

25 February 2014

The Royal Bank of Scotland plc

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

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 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**FIFTH SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Disposal of its Structured Retail Investor Products and Equity Derivatives Businesses" which was published on 19 February 2014.

1. In the Base Prospectus 2012, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**", the following risk factor shall be added after the last paragraph:

- The Issuer has reached agreement with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.

2. In the Base Prospectus 2013, in the section "**SUMMARY**", Element D.2 ("KEY RISKS SPECIFIC TO THE ISSUER"), the following risk factor shall be added after the last paragraph:

	<ul style="list-style-type: none"><li data-bbox="316 293 1396 757">• The Issuer has reached agreement with BNP Paribas S.A. ("BNP Paribas") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.
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3. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**", the following risk factor shall be added after the last paragraph:

- Die Emittentin hat sich mit BNP Paribas S.A. („**BNP Paribas**“) über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.

4. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element D.2 ("WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN"), the following risk factor shall be added after the last paragraph:

	<ul style="list-style-type: none">• Die Emittentin hat sich mit BNP Paribas S.A. („BNP Paribas“) über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.
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5. In the Base Prospectuses, in the section "**RISK FACTORS**", subsection "**1. RISK FACTORS RELATED TO THE ISSUER**" (as updated by Supplement dated 31 January 2014), the following shall be added at the end of this subsection after the risk factor with the heading "**The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position**":

Additional Risk Factors

In addition to the risk factors contained in the Registration Document, the following risk factor "Disposal of Structured Retail Investor Products and Equity Derivatives Businesses" may also affect the Issuer's ability to fulfil its obligations under the Securities issued:

Disposal of Structured Retail Investor Products and Equity Derivatives Businesses

The Royal Bank of Scotland Group plc ("**RBSG**", RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"), the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) have announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of up to £15bn of liabilities over time. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals. This means that BNP Paribas or one of its affiliates may become the issuer of a number of securities originally issued by The Royal Bank of Scotland plc, which may include some or all of the Securities issued under this Base Prospectus. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities, whether for tax reasons or otherwise.

6. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectus 2012 by Supplement dated 21 May 2013) after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" (inserted into the Base Prospectus 2012 by Supplement dated 20 June 2013):

Disposal of Structured Retail Investor and Equity Derivatives Businesses

On 19 February 2014, RBSG, the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives (IP&ED) businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of, and/or market making for, up to £15 billion of liabilities over time. The Proposed Transaction is in line with the strategic repositioning and de-risking of the Markets division of the Group as announced in 2013. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals.

London, 25 February 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

31 January 2014

The Royal Bank of Scotland plc

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

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 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**ELEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**FOURTH SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and 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 an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that it has agreed a pre-IPO deal for Williams & Glyn's which was published on 27 September 2013;

(ii) to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the "**Unaudited Interim Statement Q3 2013 of RBSG**") which was published on 1 November 2013;

(iii) to update a certain risk factor related to the Issuer as a consequence of the publication of, and the incorporation by reference into the Base Prospectus of, the Unaudited Interim Statement Q3 2013 of RBSG;

(iv) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with SEC on RMBS securitisation" which was published on 7 November 2013;

(v) to update the Base Prospectuses with respect to the revisions of the expected ratings of the Issuer by Standard & Poor's Credit Market Services Europe Limited which were announced on 7 November 2013;

(vi) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with the European Commission" which was published on 4 December 2013;

(vii) to update the Base Prospectuses with respect to the announcements by RBSG entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" and "RBS Confirms Bostock to resign as Group Finance Director" which were published on 11 December 2013;

(viii) to specify the source of the selected financial information of the Issuer for the half year ended 30 June 2013 in the section "**SUMMARY**", Element B. 12, of the Base Prospectus 2013; and

(ix) to update the section "**TAXATION**" of the Base Prospectus 2013 for securities to be offered in Norway.

1. In the Base Prospectus 2013, in the section "**SUMMARY**", Element B.4B ("KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES"), fourth paragraph, the first sentence ("The Group's ability to implement its strategic plan depends on the success of its efforts to refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

	The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.
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2. In the Base Prospectus 2013, in the section "**SUMMARY**", Element B.12 ("SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER"), the heading of the paragraph entitled "**Selected financial information of the Issuer for the half year ended 30 June 2013**" shall be replaced as follows:

	<p>Selected financial information of the Issuer for the half years ended 30 June 2013 and 30 June 2012</p> <p>The following table summarises certain financial information of the Issuer for the half years ended 30 June 2013 and 30 June 2012 and has been extracted without adjustment from the unaudited Results for the half year ended 30 June 2013 of the Issuer.</p>
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3. In the Base Prospectus 2012, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**" (as inserted into the Base Prospectus by Supplement dated 21 May 2013), the 19th bullet point ("The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

- The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.

4. In the Base Prospectus 2013, in the section "**SUMMARY**", Element D.2 ("KEY RISKS SPECIFIC TO THE ISSUER"), the 19th bullet point ("The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

	<ul style="list-style-type: none">• The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.
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5. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.4B ("BEKANNTE TRENDS, DIE SICH AUF DIE EMITTENTIN UND DIE BRANCHEN, IN DENEN SIE TÄTIG IST, AUSWIRKEN"), fourth paragraph, the first sentence ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

	Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.
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6. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.12 ("AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN"), the heading of the paragraph entitled "**Ausgewählte Finanzinformationen der Emittentin für das zum 30. Juni 2013 endende Halbjahr**" shall be replaced as follows:

<p>Ausgewählte Finanzinformationen der Emittentin für die zum 30. Juni 2013 und 30. Juni 2012 endenden Halbjahre</p> <p>Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 30. Juni 2013 und 30. Juni 2012 endenden Halbjahre zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem ungeprüften Bericht der Emittentin für das am 30. Juni 2013 endende Halbjahr (<i>Results for the half year ended 30 June 2013</i>) entnommen.</p>

7. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**" (as inserted into the Base Prospectus by Supplement dated 21 May 2013), the 19th bullet point ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

- Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.

8. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element D.2 ("WESENTLICHE RISIKEN IN BEZUG AUF DIE EMITTENTIN"), the 19th bullet point ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

	<ul style="list-style-type: none">• Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.
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9. In the Base Prospectuses, in the section "**RISK FACTORS**", the subsection "**1. RISK FACTORS RELATED TO THE ISSUER**" shall be replaced as follows:

1. RISK FACTORS RELATED TO THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

The risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" beginning on page 14 of the Registration Document shall be updated as follows:

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury ("**HM Treasury**") as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:

- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

10. In the Base Prospectuses, section "INFORMATION ABOUT THE ISSUER", the subsection "Registration Document" shall be replaced as follows:

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms, as issuer of the Securities (the "Issuer") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**"), excluding:

- (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
- (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
- (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
- (iv) the subsection "Large exposure regime" on page 26;
- (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
- (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (see "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following risk factor "The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position" and the following subsections "Assets, owners' equity and capital ratios" and "Recent Developments".

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on

achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:
- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to

the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

11. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectus 2012 by Supplement dated 21 May 2013) after the paragraph with the heading "*Ross McEwan appointed as RBSG Chief Executive*" (inserted into the Base Prospectuses by Supplement dated 2 August 2013):

RBSG strikes pre-IPO deal for Williams & Glyn's

On 27 September 2013, RBSG announced that it has agreed a £600 million pre-IPO investment in its Williams & Glyn's business (formerly known as "Project Rainbow") – which centres around 314 branches in the UK - with a consortium of investors led by global financial services specialists Corsair Capital and Centerbridge Partners.

In addition to Corsair and Centerbridge, the consortium includes the Church Commissioners for England and RIT Capital Partners plc (together, the "**Consortium Investors**").

As a condition of the state aid received by RBSG, the Issuer Group was required to divest 308 branches of the Issuer in England and Wales and 6 NatWest branches in Scotland, with the associated retail and small and medium enterprise (SME) customers, direct SME customers and a portfolio of mid-corporate customers. The business serves nearly 1.7 million customers, currently employs around 4,500 people and in the future will employ approximately 6,000 people. It has a broad national footprint and a £19.7 billion loan book, funded by £22.2 billion in customer deposits.

RBSG will work with HM Treasury and the European Commission to agree an extension to the timetable for the disposal of Williams & Glyn's in due course.

Following completion of the operational and legal separation of the business into a standalone bank to be branded Williams & Glyn's, an exercise that is already well underway, RBSG will pursue an Initial Public Offering ("**IPO**"). The pre-IPO investment announced on 27 September 2013 takes the form of a £600 million bond to be issued by RBSG, which will be exchangeable for a significant minority interest in Williams & Glyn's at the time of its IPO. The bond will convert into Williams & Glyn's shares at the IPO price, subject to a minimum ownership level which will be linked to the tangible book value of Williams & Glyn's prior to the IPO, and in any case no more than a stake of 49%. To the extent the maximum ownership level is reached, the bond will be partially redeemed in cash such that the Consortium Investors will receive a total value of £600 million of cash and shares at the IPO price. At the IPO, subject to RBSG's consent, the Consortium Investors will have the option to acquire up to 10 per cent. additionally at the IPO price, subject to their pro forma ownership being no more than 49 per cent. in aggregate.

The subscription for the bond will be satisfied by way of a cash payment from the Consortium Investors. RBSG's Markets division is providing a £270 million secured financing package to the Consortium Investors for the investment.

The transaction is subject to necessary regulatory closing conditions including approvals from the European Commission in relation to the timing for satisfaction of RBSG's related state aid commitments.

Updated ratings information

On 7 November 2013, Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") announced revisions to its expected ratings of the Issuer to reflect the fact that a transitional notch, called a 'positive transition notch', that was built into the Group's ratings in late 2011 in recognition of the progress the Group had made in its restructuring, has now been removed. The Group's recent announcement to create an internal bad bank, coupled with Standard & Poor's concerns on execution risk, litigation risk and the potential for conduct related fines has resulted in the removal of this transition notch.

Standard & Poor's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A-"; senior notes issued by the Issuer with a maturity of less than one year "A-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Standard & Poor's, an "A-" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-2" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is satisfactory. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories. The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Standard & Poor's Ratings Definitions – 24 October 2013" published by Standard & Poor's (available at www.standardandpoors.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 aware and is able to ascertain from information published by Standard & Poor's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

The Group confirms Nathan Bostock to resign as Group Finance Director

On 11 December 2013, RBSG confirmed that Nathan Bostock has informed the Board of his intention to resign from his role as Group Finance Director. He will remain in his position to oversee an orderly handover of his responsibilities. Details on arrangements for his successor will be announced in due course.

12. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", the subsection "**Additional Information about the Issuer**" shall be replaced as follows:

Additional Information about the Issuer

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 the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, 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 the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, 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 for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published on 30 August 2013;
4. the following sections (the "**Relevant Sections of the Annual Report 2012 of RBSG**") of the Annual Report and Accounts 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 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") of the Annual Report and Accounts 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 unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the “**Unaudited Interim Statement Q3 2013 of RBSG**”) which was published via the RNS on 1 November 2013;
 8. 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;
 9. 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;

10. 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;
11. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG (the "**Press Release dated 7 November 2013**") which was published via the RNS on 7 November 2013;
12. the press release entitled "RBS reaches settlement with the European Commission" of RBSG (the "**Press Release dated 4 December 2013**") which was published via the RNS on 4 December 2013;
13. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG (the "**Press Release dated 11 December 2013 regarding Bostock's resignation**") which was published via the RNS on 11 December 2013; and
14. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" (the "**Press Release dated 11 December 2013 regarding OFAC compliance**") of RBSG which was published via the RNS on 11 December 2013.

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 the Issuer.

13. In the Base Prospectus 2013, in the section "TAXATION" the following subsection "6. NORWAY" shall be inserted after the subsection with the heading "5. FINLAND":

6. NORWAY

6.1 General

No deduction or withholding for or on account of Norwegian tax is required to be made on payments from the Issuer to the Securityholders on exercise or termination of the Securities.

There is currently no stamp duty or other charges in Norway on the purchase, sale or realisation of the Securities.

6.2 Taxation on realisation

Securityholders who are Norwegian resident corporations or individuals, and who sell or redeem their Securities are subject to capital gains taxation in Norway. Correspondingly, losses may be deducted.

The tax liability applies irrespective of how long the Securities have been owned and the number of Securities that have been realised or redeemed. Gains are taxable as general income in the year of realisation, and losses can be deducted from income from other sources in the year of realisation. The tax rate of general income is currently 28 per cent.

Gain or loss is calculated per Security and equals the remuneration received in respect of the Securities less the tax basis of the Security and the acquisition or realisation cost. The tax basis of each Security is the Norwegian Securityholder's purchase price for the Security.

Income taxes or capital gains taxes payable in other jurisdictions by Norwegian Securityholders, or withholding tax payable on redemption amounts in respect of the Securities may be deductible against Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax the Securityholders directly or through the application of withholding taxes may be limited by applicable tax treaties.

Gains derived from the Securities with the Underlying in certain shares, certain share indices or mutual fund investing in certain shares, may be exempt from taxation for Norwegian Securityholders who are limited liability companies or similar incorporated entities. Correspondingly, losses incurred by investing in such Securities are not tax deductible.

6.3 Net Wealth Tax

Norwegian Securityholders who are limited liability companies are not subject to net wealth taxation in Norway.

Norwegian Securityholders who are individuals are subject to net wealth taxation in Norway. Securities are included as part of the taxable base for this purpose. The Securities will be valued at market value on 1 January of the calendar year following the relevant income year. The maximum aggregated rate of net wealth tax is currently 1.1 per cent.

14. In the Base Prospectus 2013, in the section "**TAXATION**" the numbering of the headings "**6. SWEDEN**", "**6.1 General**", "**6.2 Sale or exercise of Securities**" and "**7. EU SAVINGS DIRECTIVE**" shall be amended as follows:

7. SWEDEN

7.1 General

7.2 Sale or exercise of Securities

8. EU SAVINGS DIRECTIVE

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 16) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Interim Results 2013 of RBSG;
8. the Unaudited Interim Statement Q3 2013 of RBSG;

9. the Press Release dated 9 May 2013;
10. the Press Release dated 12 June 2013;
11. the Press Release dated 2 August 2013;
12. the Press Release dated 7 November 2013;
13. the Press Release dated 4 December 2013;
14. the Press Release dated 11 December 2013 regarding Bostock's resignation;
15. the Press Release dated 11 December 2013 regarding OFAC compliance; and
16. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 15. were filed with the FSA and the FCA, respectively. The document referred to in 16. 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.

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 Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the section "Information about the Issuer" of this Base Prospectus by reference pursuant to Section 11(1) WpPG:

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 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
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3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;

4. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published on 30 August 2013;
5. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
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 - (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;
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 - (xv) Divisional review on pages 21 to 32;
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 - (xx) Compliance report on pages 343 to 344
 - (xxi) Report of the Directors on pages 345 to 349;
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- (xxiv) Exchange rates on page 498;
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 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
6. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:
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 - (xx) Report of the Directors on pages 298 to 302;
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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;
7. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published via the RNS on 2 August 2013;
 8. the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 which was published via the RNS on 1 November 2013;
 9. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 10. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 11. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG which was published via the RNS on 2 August 2013;
 12. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG which was published via the RNS on 7 November 2013;
 13. the press release entitled "RBS reaches settlement with the European Commission" of RBSG which was published via the RNS on 4 December 2013;
 14. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG which was published via the RNS on 11 December 2013; and
 15. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" of RBSG which was published via the RNS on 11 December 2013.

The documents referred to above 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 these 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.

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, 31 January 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

4 September 2013

The Royal Bank of Scotland plc

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

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 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**TENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**THIRD SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Results for the half year ended 30 June 2013 of The Royal Bank of Scotland plc (the "**Issuer**") which were published on 30 August 2013.

1. In the Base Prospectus 2012, in the section "**SUMMARY**", the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Results for the half year ended 30 June 2013 of the Issuer, the Issuer Group had total assets of £1,203 billion and shareholder's equity of £59 billion as at 30 June 2013. The Issuer 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.

2. In the Base Prospectus 2013, in the section "SUMMARY", Element B.12 shall be replaced as follows:

B.12	SELECTED HISTORICAL KEY FINANCIAL INFORMATION OF THE ISSUER																						
	Selected financial information of the Issuer for the years ended 31 December 2012 and 31 December 2011																						
	The following table summarises certain financial information of the Issuer for its financial years ended 31 December 2012 and 31 December 2011 and has been extracted without adjustment from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2012 which were prepared in accordance with International Financial Reporting Standards (IFRS).																						
		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>Year ended</i> <i>31 December 2012</i> <i>£m (audited)</i></th> <th style="text-align: right; border-bottom: 1px solid black;"><i>Year ended</i> <i>31 December 2011</i> <i>£m (audited)</i></th> </tr> </thead> <tbody> <tr> <td>Operating loss before tax</td> <td style="text-align: right;">(3,412)</td> <td style="text-align: right;">(864)</td> </tr> <tr> <td>Tax charge</td> <td style="text-align: right;">(364)</td> <td style="text-align: right;">(731)</td> </tr> <tr> <td>Loss for the year</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(3,776)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(1,595)</td> </tr> </tbody> </table>		<i>Year ended</i> <i>31 December 2012</i> <i>£m (audited)</i>	<i>Year ended</i> <i>31 December 2011</i> <i>£m (audited)</i>	Operating loss before tax	(3,412)	(864)	Tax charge	(364)	(731)	Loss for the year	(3,776)	(1,595)									
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	<i>31 December 2012</i> <i>£m (audited)</i>	<i>31 December 2011</i> <i>£m (audited)</i>																					
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Operating profit/(loss) before tax	1,411	(447)																					
Tax charge	(771)	(309)																					

Profit/(loss) for the period	640	(756)
	<i>As at 30 June 2013 £m (unaudited)</i>	<i>As at 31 December 2012 £m (audited)</i>
Called-up share capital	6,609	6,609
Reserves	52,446	52,679
Owners' equity	59,055	59,288
Non-controlling interests	81	137
Subordinated liabilities	32,930	33,851
Capital resources	92,066	93,276
	<i>As at 30 June 2013 £m (unaudited)</i>	<i>As at 31 December 2012 £m (audited)</i>
Deposits	605,514	621,457
Loans and advances to customers and banks	560,493	576,904
Total assets	1,202,584	1,284,274
NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER		
There has been no material adverse change in the prospects of the Issuer since 31 December 2012.		
SIGNIFICANT CHANGES IN THE FINANCIAL POSITION OF THE GROUP SUBSEQUENT TO THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION		
There has been no significant change in the financial position of the Issuer Group taken as a whole since 30 June 2013.		

3. In the Base Prospectus 2012, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the third paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach den ungeprüften Finanzinformationen der Emittentin zum 30. Juni 2013 (*Results for the half year ended 30 June 2013*) betragen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.203 Mrd. und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe 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*).

4. In the Base Prospectus 2013, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", Element B.12 shall be replaced as follows:

B.12	AUSGEWÄHLTE WESENTLICHE HISTORISCHE FINANZINFORMATIONEN DER EMITTENTIN	
	Ausgewählte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Jahre	
	Die folgende Tabelle fasst bestimmte Finanzinformationen der Emittentin für die zum 31. Dezember 2012 und 31. Dezember 2011 endenden Finanzjahre der Emittentin zusammen. Diese Finanzinformationen wurden ohne Anpassungen aus dem geprüften konsolidierten Abschluss der Emittentin für das zum 31. Dezember 2012 endende Jahr entnommen, der gemäß den Internationalen Rechnungslegungsstandards (<i>International Financial Reporting Standards</i> (IFRS)) erstellt wurde.	
	<i>Zum</i>	<i>Zum</i>
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>endendes Jahr</i>	<i>endendes Jahr</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Operativer Verlust vor Steuern.....	(3.412)	(864)
Steueraufwand.....	(364)	(731)
Verlust für das Jahr.....	(3.776)	(1.595)
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Eingefordertes Aktienkapital	6.609	6.609
Rücklagen.....	52.679	55.117
Eigenkapital	59.288	61.726
Beteiligungen ohne beherrschenden Einfluss....	137	128
Nachrangige Verbindlichkeiten	33.851	32.324
Kapitalvermögen	93.276	94.178
	<i>31. Dezember 2012</i>	<i>31. Dezember 2011</i>
	<i>in Mio. £ (geprüft)</i>	<i>in Mio. £ (geprüft)</i>
Einlagen.....	621.457	581.485
Kredite und Vorauszahlungen an		
Kunden und Banken	576.904	586.539
Gesamtvermögen	1.284.274	1.432.781

Ausgewählte Finanzinformationen der Emittentin für das zum 30. Juni 2013 endende Halbjahr		
	<i>Zum 30. Juni endendes Halbjahr</i>	
	<i>2013</i>	<i>2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Operativer Gewinn/(Verlust) vor Steuer	1.411	(447)
Steueraufwand	(771)	(309)
Gewinn/(Verlust) für den Zeitraum	640	(756)
	<i>30. Juni 2013</i>	<i>30. Juni 2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Eingefordertes Aktienkapital	6.609	6.609
Rücklagen	52.446	52.679
Eigenkapital	59.055	59.288
Beteiligungen ohne beherrschenden Einfluss	81	137
Nachrangige Verbindlichkeiten	32.930	33.851
Kapitalvermögen	92.066	93.276
	<i>30. Juni 2013</i>	<i>30. Juni 2012</i>
	<i>in Mio. £ (ungeprüft)</i>	<i>in Mio. £ (ungeprüft)</i>
Einlagen	605.514	621.457
Kredite und Vorauszahlungen an Kunden und Banken	560.493	576.904
Gesamtvermögen	1.202.584	1.284.274
WESENTLICHE NEGATIVE VERÄNDERUNGEN IN DEN AUSSICHTEN DER EMITTENTIN SEIT DEM DATUM DES LETZTEN VERÖFFENTLICHTEN GEPRÜFTEN JAHRESABSCHLUSSES		
Seit dem 31. Dezember 2012 hat es keine wesentlichen negativen Veränderungen in den Aussichten der Emittentin gegeben.		
WESENTLICHE VERÄNDERUNGEN IN DER FINANZLAGE DER GRUPPE NACH DEM VON DEN HISTORISCHEN FINANZINFORMATIONEN ABGEDECKTEN ZEITRAUM		
Seit dem 30. Juni 2013 hat es keine wesentliche Veränderung in der Finanzlage der Emittentengruppe gegeben.		

5. In the Base Prospectus 2012, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the first paragraph in the subsection **"Significant Changes"** shall be replaced as follows:

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

6. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the subsection "**Documents incorporated by reference**" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
4. the following sections of the Annual Report and Accounts 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 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 press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;

8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013;
9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013; and
10. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published via the RNS on 30 August 2013.

The documents referred to above were filed with the FSA and with 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 these 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.

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.

7. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**" the first paragraph under the subsection "**No significant change and no material adverse change**" shall be replaced as follows:

There has been no significant change in the financial position of the Issuer and the Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

8. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
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10. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published via the RNS on 30 August 2013.

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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, 4 September 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

2 August 2013

The Royal Bank of Scotland plc

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

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 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**BASE PROSPECTUS 2012**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2012**")

(**NINTH SUPPLEMENT**)

BASE PROSPECTUS DATED 11 JUNE 2013 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "**SECURITIES 2013**")

(**SECOND SUPPLEMENT**)

(THE **SECURITIES 2012** TOGETHER WITH THE **SECURITIES 2013**, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and 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 an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that Ross McEwan has been appointed as RBSG Chief Executive which was published on 2 August 2013; and

(ii) 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.

1. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", in the subsection "**Recent developments**" after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" the following paragraph shall be inserted:

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.

2. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the subsection "**Documents incorporated by reference**" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
4. the following sections of the Annual Report and Accounts 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 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 press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;

8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013; and
9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

The documents referred to above were filed with the FSA and with 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 these 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.

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.

3. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**"; in the subsection "**Recent developments**" after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" the following paragraph shall be inserted:

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.

4. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
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- (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 which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
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 - (vi) Consolidated cash flow statement on page 313;
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 - (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;
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- (xxi) Directors' interests in shares on page 303;
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 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013; and
 8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013; and
 9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

The documents referred to above 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 these 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.

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 August 2013

The Royal Bank of Scotland plc

By:

Signature

BENJAMIN A. WEIL
Authorised Signatory

20 June 2013

The Royal Bank of Scotland plc

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES 2012")

(EIGHTH SUPPLEMENT)

BASE PROSPECTUS DATED 11 JUNE 2013 (THE "**BASE PROSPECTUS 2013**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES 2013")

(FIRST SUPPLEMENT)

(THE SECURITIES 2012 TOGETHER WITH THE SECURITIES 2013, THE "**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and 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 an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that Stephen Hester will be stepping down as the Group's Chief Executive which was published on 12 June 2013;

(ii) to update the Base Prospectuses with respect to planned changes in the Markets division of The Royal Bank of Scotland plc (the "**Issuer**") which were announced on 13 June 2013; and

(iii) to amend the Elements B.14 and D.6 in the sections "Summary" and "German Language version of the Summary – Deutsche Übersetzung der Zusammenfassung" of the Base Prospectus 2013.

1. In the Base Prospectus 2013, in the section "**SUMMARY**" the Element B.14 shall be replaced as follows:

B.14	DESCRIPTION OF THE GROUP AND THE ISSUER'S POSITION WITHIN THE GROUP, SUBSIDIARIES AND DEPENDENCE UPON OTHER ENTITIES WITHIN THE GROUP
	The Issuer is a wholly owned subsidiary of RBSG. In addition, see details above in Element B.5

2. In the Base Prospectus 2013, in the section "**SUMMARY**", in the Element D.6 the sentence starting with "Other risks associated with the Securities include" shall be replaced by the following sentence:

Other material risks associated with the Securities include

- (a) risks associated with Securities [represented by a Global Security]¹ [issued in dematerialised form]², because in such a case no definitive securities will be issued and the Issuer has no responsibility or liability for any acts and omissions of the Clearing Agent,
- (b) risks associated with arrangements concluded by the Securityholders with services providers to hold the Securities (nominee arrangements), because in such a case the Securityholders will be, *inter alia*, exposed to the credit risk of, and default risk with respect to third parties,
- (c) the risk that the return on an investment in the Securities will be affected by charges incurred by the Securityholders,
- (d) the risk that changes of law may affect the value of the Securities,
- (e) the risk that ratings assigned to the Issuer [or the Securities] do not reflect all risks,
- (f) the risk that legal investment constraints may restrict certain investments in the Securities,
- (g) 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, and
- (h) special risks associated with [commodities] [future contracts] [indices] [shares] [currencies] as the Underlying of the Securities.

¹ In case of Securities represented by a Global Security.

² In case of Securities issued in dematerialised form.

3. In the Base Prospectus 2013, in the section “**GERMAN LANGUAGE VERSION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**” the Element B.14 (*Gliederungspunkt B.14*) shall be replaced as follows:

B.14	BESCHREIBUNG DER GRUPPE UND STELLUNG DER EMITTENTIN, TOCHTERGESELLSCHAFTEN UND ABHÄNGIGKEIT VON ANDEREN EINHEITEN INNERHALB DER GRUPPE
	Die Emittentin ist eine hundertprozentige Tochtergesellschaft der RBSG. Im Übrigen siehe Angaben unter dem Gliederungspunkt B.5.

4. In the Base Prospectus 2013, in the section "**GERMAN LANGUAGE VERSION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG**" in the Element D.6 (*Gliederungspunkt D.6*) the sentence starting with "Zu den sonstigen Risiken, die mit den Wertpapieren verbunden sind, gehören:" shall be replaced by the following sentence:

Zu den sonstigen Risiken mit wesentlicher Bedeutung, die mit den Wertpapieren verbunden sind, gehören:

- (a) Risiken im Zusammenhang mit den Wertpapieren, [die durch Globalurkunden verbrieft]¹ [die in dematerialisierter Form begeben]² werden, da in diesem Fall keine Einzelurkunden ausgegeben werden und die Emittentin nicht für Handlungen und Unterlassungen der Clearingstelle haftet,
- (b) Risiken im Zusammenhang mit Vereinbarungen, die Wertpapierinhaber mit Dienstleistern über das Halten von Wertpapieren (Nominee-Vereinbarungen) abschließen, da in diesem Fall die Wertpapierinhaber u.a. auch einem Kredit- und Ausfallrisiko Dritter ausgesetzt sind,
- (c) das Risiko, dass die mit einer Anlage in die Wertpapiere erzielte Rendite durch Gebühren beeinträchtigt wird, die für die Wertpapierinhaber anfallen,
- (d) das Risiko, dass Gesetzesänderungen den Wert der Wertpapiere beeinträchtigen könnten,
- (e) das Risiko, dass die der Emittentin [oder den Wertpapieren] zugewiesenen Ratings nicht alle Risiken widerspiegeln,
- (f) das Risiko, dass rechtliche Anlagevorschriften bestimmte Anlagen in die Wertpapiere einschränken,
- (g) im Fall 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, und
- (h) besondere Risiken im Zusammenhang mit [Rohstoffen] [Terminkontrakten] [Indizes] [Aktien] [Währungen] als Basiswert der Wertpapiere.

¹ Im Fall von in einer Globalurkunde verbrieften Wertpapieren.

² Im Fall von in dematerialisierter Form begebenen Wertpapieren.

5. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", in the subsection "**Recent developments**", the following two paragraphs shall be inserted after the paragraph with the heading "*Planned management changes*":

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 the Issuer

On 13 June 2013, the Issuer 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, the Issuer 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 the Issuer plans to exit will be transferred to a business unit of the Issuer 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. The Issuer 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 the Issuer 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. The Issuer remains committed to meeting its existing obligations to its customers.

6. In the Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the subsection "**Documents incorporated by reference**" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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" on page 59; and
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2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
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- (xvii) Corporate governance on pages 303 to 308;
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- (xxi) Report of the Directors on pages 345 to 349;
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 - (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 Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published via the RNS on 3 May 2013;
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013; and
 8. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013.

The documents mentioned above were filed with the FSA and with 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 these 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.

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.

7. In the Base Prospectus 2013, in the section "**INFORMATION ABOUT THE ISSUER**", in the subsection "**Recent developments**", the following two paragraphs shall be inserted after the paragraph with the heading "Planned management changes":

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 the Issuer

On 13 June 2013, the Issuer 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, the Issuer 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 the Issuer plans to exit will be transferred to a business unit of the Issuer 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. The Issuer 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 the Issuer 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. The Issuer remains committed to meeting its existing obligations to its customers.

8. In the Base Prospectus 2013, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
4. the following sections of the Annual Report and Accounts 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 page 2 to 3;
- (xi) Chairman’s statement on page 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;
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group 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 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 Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published via the RNS on 3 May 2013; and
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013; and
 8. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013.

The documents referred to above 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 these 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.

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, 20 June 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

21 May 2013

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

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT
(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(SEVENTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

- (i) to update the Base Prospectus with respect to the registration document of The Royal Bank of Scotland plc (the "**Issuer**") dated 12 March 2013 which was published on 13 March 2013;
- (ii) to update the Base Prospectus 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 Prospectus with respect to the Annual Report and Accounts 2012 RBSG for the year ended 31 December 2012 which were published on 27 March 2013;
- (iv) to update the Base Prospectus with respect to the Annual Report and Accounts 2012 of the Issuer for the year ended 31 December 2012 which were published on 5 April;
- (v) to update the Base Prospectus with respect to the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter 2013 ended 31 March 2013 which was published on 3 May 2013;
and
- (vi) to update the Base Prospectus with respect to an announcement by RBSG of planned management changes which was published on 9 May 2013.

1. On the cover page of the Base Prospectus, the second paragraph shall be replaced as follows:

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") 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**").

2. In the Base Prospectus, 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 plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), 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 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 EEA (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.

3. In the Base Prospectus, in the section "**SUMMARY**", the second and the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the Annual Report and Accounts 2012 of RBSG, the Group had total assets of £1,312 billion and owners's equity of £68 billion as at 31 December 2012. The 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 Annual Report and Accounts 2012 of the Issuer, the Issuer Group had total assets of £1,284 billion and owners's equity of £59 billion as at 31 December 2012. The Issuer 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 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

4. In the Base Prospectus, in the section "**SUMMARY**", the subsection "**Risk Factors relating to the Issuer**" shall be replaced as follows:

- Risk Factors relating to the Issuer:** The Issuer 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 Group will also be of relevance to the Issuer and the Issuer 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 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 Group's business, financial condition, results of operations and prospects.
 - The 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 Group and any proposed offer or sale of its interests may affect the price of securities issued by the Group.
 - 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.
- The value or effectiveness of any credit protection that the 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 Group's business and results of operations.
- In the United Kingdom and in other jurisdictions, the 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 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 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 and the United Kingdom Government's credit ratings.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in 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 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 Group, including the write off, write-down or conversion of the Groups' securities.
- The 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 Group's US operations together with the UK reforms could require structural changes to the Group's business. Any of these changes could have a material adverse effect on the Group.

- 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 Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits.
- 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 board, or other key employees, and it may suffer if it does not maintain good employee relations.

5. In the Base Prospectus, 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 plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 12. März 2013 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, 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 plc kann 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 EWR (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.

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

Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBSG betragen die Gesamtvermögenswerte der Gruppe zum 31. Dezember 2012 £1.312 Mrd., und das Eigenkapital betrug £68 Mrd. Die Kapitalquoten der 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 dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2012 £1.284 Mrd., und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 15,4% für die Gesamtkapitalquote, 9,5% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

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

Risikofaktoren in Bezug auf die Emittentin:

Die Emittentin 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 Gruppe beziehen, auch für die Emittentin und die Emittentengruppe relevant.

- 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 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 Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen.
- Die 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 Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den

Preis der Wertpapiere der Gruppe beeinträchtigen.

- 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.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die 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 Gruppe wesentlich beeinträchtigt

und werden sie weiter beeinträchtigen.

- Die 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 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 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 sowie von dem Kreditrating des britischen Staates ab.
- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab,

sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.

- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Alle Geschäftsbereiche der Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die 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 Gruppe zu Folge haben kann und u.a. Abschreibungen oder Wertberichtigungen auf Wertpapiere der Gruppe und die Umwandlung von Wertpapieren der Gruppe beinhaltet.
- Die 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 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 Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die Gruppe haben.

- 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 Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- 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 Verwaltungsratsmitglieder, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.

8. In the Base Prospectus, 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, prospective purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), 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, prospective 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.

9. In the Base Prospectus, the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

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 of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**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 Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios" and "Recent developments".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. The 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.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer 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 Issuer 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 Group announced a further sale of Direct Line Group ("**DLG**") ordinary shares held by the Group, reducing the 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, the Issuer (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

The Issuer 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, the Issuer 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.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the 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" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;

3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, 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;
4. the following sections of the Annual Report and Accounts 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 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 Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published via the RNS on 3 May 2013; and
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013.

The documents mentioned above were filed with the FSA and with 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 these 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.

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.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

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

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

10. In the Base Prospectus, 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 relevant Final Terms. In addition, copies of the documents set forth hereinafter under (1.) and (4.)-(5.) will be available via the Issuer's website as specified in the Final Terms:

1. the Registration Document;
2. the Annual Report 2012 of the Issuer;
3. the Annual Report 2011 of the Issuer;
4. this Base Prospectus and any Supplements; and
5. 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.

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

London, 21 May 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

28 February 2013

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(SIXTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the preliminary unaudited Annual Results 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") for the year ended 31 December 2012 which were published on 28 February 2013.

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

According to the preliminary unaudited Annual Results 2012 of RBSG for the year ended 31 December 2012, 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 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

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

Nach den vorläufigen ungeprüften Jahresergebnissen 2012 der RBSG (*Annual Results 2012*) für das am 31. Dezember 2012 endende Jahr betragen zum 31. Dezember 2012 die Gesamtvermögenswerte der RBSG Gruppe £1.312 Mrd., und das Eigenkapital der RBSG Gruppe 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*).

3. In the Base Prospectus, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The 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.

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 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.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 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.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.
7. The preliminary unaudited Annual Results 2012 of RBSG for the year ended 31 December 2012 which were published on 28 February 2013.
8. The unaudited Results of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.
9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.
10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above 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 these 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.

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 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

8 February 2013

The Royal Bank of Scotland plc

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(FIFTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the press release entitled "RBS reaches LIBOR settlements" which was published by The Royal Bank of Scotland Group plc ("**RBSG**") on 6 February 2013.

In the Base Prospectus, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the paragraph headed "*LIBOR*" in the subsection "**Investigations**" shall be replaced as follows:

LIBOR

On 6 February 2013, RBSG announced that the 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 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, the Issuer 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 Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The 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, 8 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

4 February 2013

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(FOURTH SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus 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.

In the Base Prospectus, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", 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, the Issuer 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, the Issuer 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.

London, 4 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

5 November 2012

The Royal Bank of Scotland plc

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(THIRD SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectus with respect to the unaudited Interim Management Statement Q3 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") for the third quarter 2012 ended 30 September 2012 which was published on 2 November 2012.

1. In the Base Prospectus, in the section "**SUMMARY**", the second paragraph under the heading "**General Information about the Issuer and the Group**" 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 Group had total assets of £1,377 billion and owners' equity of £73 billion as at 30 September 2012. The 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.

2. In the Base Prospectus, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" 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 Gruppe £1.377 Mrd., und das Eigenkapital der Gruppe betrug £73 Mrd. Die Kapitalquoten der 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 Base Prospectus, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"** the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The 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.

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 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.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 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.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.
7. The unaudited Interim Management Statement Q3 2012 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) which was published on 2 November 2012.
8. The unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.
9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.
10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above 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 these 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.

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, 5 November 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

24 October 2012

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

SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUS

(THE "**BASE PROSPECTUS**"):

BASE PROSPECTUS DATED 1 MARCH 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

(SECOND SUPPLEMENT)

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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 Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website). If parts of the Base Prospectus amended by this Supplement appear in the Final Terms published by the date of this Supplement, these Final Terms shall also be deemed to be amended by this Supplement.

The purpose of this Supplement is:

(i) 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 on 29 June 2012;

(ii) to update certain information relating to 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 (the "**Issuer**") with respect to announcements made on 4 July 2012 and on 10 September 2012;

(iii) to update the Base Prospectus with respect to the unaudited Interim Results 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") which were published on 3 August 2012;

(iv) to update the Base Prospectus 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 on 3 August 2012;

(v) to update the Base Prospectus with respect to the unaudited Results for the half year ended 30 June 2012 of the Issuer which were published on 31 August 2012; and

(vi) to update the Base Prospectus with respect to the press release entitled "Statement on disposal of UK Branch-based Business" which was published by 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.

1. In the Base Prospectus, in the section "**SUMMARY**", the second paragraph and the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012, the Group had total assets of £1,415 billion and owners' equity of £74 billion as at 30 June 2012. The 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 unaudited Results for the half year ended 30 June 2012 of the Issuer, the Issuer Group had total assets of £1,359 billion and shareholder's equity of £62 billion as at 30 June 2012. The Issuer 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.

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

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 Gruppe £1.415 Mrd., und das Eigenkapital der Gruppe betrug £74 Mrd. Die Kapitalquoten der 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 den ungeprüften Finanzinformationen der Emittentin zum 30. Juni 2012 (*Results for the half year ended 30 June 2012*) betragen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.359 Mrd. und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe 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*).

3. In the Base Prospectus, the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

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 of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*, the "**FSA**").

The information contained in the 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 together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The 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.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer 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 Issuer 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.

Dutch Scheme

On 26 March 2012, RBSG and the Issuer 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, the Issuer 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 the Issuer (together with the proposal for the legal demerger, the "**Dutch Scheme**"). As part of the 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 was transferred to the Issuer (the "**Transferring Businesses**"). The Dutch Scheme was

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 the Issuer 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 Dutch Scheme. The Issuer and RBS N.V. have discussed the Dutch Scheme in detail with the Dutch Central Bank (*De Nederlandsche Bank*) and the FSA. Implementation of the Dutch Scheme was subject, amongst other matters, to regulatory and court approvals. The regulatory approvals were granted on the basis that the Demerger would not proceed unless the Merger was 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, the Issuer, RBS Holdings N.V., RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the Group in the UK and Ireland, it would be prudent to defer the implementation of the Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA was advised of the delay and had no objections. De Nederlandsche Bank was aware of the delay.

On 10 September 2012, RBSG, the Issuer, RBS Holdings N.V. and RBS N.V. announced that the final stage of the Dutch Scheme was implemented on such date.

Rating information

Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A3"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, 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, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, 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 (available at 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 Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, 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 Supplement 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, the Issuer 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, the Issuer has agreed to provide direct and immediate redress. The Issuer is currently not able to reliably estimate the financial impact of this agreement.

Litigation

London Interbank Offered Rate ("LIBOR")

Certain members of the 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 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 Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The 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 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 Group, including the timing and amount of fines or settlements.

Technology incident

On 19 June 2012, the 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 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 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 Group could become a party to litigation. In particular, the Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2012.

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

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document).
2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 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.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 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.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.

7. The unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 which were published on 3 August 2012.

8. The unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.

9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.

10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above 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 these 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.

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.

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

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) and (e)-(f) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) the Unaudited Interim Results of the Issuer;
- (e) this Base Prospectus and any Supplements; and
- (f) 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.

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

London, 24 October 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

27 June 2012

The Royal Bank of Scotland plc

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

FIRST SUPPLEMENT

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

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE

BASE PROSPECTUS DATED 1 MARCH 2012 (THE "**BASE PROSPECTUS**")

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS (THE "SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectus 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, unless such purchase or subscription has already been completed.

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 or to The Royal Bank of Scotland plc, London office, GBM, Legal Department/German Equities, 250 Bishopsgate, London EC2M 4AA, United Kingdom. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectus and as long as any Securities issued in connection with the Base Prospectus are listed on any stock exchange or offered to the public, copies of this Supplement

and of the Base Prospectus, 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 and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website). If parts of the Base Prospectus amended by this Supplement appear in the Final Terms published by the date of this Supplement, these Final Terms shall also be deemed to be amended by this Supplement.

1. The section "**SUMMARY**" up to (and including) the paragraph with the heading "**Risk Factors relating to the Issuer**" shall be replaced in the Base Prospectus as follows:

SUMMARY

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any turbo warrants and open end turbo warrants (the "Securities") issued by 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 The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), 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 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 EEA (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: The Royal Bank of Scotland plc (the "**Issuer**" or "**RBS**")

General Information about the Issuer and the Group: The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Issuer Group**") is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. The Issuer is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), which is the holding company of a large global banking and financial services group (RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc ("**NatWest**"). The Issuer and NatWest are both major United Kingdom clearing banks. In the United States, the Group'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.

According to the unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter 2012 ended 31 March 2012, the Group had total assets of £1,403 billion and owners' equity of £73 billion as at 31 March 2012. The 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 the Issuer, the Issuer Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The Issuer 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.

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:

The Issuer 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 Group will also be of relevance to the Issuer and the Issuer 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 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 Group.
- The Group's ability to implement its strategic plan depends on the success of the 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 the Issuer may have a material adverse effect on the Group.
- The 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 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 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.
- The value or effectiveness of any credit protection that the 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 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 and the United Kingdom Government's 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 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's results could be adversely affected in the event of goodwill impairment.
- 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.
- 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 Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the 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 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.

- The 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 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 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 Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.

2. The section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" up to (and including) the paragraph with the heading "**Risikofaktoren in Bezug auf die Emittentin**" shall be replaced in the Base Prospectus as follows:

ZUSAMMENFASSUNG
(GERMAN LANGUAGE VERSION OF THE SUMMARY)

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Turbo Optionsscheine und Open End Turbo Optionsscheine (die „Wertpapiere“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom

24. Februar 2012 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, 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 plc kann 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 EWR (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:

The Royal Bank of Scotland plc (die „**Emittentin**“ oder „**RBS**“)

Allgemeine Informationen über die Emittentin und die Gruppe:

Die Emittentin (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Emittentengruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „**RBSG**“), der Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Gruppe**“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten Königreich, in den Vereinigten Staaten und international durch ihre Haupttochterunternehmen, die Emittentin und die National Westminster Bank Plc („**Natwest**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie

Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.

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 Gruppe £1.403 Mrd., und das Eigenkapital der 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 Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe 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*).

Risikofaktoren:

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor dem Erwerb 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:

Die Emittentin 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 Gruppe beziehen, auch für die Emittentin und die Emittentengruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen

sowie durch andere geopolitische Risiken beeinträchtigt werden.

- 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 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 (etwa indem der private Sektor zwangsweise an Umstrukturierungsmaßnahmen beteiligt wird (sogenanntes „*bail-in*“) durch die Möglichkeit, Verbindlichkeiten abzuwerten oder sie unter bestimmten Umständen in Stammaktien eines 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 Gruppe erheblich beeinträchtigen.
- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der 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 Emittentin kann die Gruppe

wesentlich beeinträchtigen.

- Die 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 Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen können durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- 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.
- Der Wert und die Wirksamkeit eines Kreditschutzes, den die 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 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 sowie von dem Kreditrating des britischen Staates 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 sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der 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 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 Gruppe auswirken.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- 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.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die 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 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.
- Die Beteiligung der 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 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 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 Gruppe erheblich beeinträchtigen.
- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen können.
- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.

3. The section "**INFORMATION ABOUT THE ISSUER**" shall be replaced in the Base Prospectus as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

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 of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*, the "**FSA**").

The information contained in the Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios" and "Proposed Dutch Scheme".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The 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.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer 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 Issuer 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 the Issuer 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, the Issuer 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 the Issuer (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 the Issuer (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 the Issuer 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. The Issuer 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. The Issuer 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**") on 22 June 2012 of revisions to the expected ratings of notes issued by the Issuer and those of certain other global banks and securities firms, reflecting changes in the Moody's 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 is expected to rate notes issued by the Issuer as follows:

	Previous	Current
Senior notes with a maturity of one year or more	A2	A3
Senior notes with a maturity of less than one year	P-1	P-2

The 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 Group following this downgrade by Moody's is estimated to be £9 billion as of 31 May 2012.

As defined by Moody's, 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, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, 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 (available at 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 Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, 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 Supplement 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.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document).

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 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.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 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.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, 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.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.

7. The unaudited Interim Management Statement Q1 2012 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 mentioned above documents 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 these 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.

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.

4. In the section "**GENERAL INFORMATION**" the chapter "**Available Documents**" shall be replaced in the Base Prospectus as follows:

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) and (d)-(e) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) this Base Prospectus and any Supplements; and
- (e) 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.

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

5. The section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be deleted in the Base Prospectus.

London, 27 June 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

1 March 2012

The Royal Bank of Scotland plc

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

BASE PROSPECTUS

IN ACCORDANCE WITH

SECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT

RELATING TO

TURBO WARRANTS AND OPEN END TURBO WARRANTS

THE ROYAL BANK OF SCOTLAND PLC

LAUNCHPAD PROGRAMME

This base prospectus (the "**Base Prospectus**") relating to turbo warrants and open end turbo warrants (the "**Securities**") issued by 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 defined below) (the "**Issuer**") 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 must be read in connection with the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") 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**").

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 Document 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 Document, any Supplements as well as the respective Final Terms.

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SUMMARY

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 plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), 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 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 EEA (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: The Royal Bank of Scotland plc (the "**Issuer**" or "**RBS**")

General Information about the Issuer and the Group: The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Issuer Group**") is a public limited company incorporated in Scotland with registration number SC090312. The Issuer was incorporated under Scots law on 31 October 1984. The Issuer is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), which is the holding company of a large global banking and financial services group (RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc ("**NatWest**"). The Issuer and NatWest are both major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and

institutional customers.

According to the preliminary unaudited Annual Results 2011 of RBSG for the year ended 31 December 2011 which were published on 23 February 2012, the Group had total assets of £1,506.9 billion and owners' equity of £74.8 billion as at 31 December 2011. The Group's capital ratios at that date 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.

The Issuer Group had total assets of £1,299.7 billion and shareholder's equity of £56.9 billion as at 30 June 2011. The Issuer Group's capital ratios as at that date were a total capital ratio of 14.0 per cent, a core tier 1 capital ratio of 8.7 per cent and a tier 1 capital ratio of 10.6 per cent.

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:

The Issuer 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 Group will also be of relevance to the Issuer and the Issuer 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 Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. 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 Group.

- The Group's ability to implement its strategic plan depends on the success of the 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 Group.
- The 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 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 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.
- The value or effectiveness of any credit protection that the 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 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 and the United Kingdom Government's 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 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's results could be adversely affected in the event of goodwill impairment.
- 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.
- 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 Group and any proposed offer or sale of its interests may affect the price of the Securities.

- The Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the 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 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.
- The 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 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 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 Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the 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 delays in effecting settlement of the Securities, (xi) taxes may be payable by the Securityholders and (xii) 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, (ix) special risks associated with the Underlying of the Securities (a commodity, commodity future contract, index, index future contract, share, or currency), and (x) the risk that a Knock-out Event (as defined below under "Description of the Securities") occurs.

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 any 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:

The Securities are investment instruments which track the performance of an underlying.

The Securities that can be issued under this Base Prospectus either have an expiration date and will be automatically exercised on the exercise date specified in the Final Terms (the "**Turbo Warrants**") or are open ended, i.e. have no fixed expiration date (the "**Open End Turbo Warrants**"). Open End Turbo Warrants can be terminated upon exercise by the Securityholder (the "**Exercise**") or upon a termination by the Issuer (the "**Issuer Call**"). Following any such termination of the Securities, the Securityholder will receive the Cash Amount (if any), as defined below.

If during the term of the Security the Underlying (as defined below) reaches a pre-determined barrier (the "**Knock-out Event**") the Securities will terminate automatically. In the event of such early termination the initial amount invested will be lost (including any transaction costs).

Possible underlyings of the Securities may be a commodity, a commodity futures contract, an index, an index futures contract,

a share (except those of the Issuer or of any other company of the Group), or a currency (each an "**Underlying**"). If the Underlying of an Open End Turbo Warrant has an expiration date, e.g. a future, the Underlying may be substituted by an equivalent underlying during the lifetime of the Open End Turbo Warrant and any costs relating to such substitution will be accounted for in the value of the Securities.

The Securities will be issued either as call securities (the "**Call Warrants**") or as put securities (the "**Put Warrants**").

In case of Call Warrants, the amount to be paid at the maturity date is linked to an increase of the price or level of the Underlying above a certain level (the "**Strike**", as further described below) and the Securityholder bears a loss if the price or level of the Underlying is at or below the Strike.

In case of Put Warrants, the amount to be paid at the maturity date is linked to a decrease of the price or level of the Underlying below the Strike, and the Securityholder bears a loss if the price or level of the Underlying is at or above the Strike.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income and the Securities do not grant any claim to dividends either.

Cash Amount:

Following automatic exercise in case of Turbo Warrants and Exercise or Issuer Call in case of Open End Turbo Warrants, the amount payable by the Issuer on the maturity date will be determined by reference to the value of the Underlying and the Strike (the "**Cash Amount**").

In case of Call Warrants the amount payable will be equal to the difference between (i) the price or level of the Underlying on the date of termination and (ii) the Strike; multiplied with the multiplier.

In case of Put Warrants the amount payable will be equal to the difference between (i) the Strike and (ii) the price or level of the Underlying on the date of termination; multiplied with the multiplier.

The amounts payable may have to be converted into the settlement currency using an exchange rate, which will be defined in the Final Terms.

Knock-out:

Following the occurrence of a Knock-out Event the Securities will terminate automatically and the initial amount invested will be lost (including any transaction costs). A Knock-out Event occurs if the price or level of the Underlying during the term of the Securities is (i) in case of Call Warrants, less than or equal to a pre-determined barrier (the "**Knock-out Barrier**") or (ii) in case of Put Warrants, greater than or equal to the Knock-out Barrier.

The Knock-out Barrier, which is specified in the Final Terms, is identical with the Strike. Accordingly, in case of Open End Turbo Warrants, the Knock-out Barrier may change daily because the Strike will be determined on a daily basis, as further explained below.

Leverage:

The Securities have a so-called leverage effect which means that the amount needed to invest in the Securities and the economic participation in the Underlying provided with it, is considerably less than the amount which would be required for a direct investment in the Underlying. Therefore, the percentage gain if the level or price of the Underlying rises (in case of Call Warrants) or falls (in case of Put Warrants) and the percentage loss if the level or price of the Underlying falls (in case of Call Warrants) or rises (in case of Put Warrants) is considerably higher with the Securities than with a direct investment in the Underlying.

Strike:

The costs for creating and maintaining the leverage effect are accounted for with the Strike. The (initial) Strike will be specified in the Final Terms and will be determined by the Issuer taking into account the costs for creating and maintaining the leverage, the so called funding costs. For Open End Turbo Warrants where a share or a share index is the Underlying, any dividends paid will also be accounted for in the Strike.

In case of Open End Turbo Warrants the Strike will be adjusted and determined on each trading day during the term of the Securities, subject to a maximum level specified in the Final Terms.

In case of Turbo Warrants the Strike will be determined on the launch date or issue date and will not be subject to regular adjustments.

Quanto Securities:

Where the settlement currency is different to the underlying currency, the Securities may have a quanto feature (effectively a fixed rate of exchange between the two currencies for the term of the Securities) and the Issuer may charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received by the Securityholder on exercise or termination.

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, 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, Notification:

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 the 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 laws, rules and procedures applicable to the Clearing Agent through whose systems the Securities are transferred.

Certain Securities will, where required by the applicable laws and the rules and procedures applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**"), be issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. In case of Securities issued in dematerialised form, title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the Applicable Rules.

The Final Terms will specify whether the Securities will be represented by a Global Security or issued in dematerialised form and may contain further details with respect to the applicable 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 or payment 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.

Payments:

Payments will be effected by the Issuer to, or for the order of, the Clearing Agent for crediting to the accounts of the respective holders of accounts with the Clearing Agent. By making payments to, or for the order of, the Clearing Agent, the Issuer will be discharged from its payment obligation for each amount so paid. The Issuer may deviate from the above payment method having given prior notice to the Securityholders. In this case, payment will be made to the Securityholders in such manner as shall be specified in the notice.

*Presentation and Prescription
Periods:*

The presentation period provided for in Section 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall be reduced to ten years. Otherwise, the statutory prescription periods shall apply to payments made in connection with the Securities.

*Representation of the
Securityholders:*

The Conditions will not provide for any representation of the Securityholders.

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 or Termination of Turbo Warrants:

The Turbo Warrants will be automatically exercised on the exercise date specified in the Final Terms or they will be automatically terminated in case of a Knock-out Event. Where the Underlying is an index, the Securities will be terminated if there is an index early termination event as specified in the Final Terms.

Following any such termination of the Securities, the Securityholder will receive the Cash Amount (if any).

All payments (if any) shall be subject to the delivery of a duly completed certification to a Clearing Agent or to the Issuing and Paying Agent, as the case may be, with a copy to the Principal Paying Agent. 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.

Exercise or Termination of Open End Turbo Warrants:

The Open End Turbo Warrants may be exercised by the Securityholder on any exercise date specified in the Final Terms or automatically be terminated in case of a Knock-out Event. Where the Underlying is an index, the Securities will be terminated if there is an index early termination event as specified in the Final Terms.

The Open End Turbo Warrants may also be terminated in whole (but not in part) by the Issuer at any time after the issuer call commencement date subject to an exercise by the Securityholder, the occurrence of a Knock-out Event or other early termination events, as described in the Final Terms.

The Open End Turbo Warrants cannot be exercised by the Securityholder before an exercise date. In case of an exercise, the Securityholder must deliver a duly completed notice prior to the exercise time on the exercise date.

Following any such termination of the Securities, the Securityholder will receive the Cash Amount (if any).

All payments (if any) shall be subject to the delivery of a duly

completed certification to a Clearing Agent or to the Issuing and Paying Agent, as the case may be, with a copy to the Principal Paying Agent. 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.

Early Termination by the Issuer:

The Issuer has the right to terminate the Securities

(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**"),

(ii) upon the occurrence of a disruption to the hedging of the Issuer as specified in the Final Terms,

(iii) where the Underlying is an index if, (A) the index sponsor or, if applicable, the successor sponsor, as specified in the Final Terms, 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 as specified in the Final Terms and other routine events); or (B) the index sponsor or, if applicable, the successor sponsor, fails to calculate and/or announce the index; or (C) the index sponsor or, if applicable, the successor sponsor, permanently cancels the index or permanently discontinues the calculation and/or announcement of the index and no successor index exists, and

(iv) where the Underlying is a share, upon the occurrence of an adjustment event as specified in the Final Terms.

If the Issuer terminates 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.

<i>Principal Paying Agent, Paying Agent and Calculation Agent:</i>	The Royal Bank of Scotland plc or such other entity as specified in the Final Terms.
<i>Settlement of the Securities:</i>	Securities will be settled by payment of the Cash Amount (if any) as specified in the Final Terms.
<i>Clearing Agents:</i>	Clearstream Banking AG, Frankfurt (" CBF "), Clearstream Banking, société anonyme, Luxembourg (" CBL ") and/or Euroclear Bank S.A./N.V. as operator of the Euroclear system (" Euroclear ") and such further or alternative clearing agent(s) or clearing system(s) as may be approved by the Issuer from time to time and notified to the Securityholders (each a " Clearing Agent " and together with CBF, CBL and Euroclear the " Clearing Agents ").
<i>Market Disruption Event:</i>	If a Market Disruption Event occurs (as specified in the Final Terms), 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.
<i>Emerging Market Disruption Event:</i>	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.
<i>Hedging Disruption Event:</i>	If a Hedging Disruption Event (as specified in the Final Terms) occurs, the Issuer may (i) terminate the Securities (see above under "Early Termination by the Issuer"), 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, on giving notice to the Securityholders elect that, with effect from the scheduled adjustment date specified in such notice, the currency stated in the Final Terms shall be converted to euro.

Governing Law:

The Securities shall be governed by, and construed in accordance with, German law.

*Place of Performance and
Jurisdiction:*

The place of performance and jurisdiction for the Securities shall be Frankfurt am Main, Germany.

ZUSAMMENFASSUNG
(GERMAN LANGUAGE VERSION OF THE SUMMARY)

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 24. Februar 2012 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, 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 plc kann 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 EWR (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: The Royal Bank of Scotland plc (die „**Emittentin**“ oder „**RBS**“)

Allgemeine Informationen über die Emittentin und die Gruppe: Die Emittentin (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Emittentengruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist. Die Emittentin wurde am 31. Oktober 1984 nach schottischem Recht gegründet. Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „**RBSG**“), der Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Gruppe**“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten Königreich, den Vereinigten Staaten und international durch ihre Haupttochterunternehmen, die

Emittentin und die National Westminster Bank Plc („**Natwest**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat eine große und diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.

Nach den am 23. Februar 2012 veröffentlichten vorläufigen, ungeprüften Jahresergebnissen 2011 der RBSG für das am 31. Dezember 2011 endende Jahr betragen zum 31. Dezember 2011 die Gesamtvermögenswerte der Gruppe £1.506,9 Mrd., und das Eigenkapital der Gruppe betrug £74,8 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 13,8% für die Gesamtkapitalquote, 10,6% für die Kernkapitalquote (core tier 1) und 13,0% für die Kapitalquote (tier 1).

Zum 30. Juni 2011 betragen die Gesamtvermögenswerte der Emittentengruppe £1.299,7 Mrd., und das Eigenkapital betrug £56,9 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 14,0% für die Gesamtkapitalquote, 8,7% für die Kernkapitalquote (core tier 1) und 10,6% für die Kapitalquote (tier 1).

Risikofaktoren:

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor dem Erwerb 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:

Die Emittentin 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 Gruppe beziehen, auch für die Emittentin und die

Emittentengruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen sowie durch andere geopolitische Risiken beeinträchtigt werden.
- 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 Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*) hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich veröffentlicht. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die Gruppe erheblich beeinträchtigen.
- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der 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 Gruppe wesentlich beeinträchtigen.
- Die 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 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 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 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 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 sowie von dem Kreditrating des britischen Staates 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 sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der 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 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 Gruppe auswirken.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- 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.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.

- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die 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 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.
- Die Beteiligung der 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 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 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 Gruppe erheblich beeinträchtigen.
- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen

können.

- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe 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 zu Verzögerungen bei der Abrechnung der Wertpapiere kommen kann, (xi) Wertpapierinhaber möglicherweise zur Zahlung von Steuern verpflichtet sind, und (xii) 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 Fall 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, (ix) besondere Risiken im Zusammenhang mit bestimmten Basiswerten der Wertpapiere (Rohstoffe, Terminkontrakte auf Rohstoffe, Indizes, Terminkontrakte auf Indizes, Aktien oder Währungen), und (x) das Risiko, dass ein Knock-out Ereignis eintritt (wie nachstehend definiert unter „Beschreibung der Wertpapiere“).

Endgültige Bedingungen:

Für jede gemäß diesem Basisprospekt zu begebende Tranche von Wertpapieren werden sogenannte „Endgültige Bedingungen“ veröffentlicht, in denen neben einer Angabe der für die Wertpapiere geltenden Bedingungen einige der bereits im Basisprospekt enthaltenen Informationen wiederholt sein können (aber nicht müssen). In den Endgültigen Bedingungen werden möglicherweise derzeit nicht im Basisprospekt enthaltene Informationen in den dafür vorgesehenen Platzhaltern ergänzt oder derzeit im Basisprospekt enthaltene Informationen gestrichen, wenn diese in eckigen Klammern stehen, oder derzeit im Basisprospekt enthaltene Informationen angepasst, wie jeweils in diesem Basisprospekt angegeben.

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:

Die Wertpapiere sind Anlageinstrumente, welche die Entwicklung eines Basiswerts nachbilden.

Die Wertpapiere, die gemäß diesem Basisprospekt emittiert werden können, haben entweder einen Fälligkeitstag und werden an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt (die „**Turbo Optionsscheine**“), oder sie sind unbefristet, d. h. sie haben keinen festgelegten Fälligkeitstag (die „**Open End Turbo Optionsscheine**“). Open End Turbo Optionsscheine können bei Ausübung durch den Wertpapierinhaber (die „**Ausübung**“) oder bei Beendigung durch die Emittentin (das „**Kündigungsrecht der Emittentin**“) beendet werden. Werden die Wertpapiere beendet, erhält der Wertpapierinhaber den Auszahlungsbetrag wie nachstehend definiert (soweit ein solcher zahlbar ist).

Erreicht der (nachfolgend definierte) Basiswert während der Laufzeit des Wertpapiers eine zuvor festgelegte Barriere (das „**Knock-out-Ereignis**“), werden die Wertpapiere automatisch beendet. Im Fall einer solchen vorzeitigen Beendigung geht der ursprünglich investierte Anlagebetrag (einschließlich Transaktionskosten) verloren.

Mögliche Basiswerte der Wertpapiere sind ein Rohstoff, ein Rohstoffterminkontrakt, ein Index, ein Index-Terminkontrakt, eine Aktie (außer denen der Emittentin oder einer sonstigen Gesellschaft der Gruppe) oder eine Währung (jeweils ein „**Basiswert**“). Ist für den Basiswert eines Open End Turbo Optionsscheins, z. B. einen Terminkontrakt, ein Fälligkeitstag

vorgesehen, kann der Basiswert während der Laufzeit des Open End Turbo Optionsscheins gegen einen gleichwertigen Basiswert ausgetauscht werden, und die mit diesem Austausch verbundenen Kosten werden im Wert der Wertpapiere berücksichtigt.

Die Wertpapiere werden entweder als Call Wertpapiere (die „**Call Optionsscheine**“) oder als Put Wertpapiere (die „**Put Optionsscheine**“) emittiert.

Im Fall von Call Optionsscheinen ist der am Fälligkeitstag zu zahlende Betrag an einen Anstieg des Preises, Standes bzw. Kurses des Basiswerts über eine bestimmte Höhe (der nachfolgend näher beschriebene „**Basispreis**“) hinaus gebunden, und der Wertpapierinhaber erleidet einen Verlust, wenn der Preis, Stand bzw. Kurs des Basiswerts niedriger als der Basispreis ist, oder diesem entspricht.

Im Fall von Put Optionsscheinen ist der am Fälligkeitstag zu zahlende Betrag an einen Rückgang des Preises, Standes bzw. Kurses des Basiswerts unter den Basispreis gebunden, und der Wertpapierinhaber erleidet einen Verlust, wenn der Preis, Stand bzw. Kurs des Basiswerts höher als der Basispreis ist oder diesem entspricht.

Die Wertpapiere verbriefen keinen Anspruch auf Zinszahlungen und gewährleisten somit keine laufenden Zinserträge. Aus den Wertpapieren ergibt sich auch kein Anspruch auf Zahlung von Dividenden.

Auszahlungsbetrag:

Werden Turbo Optionsscheine automatisch ausgeübt bzw. erfolgt im Fall von Open End Turbo Optionsscheinen eine Ausübung oder Geltendmachung des Kündigungsrechts der Emittentin, wird der von der Emittentin am Fälligkeitstag zu zahlende Betrag durch Bezugnahme auf den Wert des Basiswerts und des Basispreises bestimmt (der „**Auszahlungsbetrag**“).

Im Fall von Call Optionsscheinen entspricht der zu zahlende Betrag der Differenz zwischen (i) dem Preis, Stand oder Kurs des Basiswerts am Tag der Beendigung und (ii) dem Basispreis, multipliziert mit dem Bezugsverhältnis.

Im Fall von Put Optionsscheinen entspricht der zu zahlende Betrag der Differenz zwischen (i) dem Basispreis und (ii) dem

Preis, Stand oder Kurs des Basiswerts am Tag der Beendigung, multipliziert mit dem Bezugsverhältnis.

Die zu zahlenden Beträge sind möglicherweise auf Grundlage eines in den Endgültigen Bedingungen definierten Wechselkurses in die Abrechnungswährung umzurechnen.

Knock-out:

Die Wertpapiere werden nach Eintritt eines Knock-out-Ereignisses automatisch beendet und der ursprünglich investierte Anlagebetrag (einschließlich Transaktionskosten) geht vollständig verloren. Ein Knock-out-Ereignis tritt ein, wenn der Preis, Stand oder Kurs des Basiswerts während der Laufzeit der Wertpapiere (i) im Fall von Call Optionsscheinen niedriger als eine zuvor festgelegte Barriere (die „**Knock-out-Barriere**“) ist oder dieser entspricht oder (ii) im Fall von Put Optionsscheinen höher als die der Knock-out-Barriere ist oder dieser entspricht.

Die in den Endgültigen Bedingungen festgelegte Knock-out-Barriere entspricht dem Basispreis. Entsprechend kann sich die Knock-out-Barriere im Fall von Open End Turbo Optionsscheinen täglich ändern, da der Basispreis, wie nachfolgend beschrieben, täglich bestimmt wird.

Hebel:

Die Wertpapiere weisen eine Hebelwirkung auf, was bedeutet, dass der für eine Anlage in die Wertpapiere sowie die wirtschaftliche Beteiligung an dem mit den Wertpapieren verbundenen Basiswert erforderliche Betrag den für eine direkte Anlage in den Basiswert erforderlichen Betrag erheblich unterschreitet. Daher liegt der sich im Fall eines Anstiegs des Preises, Standes oder Kurses des Basiswerts (bei Call Optionsscheinen) bzw. eines entsprechenden Rückgangs (bei Put Optionsscheinen) ergebende prozentuale Gewinn bzw. der sich im Fall eines Rückgangs des Standes, Preises oder Kurses des Basiswerts (bei Call Optionsscheinen) oder eines entsprechenden Anstiegs (bei Put Optionsscheinen) ergebende prozentuale Verlust bei den Wertpapieren deutlich höher als bei einer direkten Anlage in den Basiswert.

Basispreis:

Die Kosten für die Bereitstellung und Aufrechterhaltung der Hebelwirkung werden in den Basispreis einberechnet. Der (anfängliche) Basispreis wird in den Endgültigen Bedingungen

angegeben und von der Emittentin festgelegt, wobei die Kosten für die Bereitstellung und Aufrechterhaltung des Hebels, die sogenannten Finanzierungskosten, berücksichtigt werden. Bei Open End Turbo Optionsscheinen mit einer Aktie oder einem Aktienindex als Basiswert werden etwaig gezahlte Dividenden ebenfalls im Basispreis einberechnet.

Im Fall von Open End Turbo Optionsscheinen wird der Basispreis an jedem Tag während der Laufzeit der Wertpapiere, vorbehaltlich eines in den Endgültigen Bedingungen festgelegten Höchstbetrags, angepasst und festgelegt.

Im Fall von Turbo Optionsscheinen wird der Basispreis am Auflegungstag oder Ausgabetag festgelegt und nicht regelmäßig angepasst.

Quanto Wertpapiere:

Wenn die Abrechnungswährung und die Referenzwährung nicht identisch sind, können die Wertpapiere mit einem Quanto-Merkmal (ein fester Wechselkurs zwischen den beiden Währungen während der Laufzeit der Wertpapiere) ausgestattet werden. Die Emittentin kann dem Wertpapierinhaber die Einrichtung und Absicherung dieses Quanto-Merkmals in Rechnung stellen, indem der Betrag, den der Wertpapierinhaber bei einer Ausübung oder Kündigung erhält, entsprechend verringert wird.

Ausgabepreis:

Die Wertpapiere werden zu einem von der Emittentin festgelegten Preis verkauft; die Emittentin kann bei der Festlegung des Preises neben anderen Faktoren den Kurs, Preis oder 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, Notifizierung:

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 zu begebenden 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 den Gesetzen, Vorschriften und Verfahren, die auf die Clearingstelle, anwendbar sind, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, übertragen werden.

Sofern die jeweils geltenden Gesetze sowie die Vorschriften und Verfahren, die auf die Clearingstelle anwendbar bzw. von dieser erlassen worden sind (die „**Anwendbaren Vorschriften**“), dies vorsehen, werden die Wertpapiere in dematerialisierter Form begeben und in das Buchungssystem der Clearingstelle eingetragen. Im Fall von Wertpapieren, die

in dematerialisierter Form begeben werden, werden die Rechte an den Wertpapieren zwischen den Inhabern von Konten bei der Clearingstelle gemäß den Anwendbaren Vorschriften übertragen.

Die Endgültigen Bedingungen werden angeben, ob die Wertpapiere durch eine Globalurkunde verbrieft oder in dematerialisierter Form begeben werden und können weitere Einzelheiten hinsichtlich der anwendbaren Form enthalten.

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 Nachfolgeseite) 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 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 (unter anderem Mitteilung an die Wertpapierinhaber) erfüllt sind.

Besteuerung:

Die Wertpapierinhaber (und nicht die Emittentin) haften für und/oder tragen sämtliche Steuern, Abgaben oder Lasten im Zusammenhang mit dem Eigentum und/oder der Übertragung oder Zahlung in Bezug auf die von ihnen gehaltenen Wertpapiere. Die Emittentin ist berechtigt, von an die 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.

Zahlungen:

Zahlungen erfolgen durch die Emittentin an die Clearingstelle oder deren Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber der Clearingstelle. Die Emittentin wird durch Leistung der Zahlung an die Clearingstelle oder deren Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht befreit. Hiervon kann die Emittentin nach vorhergehender Mitteilung an die Wertpapierinhaber abweichen. In diesem Fall erfolgt die Zahlung an die Wertpapierinhaber in der in der Mitteilung aufgeführten Art und Weise.

Vorlegungs- und Verjährungsfristen:

Die in § 801 Abs. 1 S. 1 BGB bestimmte Vorlegungsfrist ist auf zehn Jahre abgekürzt. Ansonsten finden auf Zahlungen im Zusammenhang mit den Wertpapieren die gesetzlichen Verjährungsfristen Anwendung.

Vertretung der Wertpapierinhaber:

Eine Vertretung der Wertpapierinhaber wird in den Bedingungen nicht vorgesehen sein.

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 oder Beendigung der Turbo Optionsscheine:

Die Turbo Optionsscheine werden entweder an dem in den Endgültigen Bedingungen genannten Ausübungstag automatisch ausgeübt oder bei Eintritt eines Knock-out-Ereignisses automatisch beendet. Wenn der Basiswert ein Index ist, werden die Wertpapiere bei Eintritt eines Vorzeitigen Beendigungsereignisses des Index gemäß den Angaben in den Endgültigen Bedingungen beendet. Werden die Wertpapiere beendet, erhält der Wertpapierinhaber den gegebenenfalls zu zahlenden Auszahlungsbetrag.

Sämtliche gegebenenfalls zu erfolgenden Zahlungen dürfen nur gegen Vorlage einer ordnungsgemäß ausgefüllten Bescheinigung an eine Clearingstelle bzw. die Ausgabe- und Zahlstelle, sowie einer Kopie an die Hauptzahlstelle erfolgen. Eine solche Bescheinigung hat jeweils die in den Produktbedingungen enthaltenen Angaben aufzuweisen, unter anderem hat aus ihr hervorzugehen, dass es sich bei dem Wertpapierinhaber weder um eine US-Person noch um eine Person handelt, die sich in den Vereinigten Staaten befindet.

Ausübung oder Beendigung der Open End Turbo Optionsscheine:

Die Open End Turbo Optionsscheine können entweder von dem Wertpapierinhaber an einem in den Endgültigen Bedingungen genannten Ausübungstag ausgeübt oder bei Eintritt eines Knock-out-Ereignisses automatisch beendet werden. Wenn der Basiswert ein Index ist, werden die Wertpapiere bei Eintritt eines Vorzeitigen Beendigungsereignisses des Index entsprechend den Angaben in den Endgültigen Bedingungen beendet.

Vorbehaltlich einer Ausübung durch den Wertpapierinhaber, des Eintritts eines Knock-out-Ereignisses oder sonstiger, in den Endgültigen Bedingungen dargelegter vorzeitiger Beendigungsereignisse, kann die Emittentin die Open End Turbo Optionsscheine nach dem Tag des Beginns des Kündigungsrechts der Emittentin jederzeit insgesamt und nicht teilweise beenden.

Der Wertpapierinhaber kann die Open End Turbo Optionsscheine nicht vor einem Ausübungstag ausüben. Bei

einer Ausübung hat der Wertpapierinhaber vor dem jeweiligen Ausübungstag und Ausübungszeitpunkt eine ordnungsgemäß ausgefüllte Erklärung vorzulegen.

Werden die Wertpapiere beendet, erhält der Wertpapierinhaber den gegebenenfalls zu zahlenden Auszahlungsbetrag.

Sämtliche gegebenenfalls zu erfolgende Zahlungen dürfen nur gegen Vorlage einer ordnungsgemäß ausgefüllten Bescheinigung an eine Clearingstelle bzw. die Ausgabe- und Zahlstelle, sowie einer Kopie an die Hauptzahlstelle erfolgen. Eine solche Bescheinigung hat jeweils die in den Produktbedingungen enthaltenen Angaben aufzuweisen, unter anderem hat aus ihr hervorzugehen, dass es sich bei dem Wertpapierinhaber weder um eine US-Person noch um eine Person handelt, die sich in den Vereinigten Staaten befindet.

Vorzeitige Kündigung durch die Emittentin:

Die Emittentin ist berechtigt, die Wertpapiere 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,

(ii) falls sich eine in den Endgültigen Bedingungen angegebene Störung der Absicherung der Emittentin ereignet hat,

(iii) falls der Basiswert ein Index ist und wenn (A) der Index-Sponsor oder gegebenenfalls der Nachfolgesponsor, wie in den Endgültigen Bedingungen angegeben, eine wesentliche Änderung an der Formel oder der Methode zur Berechnung des Index vornimmt oder den Index anderweitig wesentlich ändert (mit Ausnahme von Änderungen, die nach dieser Formel oder Methode zur Fortführung des Index bei Änderungen der Indexbestandteile und bei sonstigen routinemäßigen Ereignissen vorgeschrieben sind), (B) der

Index-Sponsor oder gegebenenfalls der Nachfolgesponsor den Index nicht berechnet und/oder nicht veröffentlicht, oder (C) der Index-Sponsor oder gegebenenfalls der Nachfolgesponsor den Index oder die Berechnung des Index dauerhaft einstellt, und (iv) falls der Basiswert eine Aktie ist und wenn eines in den Endgültigen Bedingungen angegebenen Anpassungsereignisses eingetreten ist.

Kündigt die Emittentin in diesen Fällen, 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 ihrer Verpflichtungen aus den Wertpapieren abgeschlossen wurden.

Hauptzahlstelle, Zahlstelle und Berechnungsstelle:

The Royal Bank of Scotland plc oder ein anderer in den Endgültigen Bedingungen genannter Rechtsträger.

Abwicklung von Wertpapieren:

Die Wertpapiere werden durch Zahlung des Auszahlungsbetrags (soweit ein solcher zahlbar ist) abgewickelt, wie in den Endgültigen Bedingungen angegeben.

Clearingstellen:

Clearstream Banking AG, Frankfurt („**CBF**“), Clearstream Banking, société anonyme, Luxemburg („**CBL**“) und/oder Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems („**Euroclear**“) sowie alle weiteren oder alternativen Clearingstellen bzw. Clearingsysteme, die von Zeit zu Zeit von der Emittentin zugelassen und den Wertpapierinhabern mitgeteilt werden (zusammen mit CBF, CBL und Euroclear die „**Clearingstellen**“ und einzeln jeweils eine „**Clearingstelle**“).

Marktstörung:

Bei Vorliegen einer Marktstörung (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. Preis, Stand bzw. Kurs des Basiswerts) kommen. Marktstörungen sind in den Endgültigen Bedingungen für alle Arten von Wertpapieren angegeben

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. Preis, Stand bzw. Kurs des Basiswerts) kommen. Marktstörungen in Schwellenländern sind nur anwendbar, wenn die Endgültigen Bedingungen dies vorsehen.

Absicherungsstörung:

Im Fall einer Absicherungsstörung (wie in den Endgültigen Bedingungen angegeben) ist die Emittentin berechtigt, (i) die Wertpapiere zu kündigen (siehe vorstehend unter „Vorzeitige Kündigung durch die Emittentin“) 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 Europäische Währungsunion:

Die Emittentin kann sich ohne Zustimmung der 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 und sind nach deutschem Recht auszulegen.

Erfüllungsort und Gerichtsstand:

Erfüllungsort und Gerichtsstand für die Wertpapiere ist Frankfurt am Main, Deutschland.

RISK FACTORS

This "Risk Factors" section is to protect potential purchasers of the turbo warrants and open end turbo warrants (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. Hence, potential purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), 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 Document may affect its ability to fulfil its obligations under the Securities issued. In addition, factors which are material for the purpose of assessing the market risks associated with Securities issued 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 Document represent the material risks inherent in investing in Securities to be issued, 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 THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer'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 turbo warrants and open end turbo warrants which entail particular risks

The Securityholders may sustain a total loss of their investment.

The Securities are investment instruments which track the performance of an underlying.

The Securities that can be issued under this Base Prospectus either have an expiration date and will be automatically exercised on the exercise date specified in the Final Terms (the "**Turbo Warrants**") or are open ended, i.e. have no fixed expiration date (the "**Open End Turbo Warrants**"). Open End Turbo Warrants can be terminated upon exercise by the Securityholder (the "**Exercise**") or upon a termination by the Issuer (the "**Issuer Call**"). Following any such termination of the Securities, the Securityholder will receive the Cash Amount (if any), as defined below.

If during the term of the Security the Underlying (as defined below) reaches a pre-determined barrier (the "**Knock-out Event**") the Securities will terminate automatically. In the event of such early termination the initial amount invested will be lost (including any transaction costs).

Possible underlyings of the Securities may be a commodity, a commodity futures contract, an index, an index futures contract, a share (except those of the Issuer or of any other company of the Group), or a currency (each an "**Underlying**"). If the Underlying of an Open End Turbo Warrant has an expiration date, e.g. a future, the Underlying may be substituted by an equivalent underlying during the lifetime of the Open End Turbo Warrant and any costs relating to such substitution will be accounted for in the value of the Securities.

The Securities will be issued either as call securities (the "**Call Warrants**") or as put securities (the "**Put Warrants**").

In case of Call Warrants, the amount to be paid at the maturity date is linked to an increase of the price or level of the Underlying above a certain level (the "**Strike**", as further described below) and the Securityholder bears a loss if the price or level of the Underlying is at or below the Strike.

In case of Put Warrants, the amount to be paid at the maturity date is linked to a decrease of the price or level of the Underlying below the Strike, and the Securityholder bears a loss if the price or level of the Underlying is at or above the Strike.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income and the Securities do not grant any claim to dividends either.

Following automatic exercise in case of Turbo Warrants and Exercise or Issuer Call in case of Open End Turbo Warrants, the amount payable by the Issuer on the maturity date will be determined by reference to the value of the Underlying and the Strike (the "**Cash Amount**").

In case of Call Warrants the amount payable will be equal to the difference between (i) the price or level of the Underlying on the date of termination and (ii) the Strike; multiplied with the multiplier.

In case of Put Warrants the amount payable will be equal to the difference between (i) the Strike and (ii) the price or level of the Underlying on the date of termination; multiplied with the multiplier.

The amounts payable may have to be converted into the settlement currency using an exchange rate, which will be defined in the Final Terms.

The Cash Amount may be at a potentially substantial discount to the market value of the Securities on the issue date or on the purchase date of the Securities if, in addition to any other factors, the value of the Underlying is at an unfavourable level at the time the level or price of the Underlying is determined for the purpose of calculating the cash amount. Investors should be aware that their entire investment may be lost if the Underlying is at an unfavourable level or price at the time the level of the Underlying is determined for the purpose of calculating the cash amount.

Following the occurrence of a Knock-out Event the Securities will terminate automatically and the initial amount invested will be lost (including any transaction costs). A Knock-out Event occurs if the price or level of the Underlying during the term of the Securities is (i) in case of Call Warrants, less than or equal to a pre-determined barrier (the "**Knock-out Barrier**") or (ii) in case of Put Warrants, greater than or equal to the Knock-out Barrier.

The Knock-out Barrier, which is specified in the Final Terms, is identical with the Strike. Accordingly, in case of Open End Turbo Warrants, the Knock-out Barrier may change daily because the Strike will be determined on a daily basis, as further explained below.

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 increases (in case of Put Warrants).

The Securities have a so-called leverage effect which means that the amount needed to invest in the Securities and the economic participation in the Underlying provided with it, is considerably less than the amount which would be required for a direct investment in the Underlying. Therefore, the percentage gain if the level or price of the Underlying rises (in case of Call Warrants) or falls (in case of Put Warrants) and the percentage loss if the level or price of the Underlying falls (in case of Call

Warrants) or rises (in case of Put Warrants) is considerably higher with the Securities than with a direct investment in the Underlying.

Investors should be aware that the leverage effect from holding the Security could result in losing a greater percentage of the investment than would occur through a direct investment in the Underlying.

The costs for creating and maintaining the leverage effect are accounted for with the Strike. The (initial) Strike will be specified in the Final Terms and will be determined by the Issuer taking into account the costs for creating and maintaining the leverage, the so called funding costs. For Open End Turbo Warrants where a share or a share index is the Underlying, any dividends paid will also be accounted for in the Strike.

In case of Open End Turbo Warrants the Strike will be adjusted and determined on each trading day during the term of the Securities, subject to a maximum level specified in the Final Terms.

In case of Turbo Warrants the Strike will be determined on the launch date or issue date and will not be subject to regular adjustments.

Unlike direct investments in the Underlying, investors in the Securities having an expiration date or, in case they are open ended Securities, which are terminated by the Issuer, 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.

Costs of the "Quanto" feature

Where the underlying currency is different to the settlement currency, the Securities may have a quanto feature (effectively a fixed rate of exchange between the two currencies for the term of the Securities) and the Issuer may charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received by the Securityholder on exercise or termination.

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 plc 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, Emerging Market 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 or an Emerging Market 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 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 amount 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 third parties and hold long or short positions in the Underlying, whether for risk reduction purposes or market-making activities, proprietary trading or other trading activities. 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. 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. Such hedging or market-making activities, proprietary or other trading activities by the Issuer and/or any of its affiliates may affect the market price, liquidity or price or level of the Underlying and/or the Securities and could be deemed to be adverse to the interests of the Securityholders and/or have a detrimental effect on the value of the Securities and/or the Cash Amount. Any such activities (including the unwinding of hedge positions in relation to the Underlying) can also have a material impact on the price or level of the Underlying and trigger a Knock-out Event. If a Knock-out Event occurs, the entire investment of a Securityholder will be lost. 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 delays in effecting settlement

There may be a time lag between the time of exercise and the determination of the amount payable. In addition, there may be a delay in settlement due to a disruption event including but not limited to a Market Disruption Event or an Emerging Market Disruption Event. Payments under the Securities may decrease from what they would have been but for such delay.

The failure to properly deliver any certification required under the Conditions could result in the loss or inability of the investors to receive amounts 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 or payment 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 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 (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**"), (ii) upon the occurrence of a Hedging Disruption Event as specified in the Final Terms, (iii) where the Underlying is an index if, (A) the index sponsor or, if applicable, the successor sponsor, as specified in the Final Terms, 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 as specified in the Final Terms and other routine events); or (B) the index sponsor or, if applicable, the successor sponsor, fails to calculate and/or announce the index; or (C) the index sponsor or, if applicable, the successor sponsor, permanently cancels the index or permanently discontinues the calculation and/or announcement of the index and no successor index exists, and (iv) where the Underlying is a share upon the occurrence of an Adjustment Event as specified in the Final Terms. If the Issuer terminates 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 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 plc 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. 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 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 futures contracts

- (a) Commodity future contracts are standardised futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals), whereas financial futures contracts are standardised futures transactions that are linked to financial instruments (e.g. shares, indices and foreign currencies).

A 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. 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, 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 future contracts, investors may find themselves in situations where the prices of commodity 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 futures contracts, knowledge of the market of the underlying to which the respective futures contract is linked as well as of the functioning and evaluation factors of 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 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.

- (b) Since futures contracts serving as the Underlying of the Securities may have expiration dates different from the term of the Open End Turbo Warrants, the Issuer will replace at a certain point in time the initial underlying futures contract as well as any subsequent current futures contract in each case by a futures contract which, except for its expiration date which will occur on a later date, has the same contract specifications as the initial underlying and any subsequent current futures contract (the "**Rollover**"). If, on a certain Rollover Date (as specified below), the Calculation Agent believes that there is no futures contract available whose terms or relevant contract specifications match with those of the futures contract to be replaced, the Issuer shall have the right to terminate the Open End Turbo Warrants or to replace the futures contract. If necessary, the new futures contract will be multiplied by an adjustment factor in order to ensure continuity in the performance of the reference assets underlying the Open End Turbo Warrants.

A Rollover will be effected on the relevant day specified in the Final Terms (the "**Rollover Date**") within a certain time frame shortly before the expiration date of the current futures contract. To this end, on any Rollover Date, the Issuer will liquidate its positions assumed through the corresponding hedging arrangements in relation to the existing futures contract whose expiration is imminent and will assume corresponding positions in relation to a futures contract having identical terms but providing for a longer maturity. New futures contracts will be selected at fixed intervals. In the case of a three-month interval, for example, the futures contract expiring in January (the "**Old Forward or Futures Contract**") will be replaced by an identical futures contract (the "**New Forward or Futures Contract**") expiring the following April.

In order to cover the transaction costs incurred in connection with the Rollover, a transaction charge (the "**Transaction Charge**") will be calculated, the amount of which will equal a certain number for each futures contract expressed in the trading currency.

Since the Issuer will not be able to liquidate the positions relating to the Old Futures Contract and to assume the positions relating to the New Futures Contract in each case at one and the same price of the respective Underlying, a "**Rollover Ratio**" will be determined on the basis of the Transaction Charge and the prices for both the Old Futures Contract and the New Futures Contract. If, in case of a commodity futures contract, on the Rollover Date the price of the New Futures Contract is higher than the price of the Old Futures Contract, investors could suffer losses.

Special risks associated with indices

- (a) *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.
- (b) *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.
- (c) *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.
- (d) *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 volatility Underlyings

Possible underlyings linked to volatility are futures contracts on volatility indices and indices consisting of futures contracts on volatility indices.

The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price of a reference asset (e.g. a share index or a commodity index) and includes both negative and positive changes of the market price during a certain period of time. Depending on the period of time and the formula used for calculating the volatility, different volatilities for a certain reference asset are possible. 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 a reference asset will move up and down over time (sometimes more sharply than at others).

A volatility index represents the market's expectation of the future volatility of a certain reference asset, such as a share index or a commodity index, based on futures exchange-traded options on the respective share or commodity index. Factors relevant for the performance of the volatility index are, in addition to the performance of the relevant options on the respective share or commodity indices, the performance of futures contracts on the relevant share or commodity indices, the development of interest rates, hedging transactions on the markets for the relevant share-like and commodity-like structured products as well as supply and demand of exchange and off-exchange derivatives on the relevant share or commodity index. In contrast, the performance of the price of the share or commodity index to which the volatility index is linked is of minor importance for the performance of the volatility index.

If the Security is linked to a futures contract on a volatility index, the value of the Security depends on the volatility, i.e. the expected changes including both rises and declines, of a certain share or commodity index as represented by the relevant volatility index. It should be noted that the performance of the futures contract on the volatility index may, prior to the expiration date of the futures contract, significantly deviate from the actual level of the volatility index because the performance of the futures contract and of the volatility index may be based on different prices expected by the market with respect to different expiration dates. Further information on futures contracts can be found in the section headed "Special risks associated with futures contracts".

In case of a Security linked to an index consisting of futures contracts on a volatility index, the Underlying (index) consists of several futures contracts on the relevant volatility index. The value of such Security also depends on the volatility of the share or commodity index to which the volatility index is linked as represented by the relevant volatility index and, accordingly, the value depends on the expected changes including both rises and declines of the relevant share or commodity index. Also in this case, it should be noted that the performance of the Underlying of the Security, i.e. the index consisting of futures contracts on a volatility index, may deviate from the actual level of the volatility index because the performance of the futures contracts comprised by the Underlying (index) and of the volatility index to which they are linked may be based on different levels of volatility expected by the market. In addition, in this case the performance of the Underlying (index) will depend on the remaining term of the futures contracts comprised by the index.

Securities linked to volatility underlyings are not suitable for investors who wish to participate in an increase or decrease of volatility of a share or commodity index over a medium to long term. In

particular, in case of Securities on future contracts on indices, a medium to long term investment may result in significant losses or in a total loss of the investment due to the Transaction Charge related to the recurring Rollover, even though the performance of the Underlying (i.e. of the relevant futures contract on the volatility index) may be positive.

Knowledge of the market of the reference asset to which the respective futures contract is linked (i.e. the relevant share or commodity index) as well as of the functioning and evaluation factors of volatility indices and of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of Securities linked to volatility underlyings.

Special risks associated with shares

- (a) *Risk of short history.* As at the date of the issuance of Securities linked to a share, 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.
- (b) *Past Performance.* The past performance of an underlying share is no guarantee of future results even if the underlying share has been in existence or have been listed for a longer period of time.
- (c) *Risks related to foreign exchange controls.* Potential investors should note that payments under the Securities by the Issuer with respect to single share 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.
- (d) *Dividends and distributions.* Unless otherwise specified in the relevant Product Conditions, investors receive neither dividends nor any other distributions from the underlying shares.

Special risks associated with currencies

Investing in Securities with currency underlyings involve the risk of fluctuations in the underlying exchange rate resulting in unexpected and large fluctuations in the value of the Securities and having an impact on the return of the Securities.

An exchange rate is the result of the supply of, and the demand for, the respective pair of currencies. Changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the countries where such currencies are legal tender, including economic and political developments in other countries. Of particular importance to potential currency exchange risks are: (i) rates of inflation; (ii) interest rate levels; (iii) balance of payments; and (iv) the extent of governmental surpluses or deficits in the relevant country. All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the countries where such currencies are legal tender, and other countries important to international trade and finance.

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 and each of the above impairments may constitute a Market 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 or an Emerging Market Disruption Event has occurred or is continuing on the valuation date, such valuation date may be postponed by a considerable period of time. As a result, payments 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 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.

INFORMATION ABOUT THE ISSUER

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 of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**").

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") taken as a whole since 30 June 2011 (the end of the last financial period for which the latest unaudited interim financial information has been published).

Save in relation to (i) matters referred to on page 119 of the preliminary unaudited Annual Results 2011 of RBSG for the year ended 31 December 2011 (the "**2011 Unaudited Annual Results**") relating to Payment Protection Insurance, in respect of which the Issuer Group has made provisions for therein; and (ii) the effect on revenues of Global Banking and Markets of the current subdued operating environment (see pages 49-52 of the 2011 Unaudited Annual Results), there has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Issuer Group was prepared).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

PERSONS RESPONSIBLE

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, is responsible for the information given in this Base Prospectus and further declares that, to the best of its knowledge, the information contained in this Base Prospectus is correct and omits no significant factors.

IMPORTANT NOTICE

This Base Prospectus does not, either on its own or in conjunction with the Registration Document 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 the Issuer or the Issuer 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 or the Issuer 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 or the Issuer 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*".

TAXATION

Potential purchasers of the Securities who are in any doubt about their tax position on acquisition, ownership, transfer, redemption or non-redemption of any Security should consult their professional tax advisers. The term "redemption" in the following summary also includes the concept of exercise and termination within the meaning of the Product Conditions.

1. GENERAL

Purchasers of the Securities 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 Securities.

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 acquisition, ownership, transfer or redemption of any Securities. Investors are advised that, under the terms of the Securities, any such taxes levied will not be reimbursed by the Issuer.

2. FEDERAL REPUBLIC OF GERMANY

The following summary of the tax implications of an investment in the Securities 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 retro-active effect.**

This summary reflects the view held by the Issuer with respect to the tax implications of an investment in the Securities. However, it is not a guarantee regarding the tax treatment of the Securities or the legal consequences of their acquisition, sale or redemption. Further, this summary is not adequate to serve as the sole basis for an estimation of the tax implications of an investment in the Securities 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 on certain implications of income tax in Germany. **Investors are strongly advised to consult their personal tax adviser about the tax implications of an investment in the Securities.**

2.1 Taxation of income from the Securities held as private assets

For investors subject to unlimited tax liability in Germany, the taxation of income from capital investments held as private assets not being part of income from leasing and letting was fundamentally amended by the Business Tax Reform Act 2008 (Unternehmenssteuerreformgesetz 2008). The new regulations cover, other than interest and dividends, also gains realised upon the sale

or redemption of securities regardless of the period for which they are held, including any gains realised upon the sale or redemption of the Securities.

A material part of the new regulations is the introduction of a flat tax rate of 25 % (plus a 5.5 % solidarity surcharge thereon and church tax, if applicable) on private income from capital investments. For each calendar year, there is now a saver's tax-exempt allowance of EUR 801 for individual taxpayers and EUR 1602 for married couples filing jointly, which is treated as a deductible expense. The actual expenses related to income from capital investments may not be deducted.

The taxable gain, or allowable loss, realised upon the sale or redemption of the Securities is generally calculated on the basis of the proceeds of sale or redemption minus both the acquisition costs and the costs directly relating to the sale or redemption.

A further material part of the new regulations is that the income tax on private income from capital investments is now, in principle, levied by way of a withholding tax deduction, with such withholding tax basically having a discharging effect (for that reason, the term "Abgeltungsteuer" (discharging flat rate tax) is also used). For the deduction of withholding tax the following rules apply:

If the Securities have been kept in a securities deposit account at a domestic (i.e. German) credit or financial services institution, at a domestic (i.e. German) branch of a foreign credit or financial services institution or at a domestic (i.e. German) securities trading company or a domestic (i.e. German) securities trading bank (each referred to as a "Domestic Disbursing Agent") since their acquisition, the Domestic Disbursing Agent will levy a withholding tax at a rate of 25 % (plus a 5.5 % solidarity surcharge thereon and church tax, if applicable) on the gains realised upon the sale or redemption which will be calculated according to the principles as described above.

If the Securities have not been held by the same Domestic Disbursing Agent since their acquisition, the Domestic Disbursing Agent will, upon their sale or redemption, levy a withholding tax of 25 % (plus a 5.5 % solidarity surcharge thereon and church tax, if applicable) on 30 % of the proceeds from the sale or redemption unless (i) it was notified of the actual acquisition costs for the Securities by the previous Domestic Disbursing Agent, or (ii) where the previous body is a credit or a financial services institution resident in either another the member state of the European Union, in another EEA Treaty state, or in another treaty state pursuant to Art. 17 para. 2 no. i of the EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income, or a branch of a domestic (i.e. German) credit or financial services institution located in these territories, and the taxpayer – certified by such foreign institution or foreign branch - proves the actual acquisition costs for the Securities. In all other cases, actual acquisition costs are not taken into account.

Even though the deduction of withholding tax has discharging effect for investors who hold their Securities as private assets as described above, provided that the income from the Securities is not part of income from leasing and letting, the investor can, in some cases, apply (in connection with his tax declaration) for a tax assessment of the income from capital investments which has been subject to withholding tax, especially in cases where the saver's tax-exempt allowance has not been

completely taken into account or where a withholding tax on 30 % of the proceeds from the sale or redemption of the Securities was levied.

Furthermore, an investor whose personal income tax rate is lower than the flat-rate tax rate can apply for an income tax assessment according to the general rules. However, in such cases the expenses actually incurred in connection with the receipt of that income cannot be deducted either.

If the Securities are kept at a foreign (i.e. non-German) credit or financial services institution, the investor must declare the income from the sale or redemption of the Securities in his income tax return, since in this case no German withholding tax is withheld.

If the flat-rate tax applies, losses realised upon sale or redemption of the Securities can be offset against other income from capital investments only; it is not possible to set-off any such loss against other kinds of income. However, in case where no payments are made to the investors on the maturity or redemption date (e.g., because of a knock-out) the capital loss will not be recognised by the tax authorities. Losses cannot be carried backwards but may be carried forward indefinitely.

2.2 Taxation of income from the Securities held as business assets by an individual person or being part of income from leasing and letting

If the Securities are held as business assets by an investor who is subject to unlimited tax liability in Germany, or if the respective income therefrom is part of income from leasing and letting, all gains realised upon sale or redemption of the Securities are subject to income tax and must be included in the investor's tax assessment. In such cases, it is not the flat-tax rate of 25 % (plus a 5.5 % solidarity surcharge thereon and church tax if applicable) but the investor's personal tax rate which applies. If the Securities are held as commercial business assets, the gains realised upon the sale or redemption of the securities are also subject to trade tax.

Upon a sale or redemption of the Securities, a Domestic Disbursing Agent generally must deduct withholding tax according to the principles as described under paragraph 3.1 above unless the investor declares to the Domestic Disbursing Agent on a prescribed form that the income from the sale or redemption forms part of a trade or business in Germany. The withholding tax deducted, however, constitutes merely an advance payment on the investor's final income tax liability and does not have discharging effect. The investor is, however, entitled to file an application, in a prescribed form, with the Domestic Disbursing Agent that no withholding tax shall be deducted.

Any losses realised upon the sale or redemption of the Securities can, in principle, be offset against other positive income of the investor. However, provided the Securities belong to the commercial business assets (gewerbliches Betriebsvermögen), the possibility to offset losses may be limited significantly if the Securities were qualified as forward transactions by the tax authorities.

2.3 Taxation of the Securities held as business assets by a corporation

If the Securities are held as business assets by a corporation subject to unlimited tax liability in Germany, all gains realised upon the sale or redemption thereof will be subject to corporate tax as well as trade tax. A withholding tax will, in principle, not be withheld by the Disbursing Agent upon

such gains. The offset of losses realised upon the sale or redemption of the Securities against other positive income except income from derivative transactions of the corporation may be restricted.

2.4 Taxation of the Securities held by a person without unlimited tax liability in Germany

Investors not being subject to unlimited tax liability in Germany are, in principle, not taxable in Germany with respect to the income they realise from the Securities, and a withholding tax is generally not levied on such income (even if the Securities are kept in a securities deposit account at a Domestic Disbursing Agent). Exceptions may apply, if for example the Securities are held as business assets of an investor's branch in Germany (a domestic permanent establishment or domestic permanent representative), if the income is to be attributed to other income from German sources (e.g. income from leasing and letting) or if formal requirements are not met.

3. 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.

3.1 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; "**EStG**"), 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 ("**EStR 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 (leveraged products)

Depending on the specific structure of a Security, it cannot be excluded that the Security may be treated as a (leveraged) 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 due to increases in value below the nominal value 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).

If a leveraged product has a leverage of at least five (i.e., the initial investment amounts to 20 per cent or less of the value of the underlying at the time the leveraged product is issued), according to the BMF the positive income from such product is qualified as capital gain rather than investment income. As a prerequisite for such tax treatment, the capital investment of not more than 20 % must be proven to Oesterreichische Kontrollbank accompanied by the terms of the respective securities by the issuer within certain periods of time (BMF, EStR 2000 paras 6197b, 7757a).

In case of a private investor, capital gains from the sale of securities are generally subject to Austrian income tax only if they fall within income from a speculative transaction (§ 30(1) EStG)

*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 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 (leveraged 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 in Austria for tax purposes 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 due to increases in value below the nominal value 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.

Capital gains from at least five-time leveraged products that are held as business assets are subject to corporate income tax at a rate of 25 per cent in case of a corporate investor and income tax at the regular rates of up to 50 per cent in case of an individual investor, irrespective of a certain holding period.

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 (however, other than in case of a private investor, incidental acquisition cost may be activated on the acquisition cost).

(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 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.

3.2 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 that 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) basically should not be subject to income tax in Austria.

Qualification of the Securities as index or similarly structured products (leveraged products)

Pursuant to § 98(1)(5) EStG, interest received under securities (that are not held in an Austrian permanent establishment) by a non-resident investor for tax purposes are basically not subject to Austrian income tax. If interest is paid by an Austrian coupon-paying agent, 25 per cent withholding tax is triggered, unless the non-Austrian 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 interest is paid must be deposited with an Austrian bank (BMF, EStR 2000 para 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 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") para 1463 et seq and EStR 2000 para 7779 et seq). Pursuant to § 98(1)(7) EStG investors that 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 applies 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 para 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 interest under the Securities is subject to EU source tax must be determined on a case-by-case basis.

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law and United Kingdom HM Revenue & Customs ("**HMRC**") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Securityholders or prospective Securityholders. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Securityholder will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as completed or adjusted by the applicable Final Terms. For United Kingdom tax purposes, the term "Security" or "Securities" refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Securityholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Securityholder should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

4.1 Withholding on account of United Kingdom Tax

Payments made in respect of the Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer 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 options, futures or contracts for differences for the purposes of Part 7 of that Act, 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, such payments may be made without deduction or withholding for or on account of United Kingdom income tax provided that the Issuer continues to be a bank within the meaning of section 991 of the *Income Tax Act 2007* (the "**Act**"), and provided that any such interest is paid in the ordinary course of the Issuer's business within the meaning of section 878 of the Act.

Payments of interest on or in respect of the Securities may also be made by the Issuer 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 Act. The Securities will satisfy this requirement if they are admitted to trading on a "recognised stock exchange" and 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 and remain so listed, interest on the Securities will be payable by the Issuer without withholding or deduction for or on account of United Kingdom income tax.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on or in respect of the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; 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 of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the 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 of interest on or in respect of the Securities on account of United Kingdom income tax at the basic rate (currently 20 per cent). 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 the Issuer to pay interest to the Securityholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty, as applicable).

4.2 Certain other United Kingdom Tax Considerations

Payments made in respect of Securities issued by the Issuer are expected to have a United Kingdom source. Accordingly, depending upon the category of the income, such payments may be chargeable to United Kingdom tax by direct assessment even where the Securityholder is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities for the purposes of, or receive such payments in connection with, a trade, profession or vocation carried on via a branch, agency or permanent establishment in the United Kingdom, although in practice HMRC may not seek to enforce any such liability in respect of such a Securityholder.

If Securityholders are liable to United Kingdom tax by way of direct assessment, Securityholders which are resident in a jurisdiction with an appropriate double taxation treaty with the United Kingdom may be entitled to claim exemption from direct assessment under the terms of that double taxation treaty.

4.3 United Kingdom 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 interest (or amounts treated as interest) to or receives interest (or 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 2012. 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.

4.4 Stamp Taxes

Stamp duty on the issue of Securities

Subject to the following paragraph, no stamp duty will generally be payable in relation to the issue of Securities.

A charge to United Kingdom stamp duty at a rate of 1.5 per cent of the value of the Securities may arise on the issue of Securities in bearer form where such Securities are denominated in sterling and do not constitute loan capital ("**Loan Capital**") for the purposes of section 78 Finance Act 1986 ("**FA 1986**"). The issue of a Security which has the characteristics of an option or any instrument granting such a Security may also be subject to United Kingdom stamp duty at a rate of up to 4 per cent of the consideration paid for the Security.

Stamp duty on the transfer of Securities

No United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring Securities on sale may be subject to stamp duty at a rate of (0.5 per cent (or 1.5 per cent in the case of a transfer to a Clearance Service (as defined below) or to a person issuing depository receipts) of the consideration paid for the Securities if the Securities are either not Loan Capital or are Loan Capital but are not Exempt Loan Capital (as defined below).

Stamp duty on the exercise or redemption of Securities

No United Kingdom stamp duty should be payable in relation to the exercise or redemption of a Security which is cash settled.

Stamp duty reserve tax ("SDRT")

For the purposes of the preceding and following paragraphs, "**Exempt Loan Capital**" means any security which constitutes 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.

SDRT on Loan Securities

The following analysis applies to Securities which are capable of being cash settled only, which constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 (each a "**Loan Security**" or a "**Cash Settled Loan Security**"). *SDRT on the issue of Loan Securities to a Clearance Service*

No SDRT should be payable in relation to the issue to any person providing a clearance service, or a nominee for any such person, within the meaning of section 96 FA 1986 (a "**Clearance Service**"), of a Loan Security provided that it is Exempt Loan Capital.

Subject to the comments in the paragraph below regarding a decision of the European Court of Justice ("**the ECJ**"), except where an election has been made under which the alternative system of

charge as provided for in section 97A FA 1986 applies (a "**s97A Election**"), SDRT should generally be payable in relation to the issue to a Clearance Service of a Loan Security which is not Exempt Loan Capital, unless that Loan Security is in bearer form and either: (i) it is denominated in sterling; or (ii) it is not denominated in sterling (and if it is a loan that is repayable in sterling this is solely at the option of the holder) and either raises new capital or is issued in exchange for an instrument raising new capital, in each case for the purposes of section 97(3)(b) FA 1986. Any such SDRT would be payable at a rate of 1.5 per cent of the issue price.

The ECJ has found in C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs (Case C-569/07) that the 1.5 per cent charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to the Loan Securities or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT on the transfer of Loan Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer a Loan Security held within a Clearance Service provided that no s97A Election applies in respect of the Loan Security.

SDRT on the transfer of Loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election has been made

In the case of Loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election applies in respect of the Loan Security, no SDRT should be payable in relation to any agreement to transfer such a Security provided that it is Exempt Loan Capital.

In the case of Loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election has been made, SDRT should generally be payable in relation to any agreement to transfer a Loan Security which is not Exempt Loan Capital, unless that Loan Security is in bearer form and it was not exempt from stamp duty on issue because it does not constitute Loan Capital and it is denominated in sterling. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Loan Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

SDRT on Non-loan Securities

The following analysis applies to Securities which are capable of being cash settled only, which do not constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 (each a "**Non-loan Security**" or a "**Cash Settled Non-loan Security**").

SDRT on the issue of Non-loan Securities to a Clearance Service

No SDRT should be payable in relation to the issue of a Cash Settled Non-loan Security to a Clearance Service unless such Security is either (a) an interest in stocks, shares or loan capital that

are not Exempt Loan Capital or (b) an interest in dividends or other rights arising out of such stocks, shares or loan capital.

SDRT on the transfer of Non-loan Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer Non-loan Securities held within a Clearance Service, provided no s97A Election has been made.

SDRT on the transfer of Non-loan Securities held outside a Clearance Service or held within a Clearance Service where a s97A Election has been made

No SDRT should be payable in relation to an agreement to transfer a Cash Settled Non-loan Security which is held outside a Clearance Service or held within a Clearance Service but in respect of which a s97A Election has been made in respect of the Cash Settled Non-loan Security unless such Security is either (a) an interest in stocks, shares or loan capital that are not Exempt Loan Capital or (b) an interest in dividends or other rights arising out of such stocks, shares or loan capital.

5. 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 EU member state details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other EU member state or to certain limited types of entities established in that other EU 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).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SELLING RESTRICTIONS

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. 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.

4. 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.

GENERAL INFORMATION

Authorisation

The establishment of the Base Prospectus and the issue of the Securities has been duly authorised by (i) resolutions of the Issuer's board of directors dated 18 November 2009 and 15 December 2009 and (ii) resolution of the Group Asset and Liability Management Committee dated 24 February 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.

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), (e) and (f) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Unaudited Interim Financial Report 2011 of the Issuer;
- (c) the Financial Statements 2010 of the Issuer;
- (d) the Financial Statements 2009 of the Issuer;
- (e) this Base Prospectus and any Supplements; and
- (f) 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.

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:	[●] ¹
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 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:	[●]]

¹ 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.

[Maximum Subscription Amount or Number: [●]]

[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: [●]²]

Details of where Information on the Underlying can be Obtained: [●]³

[The information included herein with respect to the underlying by reference to which payments or, if applicable, delivery under the Securities are determined (the "**Underlying**") 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: [●]]⁴

² Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.

³ 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.

⁴ The Final Terms may contain additional risk factors to reflect the specific structure applicable to a specific tranche of Securities.

[Additional Tax Disclosure: [●]]

[Additional Selling Restrictions: [●]]

[Further Information: [●]⁵]

⁵ Information in relation to a specific tranche of Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following English language documents are incorporated in the Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document.
2. The following sections of the annual report and accounts of RBSG for the year ended 31 December 2009 which were published by RBSG on 18 March 2010:
 - (i) Independent auditors' report on page 240;
 - (ii) Consolidated income statement on page 241;
 - (iii) Consolidated statement of comprehensive income on page 242;
 - (iv) Balance sheets at 31 December 2009 on page 243;
 - (v) Statements of changes in equity on pages 244 to 246;
 - (vi) Cash flow statements on page 247;
 - (vii) Accounting policies on pages 248 to 258;
 - (viii) Notes on the accounts on pages 259 to 348;
 - (ix) What we have achieved on page 1 (excluding the financial information on that page which is indicated as being "pro forma");
 - (x) Chairman's statement on pages 2 to 3;
 - (xi) Group Chief Executive's review on pages 4 to 6;
 - (xii) Our strategic plan and progress on pages 12 to 19;
 - (xiii) Divisional review on pages 20 to 41;
 - (xiv) Business review on pages 49 to 85 and pages 108 to 206 (excluding the financial information on pages 72 to 85 and pages 108 to 116 which is indicated as being "pro forma");
 - (xv) Report of the Directors on pages 208 to 213;
 - (xvi) Corporate governance on pages 214 to 222;
 - (xvii) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;
 - (xviii) Directors' remuneration report on pages 225 to 236;
 - (xix) Directors' interests in shares on page 237;
 - (xx) Impairment review on pages 302 to 303;
 - (xxi) Financial summary on pages 350 to 359;

- (xxii) Exchange rates on page 359;
- (xxiii) Economic and monetary environment on page 360;
- (xxiv) Supervision on page 361;
- (xxv) Regulatory developments and reviews on pages 361 to 362;
- (xxvi) Description of property and equipment on pages 362 to 363;
- (xxvii) Major shareholders on page 363; and
- (xxviii) Glossary of terms on pages 383 to 387.

3. The annual report and accounts of the Issuer (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed "Risk factors" on pages 5 to 23) which were published on 9 April 2010.

4. The following sections of the annual report and accounts of RBSG for the year ended 31 December 2010 which were published by RBSG 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 8 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.

5. The annual report and accounts of the Issuer (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed "Financial Review — Risk factors" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011.

6. The unaudited Interim Results 2011 of the Issuer for the six months ended 30 June 2011 which were published via the Regulatory News Service of the London Stock Exchange plc ("**RNS**") on 26 August 2011.

7. The preliminary unaudited Annual Results 2011 of RBSG for the year ended 31 December 2011, which were published via RNS on 23 February 2012.

The documents referred to above have been 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 these 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.

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.

GENERAL CONDITIONS

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]⁶.

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.]⁷ [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**").]⁸ [●] No definitive securities will be issued.
- (b) "**Securityholder**" means [the holder of a unit in the Global Security.]⁹ [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.]¹⁰ [●]
- (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.

⁶ In case of Securities represented by a Global Security.

⁷ In case of Securities represented by a Global Security.

⁸ In case of Securities issued in dematerialised form.

⁹ In case of Securities represented by a Global Security.

¹⁰ 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 any entity (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 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 Securityholder 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. 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. The relevant Final Terms may contain further or other requirements for the substitution of the Issuer under this General Condition 6(a).

- (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 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]¹.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^2$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^3$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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;

["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

¹ In case of Securities represented by a Global Security.

² In case of Turbo Warrants Call.

³ In case of Turbo Warrants Put.

Time] on the Valuation Date [or Knock-out Termination Date] by reference to [●⁴ (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 notified 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]⁵ [●];]

"Exercise Date" means ●,⁶

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [the Reference Price [at or about the Valuation Time] on the Valuation Date] [●];

"Global Security" has the meaning given in General Condition 2;⁷

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means [●, subject to Product Condition 4] [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]⁸[.];]

[The Knock-out Amount shall not be less than ● [zero] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest ● [two] decimal

⁴ Insert relevant page.

⁵ In case of Quanto Securities.

⁶ Specify date.

⁷ In case of Securities represented by a Global Security.

⁸ Specify amount.

places in the Settlement Currency, • [0.005] being rounded [downwards] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[•][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];]

"Knock-out Event" occurs [if the [bid low]⁹ [ask high]¹⁰ price of the Commodity published on [•] page • (or on a page replacing such page)][•] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹¹ [greater]¹² than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of a knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][•];

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;]

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date] [•];

"Observation Period Start Time" means •;

"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-

⁹ In case of Turbo Warrants Call.

¹⁰ In case of Turbo Warrants Put.

¹¹ In case of Turbo Warrants Call.

¹² In case of Turbo Warrants Put.

European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

"Pricing Date" means ●. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];¹³¹⁴

"Principal Paying Agent" means ●, subject to a replacement pursuant to General Condition 8;

"Reference Price" means, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4,[an amount equal to the [bid]¹⁵ [ask]¹⁶ price of the Commodity published on [● page ● (or on a page replacing such page)][●] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"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;

¹³ In case the Pricing Date is on or after the Issue Date.

¹⁴ In case of a subscription period.

¹⁵ In case of Turbo Warrants Call.

¹⁶ In case of Turbo Warrants Put.

"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. 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
 - (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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.

- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant 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 Event [or the Emerging Market Disruption Event] 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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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 or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination 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 [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Commodity by another commodity;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES CONTRACTS [QUANTO] TURBO WARRANTS [CALL]
[PUT]

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]¹⁷.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{18}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{19}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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

¹⁷ In case of Securities represented by a Global Security.

¹⁸ In case of Turbo Warrants Call.

¹⁹ In case of Turbo Warrants Put.

Time] on the Valuation Date [or Knock-out Termination Date] by reference to [●²⁰ (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 notified 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]²¹ [●];]

"Exercise Date" means ●,²²

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [the Reference Asset Price [at or about the Valuation Time] on the Valuation Date] [●];

"Global Security" has the meaning given in General Condition 2;²³

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Asset Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]²⁴[.];]

[The Knock-out Amount shall not be less than ● [zero] and shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest ● [two] decimal

²⁰ Insert relevant page.

²¹ In case of Quanto Securities.

²² Specify date.

²³ In case of Securities represented by a Global Security.

²⁴ Specify amount.

places in the Settlement Currency, ● [0.005] being rounded [downwards] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the price of the Reference Asset published on [● page ● (or on a page replacing such page)][●] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²⁵ [greater]²⁶ than or equal to the Knock-out Barrier][●];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

"Launch Date" means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of a knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][●];

"Multiplier" means ●, subject to an adjustment in accordance with Product Condition 4;]

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date] [●];

"Observation Period Start Time" means ●;

"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][●];

²⁵ In case of Turbo Warrants Call.

²⁶ In case of Turbo Warrants Put.

"Pricing Date" means •. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];²⁷²⁸

"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, with respect to any day (a **"Reference Day"**) and subject to Product Conditions 4, [an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on [• page • (or on a page replacing such page)][•] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price 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 such Reference Day, and notified to the Securityholders in accordance with General Condition 3[•];

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][•];

"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 •;

²⁷ In case the Pricing Date is on or after the Issue Date.

²⁸ In case of a subscription period.

"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. 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
 - (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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.

- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant Reference Asset 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 Event [or the Emerging Market Disruption Event] 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 Reference Asset (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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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 Reference Asset; 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 price of the Reference Asset on the Valuation Date or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination 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 [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:

- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to replace the Reference Asset by another commodity future contract;
- (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]²⁹.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{30}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{31}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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 [or Knock-out Termination Date] by reference to [•³² (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*

²⁹ In case of Securities represented by a Global Security.

³⁰ In case of Turbo Warrants Call.

³¹ In case of Turbo Warrants Put.

³² Insert relevant page.

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 notified 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]³³ [●];]

"Exercise Date" means ●,³⁴

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [the Reference Price [at or about the Valuation Time] on the Valuation Date] [●];

"Global Security" has the meaning given in General Condition 2;³⁵

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means [●, subject to Product Condition 4] [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]³⁶[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

³³ In case of Quanto Securities.

³⁴ Specify date.

³⁵ In case of Securities represented by a Global Security.

³⁶ Specify amount.

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[•].];]

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)].];]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];]

"Knock-out Event" occurs [if the [bid]³⁷ [ask]³⁸ [mid-market] price of the Underlying FX Rate published on [• page • (or on a page replacing such page)]][•] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]³⁹ [greater]⁴⁰ than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of a knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][•];

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;]

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date] [•];

"Observation Period Start Time" means •;

"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][•];

³⁷ In case of Turbo Warrants Call.

³⁸ In case of Turbo Warrants Put.

³⁹ In case of Turbo Warrants Call.

⁴⁰ In case of Turbo Warrants Put.

"Pricing Date" means ●. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];⁴¹⁴²

"Principal Paying Agent" means ●, subject to a replacement pursuant to General Condition 8;

"Reference Price" means, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4,[an amount equal to the [bid]⁴³ [ask]⁴⁴ [mid-market] price of the Underlying FX Rate published on [[Reuters][Bloomberg]][●] page[EUROFX/1][WMCO][●] (or on a page replacing such page)][●] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the [bid]⁴⁵ [ask]⁴⁶ [mid-market] price of the Underlying FX Rate [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"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 ●;

⁴¹ In case the Pricing Date is on or after the Issue Date.

⁴² In case of a subscription period.

⁴³ In case of Turbo Warrants Call.

⁴⁴ In case of Turbo Warrants Put.

⁴⁵ In case of Turbo Warrants Call.

⁴⁶ In case of Turbo Warrants Put.

"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 day other than a Saturday or Sunday] [●];

"Underlying Currency" means ●;⁴⁷

"Underlying FX Rate" means ●, subject to an adjustment in accordance with Product Condition 4;

"Valuation Date" means [the Exercise Date. 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 ●, 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
 - (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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

⁴⁷ In case the Settlement Currency is not part of the Underlying FX Rate.

next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.

- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant 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 Event [or the Emerging Market Disruption Event] 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 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 and/or Strike Currency [and/or Underlying Currency]⁴⁸; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency [and/or Underlying Currency]⁴⁹ from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]⁵⁰ to accounts outside such country or the Settlement Currency and/or Strike Currency [and/or Underlying Currency]⁵¹ 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 either of the currencies in the Underlying FX Rate or of the Settlement Currency and/or Strike Currency [and/or Underlying Currency]⁵²; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency and/or Strike Currency [and/or Underlying Currency]⁵³ 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 in relation to the Securities.

[Insert supplemental or alternative market disruption events, if applicable]

"Governmental Authority" means [any *de facto* or *de iure* 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][●].

⁴⁸ In case the Settlement Currency is not part of the Underlying FX Rate.

⁴⁹ In case the Settlement Currency is not part of the Underlying FX Rate.

⁵⁰ In case the Settlement Currency is not part of the Underlying FX Rate.

⁵¹ In case the Settlement Currency is not part of the Underlying FX Rate.

⁵² In case the Settlement Currency is not part of the Underlying FX Rate.

⁵³ In case the Settlement Currency is not part of the Underlying FX Rate.

[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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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 or Knock-out Termination Date, and/or on each of the three days following the Valuation Date or Knock-out Termination 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 and] the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Underlying FX Rate by another exchange rate;

- (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]⁵⁴.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{55}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{56}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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][•];

["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 [or Knock-out Termination Date] [or the Index Early Termination

⁵⁴ In case of Securities represented by a Global Security.

⁵⁵ In case of Turbo Warrants Call.

⁵⁶ In case of Turbo Warrants Put.

Date, as the case may be,]by reference to [●⁵⁷ (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 notified 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]⁵⁸ [●];]

"Exercise Date" means ●,⁵⁹

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [the Reference Price [at or about the Valuation Time] on the Valuation Date [or, following an Index Early Termination Event, the Reference Price [at or about the Valuation Time] on the Index Early Termination Date, as the case may be]][●];

"Global Security" has the meaning given in General Condition 2;]⁶⁰

"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;

"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" occurs [if 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;

⁵⁷ Insert relevant page.

⁵⁸ In case of Quanto Securities.

⁵⁹ Specify date.

⁶⁰ In case of Securities represented by a Global Security.

"Initial Leverage" means •. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][•];]

"Initial Reference Price" means •, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date][•];]

"Issue Date" means •;

"Issuer" means 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 •];

"Issuing and Paying Agent" means • and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [•, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][•]⁶¹[.];]

[The Knock-out Amount shall not be less than • [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[•][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];]

"Knock-out Event" occurs [if the level of the Index published on [• page • (or on a page replacing such page)][•] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]⁶² [greater]⁶³ than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; [or] (ii) in case of a

⁶¹ Specify amount.

⁶² In case of Turbo Warrants Call.

⁶³ In case of Turbo Warrants Put.

knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date]; or (iii) in case of an Index Early Termination in accordance with Product Condition 5 (b), the [fifth] Business Day following the Index Early Termination Date], as the case may be][●];

["**Multiplier**"] means ●, subject to an adjustment in accordance with Product Condition 4;]

"**Observation Period**" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date [or Index Early Termination Date, as the case may be]] [●];

"**Observation Period Start Time**" means ●;

["**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 ●. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the "**Pricing**") is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];⁶⁴⁶⁵

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Reference Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Condition 4,[an amount equal to the level of the Index published on [● page ● (or on a page replacing such page)][●] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such level is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not 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 such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

⁶⁴ In case the Pricing Date is on or after the Issue Date.

⁶⁵ In case of a subscription period.

[[If any Index Component closes "limit up" or "limit down" on the Exchange on a Valuation Date [or Index Early Termination Date], the level of the Index for such Valuation Date [or Index Early Termination Date,] will be adjusted by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) to reflect the first succeeding non-limit closing price of the relevant Index Component on the Exchange.][●]]⁶⁶

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date [or an Index Early Termination Date], Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"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 ●;

"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 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. 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.

⁶⁶ In case of Securities where any of the index components is a commodity future contract.

2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount
 - [(A)] following an automatic exercise in accordance with Product Condition 2(b) [; or
 - (B) if an Index Early Termination Event has occurred in accordance with Product Condition 5 (b)]; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event [or Index Early Termination Event] has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). [A Knock-out Event will override an Index Early Termination if the Knock-out Event occurs prior to or on the Index Early Termination Date.]
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant 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 Event[or the Emerging Market Disruption Event] 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% 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:

Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or

- (i) 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
- (ii) 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
- (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 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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATIONS

(a) If the Index is:

- (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor which, in the determination of the Calculation Agent, is acceptable to the Calculation Agent (the **"Successor Sponsor"**); or
- (ii) 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 (the **"Successor Index"**),

then the Successor Sponsor will be deemed to be the Index Sponsor and/or the Successor Index will be deemed to be the Index.

(b) In the event:

- (i) that on or prior to the Valuation Date [or the Index Early Termination Date] the Index 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
- (ii) that on the Valuation Date [or the Index Early Termination Date] the Index Sponsor fails to calculate and/or announce the Index,

then the Calculation Agent shall determine the relevant Reference Price using, in lieu of an announced level for the Index on the Valuation Date [or the Index Early Termination Date] 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 to calculate and/or announce the Index, but using only those Index Components that comprised the Index immediately prior to the change

or failure to calculate and/or announce the Index (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).

In case of a change or modification in accordance with Product Condition 4(b)(i), the Calculation Agent may deem such modified Index to be the Index so calculated and announced or the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

- (c) In the event that on or prior to the Valuation Date [or the Index Early Termination Date] the Index Sponsor permanently cancels the Index or permanently discontinues the calculation and/or announcement of the Index and no Successor Index exists, the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.
- (d) If the Securities are to be terminated in accordance with Product Condition 4, 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 Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (e) 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(d): (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] [Launch] Date up to (but excluding) the Valuation Date or the Index Early Termination Date; (G) a distribution of cash dividends on the shares equal to or greater than 8% 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.]⁶⁷

- (f) If in the determination of the Calculation Agent any other event similar to any of the above 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]

- (g) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW [OR FOLLOWING AN INDEX EARLY TERMINATION EVENT]

- [(a)] [Change in Law.]The Issuer shall have the right to terminate at any time 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

⁶⁷ Where the Index Components are shares.

Securities (the "**Early Termination Amount**"). The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- [(b) Index Early Termination. Following an Index Early Termination Event, the Securities will terminate automatically and the Issuer will as soon as practicable give notice thereof to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event payment shall be made in accordance with Product Condition 2.]

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to make an adjustment to the composition of the Index or determine a successor index using, in the reasonable 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;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX FUTURES CONTRACTS [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]⁶⁸.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{69}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{70}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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 [or Knock-out Termination Date] by reference to [•⁷¹ (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

⁶⁸ In case of Securities represented by a Global Security.

⁶⁹ In case of Turbo Warrants Call.

⁷⁰ In case of Turbo Warrants Put.

⁷¹ Insert relevant page.

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 notified 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]⁷² [●];]

"Exercise Date" means ●;⁷³

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [the Reference Asset Price [at or about the Valuation Time] on the Valuation Date] [●];

"Global Security" has the meaning given in General Condition 2;]⁷⁴

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means [●, subject to Product Condition 4] [the Reference Asset Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]⁷⁵[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●] [.];]

⁷² In case of Quanto Securities.

⁷³ Specify date.

⁷⁴ In case of Securities represented by a Global Security.

⁷⁵ Specify amount.

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)].[;]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];

"Knock-out Event" occurs [if the price of the Reference Asset published on [• page • (or on a page replacing such page)][•] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]⁷⁶ [greater]⁷⁷ than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of a knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][•];

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date][•];

"Observation Period Start Time" means •;

"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 •. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable

⁷⁶ In case of Turbo Warrants Call.

⁷⁷ In case of Turbo Warrants Put.

discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];^{78]}⁷⁹

"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, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4, [an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on [• page • (or on a page replacing such page)] [•] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price 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 such Reference Day, and notified to the Securityholders in accordance with General Condition 3] [•];]

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day] [•];

"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] [•];

⁷⁸ In case the Pricing Date is on or after the Issue Date.

⁷⁹ In case of a subscription period.

"Valuation Date" means [the Exercise Date. 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant Reference Asset 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 the Exchange or any Related Exchange is located; or
- (iii) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Reference Asset (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (iv) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (v) 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
- (vi) 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
- (vii) 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
- (viii) 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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges*

Ermessen) and be notified as soon as practicable 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 Reference Asset; 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 price of the Reference Asset on the Valuation Date or Knock-out Termination Date, and/or on each of the three Trading Days following the Valuation Date or Knock-out Termination 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 [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to replace the Reference Asset by another index future contract;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]⁸⁰.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{81}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{82}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(f);

"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 [or Knock-out Termination Date] by reference to [•⁸³ (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

⁸⁰ In case of Securities represented by a Global Security.

⁸¹ In case of Turbo Warrants Call.

⁸² In case of Turbo Warrants Put.

⁸³ Insert relevant page.

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 notified 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]⁸⁴ [●];]

"**Exercise Date**" means ●;⁸⁵

"**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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [the Reference Price [at or about the Valuation Time] on the Valuation Date][●];]

["**Global Security**" has the meaning given in General Condition 2;]⁸⁶

["**Initial Leverage**" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

["**Initial Reference Price**" means [●, subject to Product Condition 4] [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"**Issue Date**" means ●;

"**Issuer**" means 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 ●];]

["**Issuing and Paying Agent**" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"**Knock-out Amount**" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]⁸⁷[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"**Knock-out Barrier**" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

⁸⁴ In case of Quanto Securities.

⁸⁵ Specify date.

⁸⁶ In case of Securities represented by a Global Security.

⁸⁷ Specify amount.

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)].[;]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];]

"Knock-out Event" occurs [if the price of the Share on the Exchange is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]⁸⁸ [greater]⁸⁹ than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an automatic exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of a knock-out in accordance with Product Condition 2(c), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][•];

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;]

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date][•];

"Observation Period Start Time" means •;

"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 •[. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable

⁸⁸ In case of Turbo Warrants Call.

⁸⁹ In case of Turbo Warrants Put.

discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];⁹⁰⁹¹

"Principal Paying Agent" means ●, subject to a replacement pursuant to General Condition 8;

"Reference Price" means, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4, [an amount equal to the price of the Share quoted on the Exchange [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"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 ●;

"Share" means [●], subject to an adjustment in accordance with Product Condition 4;

"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;

"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][●];

⁹⁰ In case the Pricing Date is on or after the Issue Date.

⁹¹ In case of a subscription period.

"Valuation Date" means [the Exercise Date. 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date, and subject to delivery of a duly completed Certification, of:
- (i) the Cash Amount following an automatic exercise in accordance with Product Condition 2(b); or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(c).
- (b) Automatic Exercise. Provided a Knock-out Event has not occurred the Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website).
- (d) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (e) 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.
- (f) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (g) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 relevant 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 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) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchangeif, 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 the 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 (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

- (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 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 iure* 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)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

- (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 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 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 Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable 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 or Knock-out Termination 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 in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are not under any 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 as soon as practicable to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination in accordance with this Product Condition 4.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 (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 "**Early Termination Amount**"). The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. **ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT**

- (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:
- (i) to 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 (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 "**Hedging Disruption Termination Amount**").

- (ii) The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder; to replace the Share by another share;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]⁹².

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{93}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{94}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Commodity" means •, subject to an adjustment in accordance with Product Condition 4;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule,

⁹² In case of Securities represented by a Global Security.

⁹³ In case of Turbo Warrants Call.

⁹⁴ In case of Turbo Warrants Put.

regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Commodities and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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 [or[,] the Issuer Call Date [or Knock-out Termination Date] by reference to [•⁹⁵ (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 notified 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]⁹⁶ [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Business Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

⁹⁵ Insert relevant page.

⁹⁶ In case of Quanto Securities.

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (ii) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date] [●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]⁹⁷ [minus]⁹⁸ the Current Funding Spread; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.];]

[The Funding Cost can be negative[.];]⁹⁹

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

"Global Security" has the meaning given in General Condition 2;]¹⁰⁰

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)][●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

"Issuer Call Notice Period" means ●;

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

⁹⁷ In case of Turbo Warrants Call.

⁹⁸ In case of Turbo Warrants Put.

⁹⁹ In case of Turbo Warrants Put.

¹⁰⁰ In case of Securities represented by a Global Security.

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]¹⁰¹[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the [bid low]¹⁰² [ask high]¹⁰³ price of the Commodity published on [● page ● (or on a page replacing such page)][●] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁰⁴ [greater]¹⁰⁵ than or equal to the Knock-out Barrier][●];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

"Launch Date" means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call in accordance with Product Condition 2(c), the [fifth] Business Day following the Issuer Call Date; or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][●];

"Maximum Funding Spread" means ●;

"Multiplier" means ●, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date][●];

¹⁰¹ Specify amount.

¹⁰² In case of Turbo Warrants Call.

¹⁰³ In case of Turbo Warrants Put.

¹⁰⁴ In case of Turbo Warrants Call.

¹⁰⁵ In case of Turbo Warrants Put.

"Observation Period Start Time" means •;

["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 •. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];¹⁰⁶¹⁰⁷

"Principal Paying Agent" means •, subject to a replacement pursuant to General Condition 8;

"Rate" means [EURIBOR] [LIBOR] [•] as published on [• page • (or on a page replacing such page)][•] at or about [11 am Central European Time]¹⁰⁸ [11 am London time]¹⁰⁹ [•].

In the event the Rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [•] [request each Reference Bank to provide a quotation for the Rate. If at least two quotations are provided, the Rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the Rate by at least two of the Reference Banks then the Calculation Agent will determine the Rate in its reasonable discretion (*billiges Ermessen*).]¹¹⁰ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the Rate [•];

["Reference Bank" means [each of the principal [euro-zone]¹¹¹ [London]¹¹² office of four major banks in the [euro-zone interbank market]¹¹³ [London interbank market]¹¹⁴ which ordinarily provide quotations for the Rate]¹¹⁵ [•];]

¹⁰⁶ In case the Pricing Date is on or after the Issue Date.

¹⁰⁷ In case of a subscription period.

¹⁰⁸ In case of EURIBOR.

¹⁰⁹ In case of LIBOR.

¹¹⁰ In case of EURIBOR and LIBOR.

¹¹¹ In case of EURIBOR.

¹¹² In case of LIBOR.

¹¹³ In case of EURIBOR.

¹¹⁴ In case of LIBOR.

¹¹⁵ In case of EURIBOR and LIBOR.

"Reference Price" means, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4, [an amount equal to the [bid]¹¹⁶ [ask]¹¹⁷ price of the Commodity published on [• page • (or on a page replacing such page)] [•] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][•].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][•];

"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 initially on the [Issue] [Launch] Date •. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost.[•]

[The applicable Strike will be published on the Issuer's website • (or any successor website) [•];

"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][•];

¹¹⁶ In case of Turbo Warrants Call.

¹¹⁷ In case of Turbo Warrants Put.

"Valuation Date" means [the last Trading Day of March in each year, commencing one year after the Issue Date. [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

(a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.

(d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website). A Knock-out Event will override a due

Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.

- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.

- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date, then the Valuation Date or the Issuer Call 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 or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant 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 Event [or the Emerging Market Disruption Event] 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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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[,] [or] [Issuer Call Date][,] [or Knock-out Termination Date,] and/or on each of the three Trading Days following the Valuation Date[,] [or] [Issuer Call Date][,] [or Knock-out Termination

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 and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
 - (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Commodity by another commodity;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FUTURES CONTRACTS OPEN END [QUANTO] TURBO WARRANTS
[CALL] [PUT]

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]¹¹⁸.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{119}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{120}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule,

¹¹⁸ In case of Securities represented by a Global Security.

¹¹⁹ In case of Turbo Warrants Call.

¹²⁰ In case of Turbo Warrants Put.

regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Commodities and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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 [or[,] the Issuer Call Date [or Knock-out Termination Date] by reference to [•¹²¹ (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 notified 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]¹²² [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Trading Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

¹²¹ Insert relevant page.

¹²² In case of Quanto Securities.

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date or (ii) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date] [●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Current Funding Spread; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.][.];]

[The Funding Cost can be negative[.][.]]¹²³

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

["Global Security" has the meaning given in General Condition 2;]¹²⁴

["Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

["Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)][●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

"Issuer Call Notice Period" means ●;

["Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

¹²³ In case of Turbo Warrants Put.

¹²⁴ In case of Securities represented by a Global Security.

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]¹²⁵[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the price of the Reference Asset published on [● page ● (or on a page replacing such page)][●] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹²⁶ [greater]¹²⁷ than or equal to the Knock-out Barrier][●];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

[**"Launch Date"** means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call in accordance with Product Condition 2(c), the [fifth] Business Day following the Issuer Call Date; or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][●];

"Maximum Funding Spread" means ●;

[**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date] [●];

"Observation Period Start Time" means ●;

¹²⁵ Specify amount.

¹²⁶ In case of Turbo Warrants Call.

¹²⁷ In case of Turbo Warrants Put.

["**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 •]. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the "**Pricing**") is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];^{128]}^{129]}

"**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, as of the Issue Date, •, and thereafter the Issuer shall, during Trading Hours on the Rollover Date, effect substitution of a financially equivalent reference asset (the „Substitute Asset") selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

["**Reference Asset Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Conditions 4, [an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on [• page • (or on a page replacing such page)][•] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Asset [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][•];]

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][•];

¹²⁸ In case the Pricing Date is on or after the Issue Date.

¹²⁹ In case of a subscription period.

"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 •;

"Rollover Date" means •;

"Rollover Spread" means the fair value spread calculated as the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread can be negative;

"Securities" means •;

"Securityholder" has the meaning given in General Condition 2;

["Series" means •;]

"Settlement Currency" means •;

"Strike" means initially on the [Issue] [Launch] Date •. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; [plus]¹³⁰[minus]¹³¹
- (b) Funding Cost; minus
- (c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.[•]

[The applicable Strike will be published on the Issuer's website • (or any successor website) [•]];

"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][•];

"Trading Hours" means with respect to each Exchange its regular scheduled opening hours on the Rollover Date;

¹³⁰ In case of Turbo Warrants Call.

¹³¹ In case of Turbo Warrants Put.

"Valuation Date" means [the last Trading Day of March in each year, commencing one year after the Issue Date. [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

(a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

(i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or

(ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.

(d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website). A Knock-out Event will override a due

Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.

- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2 (a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) revocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.

- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date, then the Valuation Date or the Issuer Call 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 or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset 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 Event [or the Emerging Market Disruption Event] 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 Reference Asset (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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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 Reference Asset; 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 price of the Reference Asset on the Valuation Date[,][or][Issuer Call Date][,][or Knock-out Termination Date,] and/or on each of the three Trading Days following the

Valuation Date[,][or][Issuer Call Date][,][or Knock-out Termination 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 [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another commodity future contract;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]¹³².

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{133}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{134}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or

¹³² In case of Securities represented by a Global Security.

¹³³ In case of Turbo Warrants Call.

¹³⁴ In case of Turbo Warrants Put.

judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Currency and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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 [or][,] the Issuer Call Date[or Knock-out Termination Date] by reference to [•¹³⁵ (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 notified 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]¹³⁶ [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Business Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

¹³⁵ Insert relevant page.

¹³⁶ In case of Quanto Securities.

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (ii) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date][●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate for the Strike Currency [plus]¹³⁷ [minus]¹³⁸ the Current Funding Spread [minus]¹³⁹ [plus]¹⁴⁰ [the Rate for the Settlement Currency]¹⁴¹ [the Rate for the Underlying Currency]¹⁴²; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.][.];

[The Funding Cost can be negative.][.][.];¹⁴³

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

"Global Security" has the meaning given in General Condition 2;]¹⁴⁴

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)][●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

¹³⁷ In case of Turbo Warrants Call.

¹³⁸ In case of Turbo Warrants Put.

¹³⁹ In case of Turbo Warrants Call.

¹⁴⁰ In case of Turbo Warrants Put.

¹⁴¹ In case the Settlement Currency is part of the Underlying FX Rate.

¹⁴² In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁴³ In case of Turbo Warrants Put.

¹⁴⁴ In case of Securities represented by a Global Security.

"Issuer Call Notice Period" means •;

"Issuing and Paying Agent" means • and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Knock-out Amount" means [•, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][•]¹⁴⁵[.];

[The Knock-out Amount shall not be less than • [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[•][.];

[The applicable Knock-out Barrier will be published on the Issuer's website • (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is •][•];

"Knock-out Event" occurs [if the [bid]¹⁴⁶ [ask]¹⁴⁷ [mid-market] price of the Underlying FX Rate published on [• page • (or on a page replacing such page)][•] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event] [less]¹⁴⁸ [greater]¹⁴⁹ than or equal to the Knock-out Barrier][•];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][•];

"Launch Date" means •;

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call, the [fifth] Business Day following the Issuer Call Date in accordance with Product Condition 2(c); or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][•];

"Maximum Funding Spread" means •;

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;]

¹⁴⁵ Specify amount.

¹⁴⁶ In case of Turbo Warrants Call.

¹⁴⁷ In case of Turbo Warrants Put.

¹⁴⁸ In case of Turbo Warrants Call.

¹⁴⁹ In case of Turbo Warrants Put.

"Notice" means a notice in accordance with Product Condition 2(g);

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date][●];

"Observation Period Start Time" means ●;

"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 ●. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];¹⁵⁰¹⁵¹

"Principal Paying Agent" means ●, subject to a replacement pursuant to General Condition 8;

"Rate for the Settlement Currency" means [EURIBOR][LIBOR] [●] as published on [● page ● [or on a page replacing such page]][●] at or about [11 am Central European Time]¹⁵² [11 am London time]¹⁵³ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]¹⁵⁴ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate [●];]¹⁵⁵

¹⁵⁰ In case the Pricing Date is on or after the Issue Date.

¹⁵¹ In case of a subscription period.

¹⁵² In case of EURIBOR.

¹⁵³ In case of LIBOR.

¹⁵⁴ In case of EURIBOR and LIBOR.

¹⁵⁵ In case the Settlement Currency is part of the Underlying FX Rate.

"Rate for the Strike Currency" means [EURIBOR] [LIBOR] [●] as published on [● page ● (or on a page replacing such page)][●] at or about [11 am Central European Time]¹⁵⁶ [11 am London time]¹⁵⁷ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]¹⁵⁸ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate [●];

["Rate for the Underlying Currency" means [EURIBOR] [LIBOR] [●] as published on [● page ● (or on a page replacing such page)][●] at or about [11 am Central European Time]¹⁵⁹ [11 am London time]¹⁶⁰ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]¹⁶¹ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate [●];¹⁶²

["Reference Bank" means (i) with respect to the Rate for the Strike Currency [each of the principal [euro-zone]¹⁶³ [London]¹⁶⁴ office of four major banks in the [euro-zone interbank market]¹⁶⁵ [London interbank market]¹⁶⁶ which ordinarily provide quotations for the Rate for the Strike Currency]¹⁶⁷; and (ii) with respect to the [Rate for the Settlement Currency]¹⁶⁸ [Rate for the Underlying Currency]¹⁶⁹ [each of the principal [euro-zone]¹⁷⁰ [London]¹⁷¹ office of four

¹⁵⁶ In case of EURIBOR.

¹⁵⁷ In case of LIBOR.

¹⁵⁸ In case of EURIBOR and LIBOR.

¹⁵⁹ In case of EURIBOR.

¹⁶⁰ In case of LIBOR.

¹⁶¹ In case of EURIBOR and LIBOR.

¹⁶² In case the Settlement Currency is part of the Underlying FX Rate.

¹⁶³ In case of EURIBOR.

¹⁶⁴ In case of LIBOR.

¹⁶⁵ In case of EURIBOR.

¹⁶⁶ In case of LIBOR.

¹⁶⁷ In case of EURIBOR and LIBOR.

¹⁶⁸ In case the Settlement Currency is part of the Underlying FX Rate.

¹⁶⁹ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷⁰ In case of EURIBOR.

¹⁷¹ In case of LIBOR.

major banks in the [euro-zone interbank market]¹⁷² [London interbank market]¹⁷³ which ordinarily provide quotations for the [Rate for the Settlement Currency]¹⁷⁴ [Rate for the Underlying Currency]¹⁷⁵¹⁷⁶ [●];

"Reference Price" means, with respect to any day (a **"Reference Day"**) and subject to Product Condition 4, [an amount equal to the [bid]¹⁷⁷ [ask]¹⁷⁸ [mid-market] price of the Underlying FX Rate published on [[Reuters][Bloomberg]][●] page[EUROFX/1][WMCO][●] (or on a page replacing such page)][●] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the [bid]¹⁷⁹ [ask]¹⁸⁰ [mid-market] price of the Underlying FX Rate [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"Relevant Number of Trading Days" means ●;

"Securities" means ●;

"Securityholder" has the meaning given in General Condition 2;

"Series" means ●;

"Settlement Currency" means ●;

"Strike" means initially on the [Issue] [Launch] Date ●. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost.[●]

[The applicable Strike will be published on the Issuer's website ● (or any successor website) [●];

"Strike Currency" means ●;

¹⁷² In case of EURIBOR.

¹⁷³ In case of LIBOR.

¹⁷⁴ In case the Settlement Currency is part of the Underlying FX Rate.

¹⁷⁵ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁷⁶ In case of EURIBOR and LIBOR.

¹⁷⁷ In case of Turbo Warrants Call.

¹⁷⁸ In case of Turbo Warrants Put.

¹⁷⁹ In case of Turbo Warrants Call.

¹⁸⁰ In case of Turbo Warrants Put.

"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 day other than a Saturday or Sunday] [●];

["Underlying Currency" means ●;]¹⁸¹

"Underlying FX Rate" means ●, subject to an adjustment in accordance with Product Condition 4;

"Valuation Date" means [the last Trading Day of March in each year, commencing one year after the Issue Date. [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 ●, 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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:
- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.
- (b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

¹⁸¹ In case the Settlement Currency is not part of the Underlying FX Rate.

- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.
- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.

- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date, then the Valuation Date or the Issuer Call 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 or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant 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 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 and/or Strike Currency[and/or Underlying Currency]¹⁸²; or (B)] generally makes it impossible to deliver the Settlement Currency and/or Strike Currency[and/or Underlying Currency]¹⁸³ from accounts in the country of the principal financial centre of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]¹⁸⁴ to accounts outside such country or the Settlement Currency and/or Strike Currency[and/or Underlying Currency]¹⁸⁵ 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 either of the currencies in the Underlying FX Rate or of the Settlement Currency and/or Strike Currency[and/or Underlying Currency]¹⁸⁶; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency and/or Strike Currency[and/or Underlying

¹⁸² In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁸³ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁸⁴ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁸⁵ In case the Settlement Currency is not part of the Underlying FX Rate.

¹⁸⁶ In case the Settlement Currency is not part of the Underlying FX Rate.

Currency]¹⁸⁷ 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 in relation to the Securities.

[Insert supplemental or alternative market disruption events, if applicable]

"Governmental Authority" means [any *de facto* or *de iure* 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 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 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

¹⁸⁷ In case the Settlement Currency is not part of the Underlying FX Rate.

- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges*

Ermessen) and be notified as soon as practicable 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[,] [,] or Knock-out Termination Date, and/or on each of the three days following the Valuation Date[,]or Knock-out Termination 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 and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General

Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) to replace the Underlying FX Rate by another exchange rate;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]¹⁸⁸.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{189}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{190}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or

¹⁸⁸ In case of Securities represented by a Global Security.

¹⁸⁹ In case of Turbo Warrants Call.

¹⁹⁰ In case of Turbo Warrants Put.

judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Index and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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][•];

"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[.][or] the Issuer Call Date [[.][or] Knock-out Termination Date] [or the Index Early Termination Date, as the case may be,] by reference to [•¹⁹¹ (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 notified 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]¹⁹² [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Business Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of

¹⁹¹ Insert relevant page.

¹⁹² In case of Quanto Securities.

such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date;][or] (ii) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date [or (iii) following an Index Early Termination Event, the Reference Price [at or about the Valuation Time] on the Index Early Termination Date, as the case may be]][●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]¹⁹³ [minus]¹⁹⁴the Current Funding Spread; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.][.];

[The Funding Cost can be negative.][.][.]]¹⁹⁵

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

"Global Security" has the meaning given in General Condition 2;]¹⁹⁶

"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;

"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" occurs [if 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;

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

¹⁹³ In case of Turbo Warrants Call.

¹⁹⁴ In case of Turbo Warrants Put.

¹⁹⁵ In case of Turbo Warrants Put.

¹⁹⁶ In case of Securities represented by a Global Security.

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date] [●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)][●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

"Issuer Call Notice Period" means ●;

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]¹⁹⁷[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the level of the Index published on [● page ● (or on a page replacing such page)][●] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]¹⁹⁸ [greater]¹⁹⁹ than or equal to the Knock-out Barrier][●];

¹⁹⁷ Specify amount.

¹⁹⁸ In case of Turbo Warrants Call.

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

"Launch Date" means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call in accordance with Product Condition 2(c), the [fifth] Business Day following the Issuer Call Date; or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date[;or (iv) in case of an Index Early Termination in accordance with Product Condition 5(b), the [fifth] Business Day following the Index Early Termination Date], as the case may be][●];

"Maximum Funding Spread" means ●;

"Multiplier" means ●, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Notional Dividend Amount" means [an amount, where applicable converted into the Strike Currency at the prevailing spot rate of exchange, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions declared in respect of any Index Component which have an ex-dividend date occurring during the Calculation Period [net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty without regard to any tax credits, and less any Expenses]²⁰⁰ [without regard to any withholding tax or other deductions multiplied by the prevailing dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*)]²⁰¹ [●];

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date[,] [or] Issuer Call Date [or Index Early Termination Date, as the case may be]] [●];

"Observation Period Start Time" means ●;

"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][●];

¹⁹⁹ In case of Turbo Warrants Put.

²⁰⁰ In case of Turbo Warrants Call.

²⁰¹ In case of Turbo Warrants Put.

["**Pricing Date**"] means •. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the "**Pricing**") is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];^{202,203}

"**Principal Paying Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Rate**" means [EURIBOR] [LIBOR] [•] as published on [• page • (or on a page replacing such page)][•] at or about [11 am Central European Time]²⁰⁴ [11 am London time]²⁰⁵ [•].

In the event the Rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [•][request each Reference Bank to provide a quotation for the Rate. If at least two quotations are provided, the Rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the Rate by at least two of the Reference Banks then the Calculation Agent will determine the Rate in its reasonable discretion (*billiges Ermessen*).]²⁰⁶ The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the Rate [•];

["**Reference Bank**"] means [each of the principal [euro-zone]²⁰⁷ [London]²⁰⁸ office of four major banks in the [euro-zone interbank market]²⁰⁹ [London interbank market]²¹⁰ which ordinarily provide quotations for the Rate]²¹¹ [•];]

"**Reference Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Condition 4,[an amount equal to the level of the Index published on [• page • (or on a page replacing such page)][•] [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such level is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not 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 such Reference Day, and notified to the Securityholders in accordance with General Condition 3][•].

²⁰² In case the Pricing Date is on or after the Issue Date.

²⁰³ In case of a subscription period.

²⁰⁴ In case of EURIBOR.

²⁰⁵ In case of LIBOR.

²⁰⁶ In case of EURIBOR and LIBOR.

²⁰⁷ In case of EURIBOR.

²⁰⁸ In case of LIBOR.

²⁰⁹ In case of EURIBOR.

²¹⁰ In case of LIBOR.

²¹¹ In case of EURIBOR and LIBOR.

[[If any Index Component closes "limit up" or "limit down" on the Exchange on a Valuation Date [;][or] Issuer Call Date [or Index Early Termination Date], the level of the Index for such Valuation Date [;][or] Issuer Call Date [or Index Early Termination Date] will be adjusted by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) to reflect the first succeeding non-limit closing price of the relevant Index Component on the Exchange.][●]]²¹²

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date [;][or] Issuer Call Date [or an Index Early Termination Date], Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"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 initially on the [Issue] [Launch] Date ●. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; plus
- (b) Funding Cost[.]; minus
- (c) the Notional Dividend Amount(s).[●]

[The applicable Strike will be published on the Issuer's website ● (or any successor website) [●];

"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 day on which the Index Sponsor should calculate and announce the [closing level] [●] of the Index according to its rules][●];

"Valuation Date" means [the last Trading Day of March in each year, commencing one year after the Issue Date. [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

²¹² In case of Securities where any of the index components is a commodity future contract.

"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

(a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

(i) the Cash Amount

[(A)] following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification [;or

(B) if an Index Early Termination Event has occurred in accordance with Product Condition 5(b) and subject to delivery of a duly completed Certification]; or

(ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder's Exercise. Provided a Knock-out Event [or Index Early Termination Event] has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 4(b)(i) or (c), 5[(a)] or 6 will override a due Exercise[,][and/or] an Issuer Call [and/or an Index Early Termination].

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event [or Index Early Termination Event], the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.

- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise[,] [and/or] an Issuer Call [and/or an Index Early Termination] if the Knock-out Event occurs prior to or on the Valuation Date[,] [or] Issuer Call Date [or Index Early Termination Date].
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
 - (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with

respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date [or the Index Early Termination Date], then the Valuation Date[,] [or] the Issuer Call 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 Issuer Call 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 Issuer Call 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 relevant 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 Event [or the Emerging Market Disruption Event] 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% 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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATIONS

- (a) If the Index is:
 - (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor which, in the determination of the Calculation Agent, is acceptable to Calculation Agent (the "**Successor Sponsor**"); or

(ii) 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 (the "**Successor Index**"),

then the Successor Sponsor will be deemed to be the Index Sponsor and/or the Successor Index will be deemed to be the Index.

(b) In the event:

(i) that on or prior to the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the Index 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

(ii) that on the Valuation Date[,] [or] the Issuer Call 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 the Calculation Agent shall determine the relevant Reference Price using, in lieu of an announced level for the Index on the Valuation Date[,] [or] the Issuer Call 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 to calculate and/or announce the Index, but using only those Index Components that comprised the Index immediately prior to the change or failure to calculate and/or announce the Index (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).

In case of a change or modification in accordance with Product Condition 4(b)(i), the Calculation Agent may deem such modified Index to be the Index so calculated and announced or the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

(c) In the event that on or prior to the Valuation Date[,] [or] the Issuer Call Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor permanently cancels the Index or permanently discontinues the calculation and/or announcement of the Index and no successor index exists, the Issuer may terminate the Securities by giving notice in accordance with General Condition 3.

(d) If the Securities are to be terminated in accordance with Product Condition 4, 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 Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (e) 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(d): (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] [Launch] Date up to (but excluding) the Valuation Date[,][or] the Issuer Call 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 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.]²¹³

- (f) If in the determination of the Calculation Agent any other event similar to any of the above has occurred which could make it impracticable or impossible for the Issuer to

²¹³ Where the Index Components are shares.

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]

- (g) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW [OR FOLLOWING AN INDEX EARLY TERMINATION EVENT]

[(a)] [Change in Law.] The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

[(b)] Index Early Termination. Following an Index Early Termination Event, the Securities will terminate automatically and the Issuer will as soon as practicable give notice thereof to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event payment shall be made in accordance with Product Condition 2.]

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to make an adjustment to the composition of the Index or determine a successor index using, in the reasonable 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;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges*

Ermessen) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX FUTURES CONTRACTS OPEN END [QUANTO] TURBO WARRANTS
[CALL] [PUT]

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]²¹⁴.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{215}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{216}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule,

²¹⁴ In case of Securities represented by a Global Security.

²¹⁵ In case of Turbo Warrants Call.

²¹⁶ In case of Turbo Warrants Put.

regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Reference Asset and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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 [or[,] the Issuer Call Date[or Knock-out Termination Date] by reference to [•²¹⁷ (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 notified 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]²¹⁸ [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Trading Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

²¹⁷ Insert relevant page.

²¹⁸ In case of Quanto Securities.

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Asset Price [at or about the Valuation Time] on the Valuation Date or (ii) following an Issuer Call, the Reference Asset Price [at or about the Valuation Time] on the Issuer Call Date][●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Current Funding Spread; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.][.];]

[The Funding Cost can be negative[.][.]]²¹⁹

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

"Global Security" has the meaning given in General Condition 2;]²²⁰

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Asset Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)] [●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

"Issuer Call Notice Period" means ●;

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

²¹⁹ In case of Turbo Warrants Put.

²²⁰ In case of Securities represented by a Global Security.

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]²²¹[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the price of the Reference Asset published on [● page ● (or on a page replacing such page)][●] is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²²² [greater]²²³ than or equal to the Knock-out Barrier][●];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

[**"Launch Date"** means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call in accordance with Product Condition 2(c), the [fifth] Business Day following the Issuer Call Date; or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][●];

"Maximum Funding Spread" means ●;

[**"Multiplier"** means ●, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date][●];

"Observation Period Start Time" means ●;

²²¹ Specify amount.

²²² In case of Turbo Warrants Call.

²²³ In case of Turbo Warrants Put.

["**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 •]. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the "**Pricing**") is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];^{224,225}

"**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, as of the Issue Date, •, and thereafter the Issuer shall, during Trading Hours on the Rollover Date, effect substitution of a financially equivalent reference asset (the "**Substitute Asset**") selected by the Issuer. Thereafter the Substitute Asset shall for all purposes be the Reference Asset;

["**Reference Asset Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Conditions 4, [an amount equal to the price of the Reference Asset as published [at or about the Valuation Time] on [• page • (or on a page replacing such page)][•] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price 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 such Reference Day, and notified to the Securityholders in accordance with General Condition 3][•];]

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][•];

"**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;

²²⁴ In case the Pricing Date is on or after the Issue Date.

²²⁵ In case of a subscription period.

"Relevant Number of Trading Days" means •;

"Rollover Date" means •;

"Rollover Spread" means the fair value spread calculated as the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for liquidating its related hedging arrangements for the Reference Asset minus the price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) for establishing its related hedging arrangements for the Substitute Asset during the substitution of the Reference Asset for the Substitute Asset by reference to liquidity in the Reference Asset and the Substitute Asset. The Rollover Spread can be negative;

"Securities" means •;

"Securityholder" has the meaning given in General Condition 2;

["Series" means •;]

"Settlement Currency" means •;

"Strike" means initially on the [Issue] [Launch] Date •. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

- (a) the Strike on the immediately preceding Trading Day; [plus]²²⁶[minus]²²⁷
- (b) Funding Cost; minus
- (c) if such determination is to be made on a Rollover Date, the corresponding Rollover Spread.[•]

[The applicable Strike will be published on the Issuer's website • (or any successor website) [•]];

"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][•];

"Trading Hours" means with respect to each Exchange its regular scheduled opening hours on the Rollover Date;

"Valuation Date" means [the last Trading Day of March in each year, commencing one year after the Issue Date. [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

²²⁶ In case of Turbo Warrants Call.

²²⁷ In case of Turbo Warrants Put.

"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

(a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:

- (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
- (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.

(b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 5 or 6 will override a due Exercise and/or an Issuer Call.

(c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.

(d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website ● (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.

- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.
- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date, then the Valuation Date or the Issuer Call 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 or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Reference Asset 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 Event [or the Emerging Market Disruption Event] 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 Reference Asset (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 (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
- (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 iure* 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 in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable 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 Reference Asset; 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 price of the Reference Asset on the Valuation Date[,][or][Issuer Call Date][,][or Knock-out Termination Date,] and/or on each of the three Trading Days following the Valuation Date[,][or][Issuer Call Date][,][or Knock-out Termination 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 [and the Issuer's] determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Reference Asset by another index future contract;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK OPEN END [QUANTO] TURBO WARRANTS [CALL] [PUT]

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]²²⁸.

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 a day on which each Clearing Agent is open for business][•];

"Calculation Agent" means •, subject to a replacement pursuant to General Condition 8;

"Calculation Period" means [each period from (but excluding) the [Issue] [Launch] Date to (and including) the first Trading Day and thereafter each period from (but excluding) the immediately preceding Trading Day to (and including) the current Trading Day] [•];

"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):

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier.}]^{229}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier.}]^{230}$$

The Cash Amount shall not be less than • [zero] and 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] [upwards], if necessary;

"Certification" means a certification in accordance with Product Condition 2(k);

"Clearing Agent" means •;

"Current Funding Spread" means [the rate (expressed as a per annum percentage rate) as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*), having regard to the Strike Currency and prevailing market conditions, including, but not limited to, (i) the liquidity of the global financial markets; (ii) the availability and cost of capital and credit; (iii) interest rates; (iv) the announcement or implementation of any new or additional law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or

²²⁸ In case of Securities represented by a Global Security.

²²⁹ In case of Turbo Warrants Call.

²³⁰ In case of Turbo Warrants Put.

judicial authority or power which would impose higher capital ratio requirements for banks; (v) or any other condition or event similar to any of the above which as a result would require an adjustment of the Current Funding Spread, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). The Current Funding Spread may be reset by the Calculation Agent on any Trading Day, subject to the Maximum Funding Spread per annum.

If in the reasonable discretion (*billiges Ermessen*) of the Calculation Agent, at any time the market rate for procuring the Shares and/or hedging the Securities with futures materially exceeds such market rate as of the [Issue] [Launch] Date, the Current Funding Spread may be increased to reflect this change, subject to the Maximum Funding Spread per annum. Any such increase of the Current Funding Spread shall be notified to the Securityholders in accordance with General Condition 3[.];]

[The Current Funding Spread on the [Issue] [Launch] Date is •;]

"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 [or],] the Issuer Call Date[or Knock-out Termination Date]by reference to [•²³¹ (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 notified 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]²³² [•];]

"Exercise" means [a Securityholder's right to exercise the Securities in accordance with Product Condition 2(b)] [•];

"Exercise Date" means [the [•] Business Day preceding the scheduled Valuation Date] [•];

"Exercise Time" means •;

"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 (a) the exercise of such Security and/or (b) any payment due following exercise or otherwise with respect to such Security;

²³¹ Insert relevant page.

²³² In case of Quanto Securities.

"Final Reference Price" means, subject to Product Conditions 3 and 4, [(i) following an Exercise, the Reference Price [at or about the Valuation Time] on the Valuation Date or (ii) following an Issuer Call, the Reference Price [at or about the Valuation Time] on the Issuer Call Date][●];

"Funding Cost" means, subject to an adjustment in accordance with Product Condition 4[, an amount, as determined on each Trading Day by the Calculation Agent, equal to:

- (a) the Rate [plus]²³³ [minus]²³⁴the Current Funding Spread; multiplied by
- (b) the Strike on the immediately preceding Trading Day; multiplied by
- (c) the number of calendar days elapsed in the Calculation Period divided by 360][●][.];]

[The Funding Cost can be negative[.];]²³⁵

[The Funding Cost will be published on the Issuer's website ● (or any successor website);]

"Global Security" has the meaning given in General Condition 2;]²³⁶

"Initial Leverage" means ●. [The Initial Leverage is indicative only prior to the [Issue] [Launch] Date and will be determined on the [Issue] [Launch] Date][●];]

"Initial Reference Price" means ●, subject to Product Condition 4, [the Reference Price [at or about the Valuation Time] on the Pricing Date][●];]

"Issue Date" means ●;

"Issuer" means 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 ●];

"Issuer Call" means termination of the Securities by the Issuer in accordance with Product Condition 2(c);

"Issuer Call Commencement Date" means ●;

"Issuer Call Date" means [the day specified as such in the notice delivered in accordance with Product Condition 2(c)][●]. If this day is not a Trading Day, the Issuer Call Date shall be the first succeeding Trading Day. The Issuer Call Date shall be subject to a postponement in accordance with Product Condition 3;

"Issuer Call Notice Period" means ●;

"Issuing and Paying Agent" means ● and shall include any other issuing and paying agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;]

²³³ In case of Turbo Warrants Call.

²³⁴ In case of Turbo Warrants Put.

²³⁵ In case of Turbo Warrants Put.

²³⁶ In case of Securities represented by a Global Security.

"Knock-out Amount" means [●, less Expenses (if any) and subject to an adjustment in accordance with Product Condition 4][●]²³⁷[.];]

[The Knock-out Amount shall not be less than ● [zero] and 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] [upwards], if necessary;]

"Knock-out Barrier" means [an amount equal to the Strike], subject to an adjustment in accordance with Product Condition 4[●][.];]

[The applicable Knock-out Barrier will be published on the Issuer's website ● (or any successor website)[.];]

[The Knock-out Barrier on the [Issue] [Launch] Date is ●][●];]

"Knock-out Event" occurs [if the price of the Share on the Exchange is at any time on any Trading Day during the Observation Period[, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event [or an Emerging Market Disruption Event]] [less]²³⁸ [greater]²³⁹ than or equal to the Knock-out Barrier][●];

"Knock-out Termination Date" means [the day on which the Knock-out Event occurs][●];

"Launch Date" means ●;]

"Market Disruption Event" means each event specified as market disruption event in Product Condition 3;

"Maturity Date" means [(i) in case of an Exercise in accordance with Product Condition 2(b), the [fifth] Business Day following the Valuation Date; or (ii) in case of an Issuer Call in accordance with Product Condition 2(c), the [fifth] Business Day following the Issuer Call Date; or (iii) in case of a knock-out in accordance with Product Condition 2(d), the [fifth] Business Day following the Knock-out Termination Date, as the case may be][●];

"Maximum Funding Spread" means ●;

"Multiplier" means ●, subject to an adjustment in accordance with Product Condition 4;]

"Notice" means a notice in accordance with Product Condition 2(g);

"Notional Dividend Amount" means [an amount, where applicable converted into the Strike Currency at the prevailing spot rate of exchange, as determined by the Calculation Agent, equal to the sum of the cash dividends and/or other cash distributions declared in respect of the Shares which have an ex-dividend date occurring during the Calculation Period [net of applicable withholding taxes at a rate adjusted by application of the United Kingdom tax treaty

²³⁷ Specify amount.

²³⁸ In case of Turbo Warrants Call.

²³⁹ In case of Turbo Warrants Put.

without regard to any tax credits, and less any Expenses]²⁴⁰ [without regard to any withholding tax or other deductions multiplied by the prevailing dividend percentage payable under market standard stock borrow agreements, as determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*)]²⁴¹ [●];

"Observation Period" means [the period from (and including) the Observation Period Start Time on the [Issue] [Launch] Date up to (and including) the Valuation Time on the Valuation Date or Issuer Call Date][●];

"Observation Period Start Time" means ●;

"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 ●. In the event the Issuer determines that due to a Market Disruption Event [or an Emerging Market Disruption Event] a commercially reasonable pricing (the **"Pricing"**) is not possible on such day, the Pricing Date shall be postponed to such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3];²⁴²]²⁴³

"Principal Paying Agent" means ●, subject to a replacement pursuant to General Condition 8;

"Rate" means [EURIBOR] [LIBOR] [●] as published on [● page ● (or on a page replacing such page)][●] at or about [11 am Central European Time]²⁴⁴ [11 am London time]²⁴⁵ [●].

In the event the rate is not published on the relevant page on the relevant day and time, the Calculation Agent will [●] [request each Reference Bank to provide a quotation for the rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If it is not possible to obtain quotations of the rate by at least two of the Reference Banks then the Calculation Agent will determine the rate in its reasonable discretion (*billiges Ermessen*).]²⁴⁶

²⁴⁰ In case of Turbo Warrants Call.

²⁴¹ In case of Turbo Warrants Put.

²⁴² In case the Pricing Date is on or after the Issue Date.

²⁴³ In case of a subscription period.

²⁴⁴ In case of EURIBOR.

²⁴⁵ In case of LIBOR.

²⁴⁶ In case of EURIBOR and LIBOR.

The Issuer shall notify the Securityholders in accordance with General Condition 3 of any determination of the rate [●];

["**Reference Bank**" means [each of the principal [euro-zone]²⁴⁷ [London]²⁴⁸ office of four major banks in the [euro-zone interbank market]²⁴⁹ [London interbank market]²⁵⁰ which ordinarily provide quotations for the rate]²⁵¹ [●];

"**Reference Price**" means, with respect to any day (a "**Reference Day**") and subject to Product Condition 4, [an amount equal to the price of the Share quoted on the Exchange [at or about the Valuation Time] on such Reference Day without regard to any subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount corresponding to the price determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share [at or about the Valuation Time] on such Reference Day, and notified to the Securityholders in accordance with General Condition 3][●].

If a Market Disruption Event [or an Emerging Market Disruption Event] occurs on any Reference Day other than on a Valuation Date or Issuer Call Date, Product Condition 3 shall apply accordingly with respect to such Reference Day][●];

"**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 ●;

"**Share**" means [●], subject to an adjustment in accordance with Product Condition 4;

"**Share Company**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Strike**" means initially on the [Issue] [Launch] Date ●. After the [Issue] [Launch] Date, the Calculation Agent will determine the Strike on each Trading Day, subject to an adjustment in accordance with Product Condition 4, in accordance with the following formula:

(a) the Strike on the immediately preceding Trading Day; plus

²⁴⁷ In case of EURIBOR.

²⁴⁸ In case of LIBOR.

²⁴⁹ In case of EURIBOR.

²⁵⁰ In case of LIBOR.

²⁵¹ In case of EURIBOR and LIBOR.

- (b) Funding Cost[.]; minus
- (c) the Notional Dividend Amount(s).[•]

[The applicable Strike will be published on the Issuer's website • (or any successor website) [•];

"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 last Trading Day of March in each year, commencing one year after the Issue Date. [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

- (a) Securityholder's Right. The Issuer hereby grants the holder of each Security the right to demand payment on the Maturity Date of:
 - (i) the Cash Amount following an Exercise in accordance with Product Condition 2(b) and subject to delivery of a duly completed Notice or following an Issuer Call in accordance with Product Condition 2(c) and subject to delivery of a duly completed Certification; or
 - (ii) the Knock-out Amount, if a Knock-out Event has occurred in accordance with Product Condition 2(d) and subject to delivery of a duly completed Certification.
- (b) Securityholder's Exercise. Provided a Knock-out Event has not occurred, and notwithstanding notice of an Issuer Call, the Securityholder can exercise the Securities on any Exercise Date by delivery of a duly completed Notice to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent prior to the Exercise Time on an Exercise Date.

For the avoidance of doubt, a termination of the Securities in accordance with Product Condition 4 (c)(ii), 5 or 6 will override a due Exercise and/or an Issuer Call.

- (c) Issuer Call. The Issuer may terminate, subject to a valid Exercise or a Knock-out Event, the Securities, in whole but not in part, on any Business Day by giving Securityholders at least the Issuer Call Notice Period notice of its intention to terminate the Securities, such notice to be given at any time from (and including) the Issuer Call Commencement Date. Any such notice shall be given in accordance with General Condition 3, and shall specify the Issuer Call Date.
- (d) Knock-out. Following a Knock-out Event, the Securities will terminate automatically. The Knock-out Event and the Knock-out Termination Date will be published on the Issuer's website • (or any successor website). A Knock-out Event will override a due Exercise and/or an Issuer Call if the Knock-out Event occurs prior to or on the Valuation Date or Issuer Call Date.
- (e) Settlement. The Issuer shall pay any amounts to be paid pursuant to Product Condition 2(a) to the Clearing Agent for credit to the account of the Securityholder on the Maturity Date.
- (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.
- (g) Notice. 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 with the Clearing Agent to be debited with the Securities to which it relates;
 - (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount (if any) for such Securities;
 - (v) include a Certification in accordance with Product Condition 2(k); and
 - (vi) consent to the production of such Notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Paying Agent of its holding of such Securities.

- (i) Determinations. Subject as set out below, failure to properly complete a Notice in the manner set out above and to deliver it 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 to notify the relevant Securityholder without undue delay if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

If a Notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to [such Clearing Agent] [the Issuing and Paying Agent] and copied to the Principal Paying Agent.

- (j) Delivery of a Notice. Delivery of a Notice by or on behalf of a Securityholder shall be irrevocable with respect to the Securities specified and Notice may not be withdrawn after receipt by [a Clearing Agent] [the Issuing and Paying Agent] as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) Certification. All payments shall be subject to the delivery of a duly completed Certification to [a Clearing Agent] [the Issuing and Paying Agent] with a copy to the Principal Paying Agent. 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% 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.
- (l) Incomplete Certification. The Principal Paying Agent shall use its best efforts to notify the relevant Securityholder without undue delay if it has determined that a Certification is incomplete.

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 Issuer Call Date, then the Valuation Date or the Issuer Call 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 or the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date or the Issuer Call Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant 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 Event [or the Emerging Market Disruption Event] 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) 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) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchangeif, 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 the 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 (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
- (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 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 iure* 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)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS AND EARLY TERMINATION

- (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 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 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 Issuer shall notify the Securityholders of the date of termination and the Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable 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, Issuer Call Date or Knock-out Termination 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 in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are not under any 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 as soon as practicable to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination in accordance with this Product Condition 4.

5. EARLY TERMINATION IN CASE OF A CHANGE IN LAW

The Issuer shall have the right to terminate at any time 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 (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 "**Early Termination Amount**"). The Issuer shall notify the Securityholders of the date of termination and the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. ADJUSTMENTS OR EARLY TERMINATION FOLLOWING A HEDGING DISRUPTION EVENT

- (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:
- (i) to 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 (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 "**Hedging Disruption Termination Amount**").

The Issuer shall notify the Securityholders of the date of termination and the Hedging Disruption Termination Amount in accordance with General Condition 3 and the Issuer shall pay as soon as practicable the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) to replace the Share by another share;
 - (iii) to 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 in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified as soon as practicable to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are intended for information purposes only.

[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 8, 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, Germany, 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.

SIGNATURE PAGE

London, 1 March 2012

The Royal Bank of Scotland plc

By:

Signature

BENJAMIN A. WEIL
Authorised Signatory