup>384</sup> In case of Warrants other than Discount Warrants.

<sup>385</sup> In case of Discount Warrants.

<sup>386</sup> In case of Warrants other than Discount Warrants.

<sup>387</sup> In case of Discount Warrants.

A Notice shall:

- (i) specify the number of Securities to which it relates;
  - (ii) specify the number of the account relating to the Securities to be debited;
  - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
  - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]<sup>388</sup> for such Securities;
  - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise

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<sup>388</sup> In case of Discount Warrants.

Number of Securities [and]]<sup>389</sup> [no more than the Maximum Exercise Number of Securities]<sup>390</sup> may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading

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<sup>389</sup> In case of a Minimum Exercise Number of Securities.

<sup>390</sup> In case of a Maximum Exercise Number of Securities.

Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]<sup>391</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>392</sup> for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]<sup>393</sup> [any amount to be paid pursuant to Product Condition 2(a)]<sup>394</sup> to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

### 3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment

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<sup>391</sup> In case of Warrants other than Discount Warrants.

<sup>392</sup> In case of Discount Warrants.

<sup>393</sup> In case of Warrants other than Discount Warrants.

<sup>394</sup> In case of Discount Warrants.

in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the regular close of trading on the Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise) in the Reference Asset on the Exchange or any other exchange on which the Reference Asset is traded, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

*[Insert supplemental or alternative market disruption events, if applicable]*

*[Insert in case the Reference Asset is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of

default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the

"**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"**Governmental Authority**" means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which the Reference Asset is denominated or in which payments are made under the Reference Asset from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"**Relevant Currency Exchange Rate**" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"**Standard Currency**" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

*[Insert supplemental or alternative emerging market disruption events, if applicable]*

[(c)][(d)] Each and any of the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS; TERMINATION

- (a) Following a declaration by the issuer of the Reference Asset of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Reference Asset and, if so (in this case an "**Adjustment Event**"), will:

- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of the adjustments.

**"Potential Adjustment Event"** means any event that may have a diluting or concentrative effect on the theoretical value of the Reference Asset.

*[Insert supplemental or alternative potential adjustment events, if applicable]*

- (b) De-listing. If a De-listing occurs with respect to the Reference Asset or it is for any reason terminated ([each] also an **"Adjustment Event"**), the Issuer may determine to take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing and determine the effective date of that adjustment; or
  - (ii) replace the de-listed or cancelled Reference Asset by a successor reference asset which has in the determination of the Calculation Agent the same or a substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Reference Asset; or
  - (iii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any options or selling or otherwise realising the Reference Asset or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the **"Termination Amount"**). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

**"De-listing"** means the Reference Asset for any reason ceases to be listed or is suspended from listing on the Exchange [or any other exchanges on which the Reference Asset is listed] (and such cessation or suspension is continuing and such Reference Asset is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

*[Insert supplemental or alternative adjustment events, if applicable]*



- (c) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
  - (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so

enter into a Relevant Hedging Transaction on commercially reasonable terms.

- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Reference Asset by another reference asset;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

## [8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
  - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

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**SIGNATURE PAGE**

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London, 26 June 2012

**The Royal Bank of Scotland N.V.,  
London Branch**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

London, 26 June 2012

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory