

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)*

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**THIRTEENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(ELEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2011**")  
(THIRTEENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2012**")  
(ELEVENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")

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

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

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

The purpose of this Supplement is 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 Prospectuses, 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 Prospectuses, 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*) betrugen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.203 Mrd. und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 16,4 % für die Gesamtkapitalquote, 10,2 % für die Kernkapitalquote (*Core Tier 1*) und 11,9 % für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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).

4. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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 via the RNS 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 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](mailto:investor.relations@rbs.com).

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

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section **"INFORMATION ABOUT THE ISSUER"**, 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 Warrants Base Prospectus 2012 and in the REX 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 following sections of the Annual Report and Accounts 2012 of RBSG (the **"Relevant Sections of the Annual Report 2012 of RBSG"**) which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;
  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
  - (vii) Accounting policies on pages 360 to 372;
  - (viii) Notes on the consolidated accounts on pages 373 to 474;
  - (ix) Parent company financial statements and notes on pages 475 to 486;
  - (x) Essential reading – Highlights on pages 2 to 3;
  - (xi) Chairman's statement on pages 10 to 11;
  - (xii) Group Chief Executive's review on pages 12 to 13;
  - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
  - (xv) Divisional review on pages 21 to 32;
  - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
  - (xvii) Corporate governance on pages 303 to 308;
  - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
  - (xix) Directors' remuneration report on pages 322 to 342;
  - (xx) Compliance report on pages 343 to 344;
  - (xxi) Report of the Directors on pages 345 to 349;
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  - (xxviii) Major shareholders on page 501;
  - (xxix) Material contracts on pages 501 to 502; and
  - (xxx) Glossary of terms on pages 528 to 535;
4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
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  - (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 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;
  6. 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;
  7. 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;
  8. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the **"Unaudited H1 2013 Results of RBSG"**) which were published via the RNS on 2 August 2013; and

9. 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 via the RNS on 30 August 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.



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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

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 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 Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
7. the Press Release dated 9 May 2013;
8. the Press Release dated 12 June 2013;
9. the Press Release dated 2 August 2013;
10. the Unaudited H1 2013 Results of RBSG; and
11. the Unaudited Interim Results 2013 of the Issuer.

The documents referred to in 1. to 5. and 7. to 11. were filed with the FSA and the FCA, respectively. The document referred to in 6. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland

Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

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

London, 4 September 2013

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

7 August 2013

## **The Royal Bank of Scotland plc**

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

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

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AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
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SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(TENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO  
**WARRANTS** (THE "**WARRANTS 2011**")  
**(TWELFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO  
**WARRANTS** (THE "**WARRANTS 2012**")  
**(TENTH SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"**SECURITIES**")

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

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

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

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to 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 Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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 Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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;
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- (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 via the RNS 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](mailto:investor.relations@rbs.com).

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

3. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, 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 Warrants Base Prospectus 2012 and in the REX 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 following sections of the Annual Report and Accounts 2012 of RBSG (the **"Relevant Sections of the Annual Report 2012 of RBSG"**) which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;
  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
  - (vii) Accounting policies on pages 360 to 372;
  - (viii) Notes on the consolidated accounts on pages 373 to 474;
  - (ix) Parent company financial statements and notes on pages 475 to 486;
  - (x) Essential reading – Highlights on pages 2 to 3;
  - (xi) Chairman's statement on pages 10 to 11;
  - (xii) Group Chief Executive's review on pages 12 to 13;
  - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
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4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
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  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
5. 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;
  6. 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;
  7. 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; and
  8. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the **"Unaudited H1 2013 Results of RBSG"**) which were published via the RNS on 2 August 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.

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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

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 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 Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
7. the Press Release dated 9 May 2013;
8. the Press Release dated 12 June 2013;
9. the Press Release dated 2 August 2013; and
10. the Unaudited H1 2013 Results of RBSG.

The documents referred to in 1. to 5. and 7. to 10. were filed with the FSA and the FCA, respectively. The document referred to in 6. 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.

London, 7 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)*

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**ELEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(NINTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2011**")  
(ELEVENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2012**")  
(NINTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")

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

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

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

The purpose of this Supplement is:

- (i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") of planned management changes which was published on 9 May 2013;
- (ii) to update the Base Prospectuses with respect to an announcement by RBSG that Stephen Hester will be stepping down as the Group's Chief Executive which was published on 12 June 2013; and
- (iii) 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.



1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, in the subsection **"Recent developments"** the paragraph with the heading *"Large exposure regime"* shall be replaced by the following paragraphs:

*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.

*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.

2. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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;
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  - (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;
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- (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:

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  - (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 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 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](mailto:investor.relations@rbs.com).

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3. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", in the subsection "**Recent developments**" the paragraph with the heading "*Large exposure regime*" shall be replaced by the following paragraphs :

*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.

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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.



4. In the Warrants Base Prospectus 2012 and in the REX 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 following sections of the Annual Report and Accounts 2012 of RBSG (the **"Relevant Sections of the Annual Report 2012 of RBSG"**) which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;
  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
  - (vii) Accounting policies on pages 360 to 372;
  - (viii) Notes on the consolidated accounts on pages 373 to 474;
  - (ix) Parent company financial statements and notes on pages 475 to 486;
  - (x) Essential reading – Highlights on pages 2 to 3;
  - (xi) Chairman's statement on pages 10 to 11;
  - (xii) Group Chief Executive's review on pages 12 to 13;
  - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
  - (xv) Divisional review on pages 21 to 32;
  - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
  - (xvii) Corporate governance on pages 303 to 308;
  - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
  - (xix) Directors' remuneration report on pages 322 to 342;
  - (xx) Compliance report on pages 343 to 344;
  - (xxi) Report of the Directors on pages 345 to 349;
  - (xxii) Statement of directors' responsibilities on page 350;
  - (xxiii) Financial Summary on pages 488 to 497;
  - (xxiv) Exchange rates on page 498;
  - (xxv) Economic and monetary environment on page 499;
  - (xxvi) Supervision on page 500;
  - (xxvii) Description of property and equipment on page 501;
  - (xxviii) Major shareholders on page 501;
  - (xxix) Material contracts on pages 501 to 502; and
  - (xxx) Glossary of terms on pages 528 to 535;
4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
  - (ii) Consolidated income statement on page 307;
  - (iii) Consolidated statement of comprehensive income on page 308;
  - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
  - (v) Consolidated statement of changes in equity on pages 310 to 312;
  - (vi) Consolidated cash flow statement on page 313;
  - (vii) Accounting policies on pages 314 to 326;
  - (viii) Notes on the consolidated accounts on pages 327 to 419;
  - (ix) Parent company financial statements and notes on pages 420 to 431;

- (x) Essential reading – Highlights on page 1;
  - (xi) Chairman's statement on page 9;
  - (xii) Group Chief Executive's review on pages 10 to 11;
  - (xiii) Our key targets on page 13;
  - (xiv) Our business and our strategy on pages 14 to 18;
  - (xv) Divisional review on pages 19 to 29;
  - (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the Directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial Summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
5. the unaudited Interim Management Statement Q1 2013 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2013 which was published on 3 Mai 2013;
  6. 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; and
  7. 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.

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.

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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

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 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 Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Unaudited Interim Statement of RBSG;
7. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
8. the Press Release dated 9 May 2013; and
9. the Press Release dated 12 June 2013.

The documents referred to in 1. to 6., 8. and 9. were filed with the FSA and the FCA, respectively. The document referred to in 7. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 9. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

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

London, 20 June 2013

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

3 May 2013

## **The Royal Bank of Scotland plc**

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

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**TENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**



**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(EIGHTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
**(THE "WARRANTS BASE PROSPECTUS 2011")**

RELATING TO

**WARRANTS (THE "WARRANTS 2011")  
(TENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
**(THE "WARRANTS BASE PROSPECTUS 2012")**

RELATING TO

**WARRANTS (THE "WARRANTS 2012")  
(EIGHTH SUPPLEMENT)**

**(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")**

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

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

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

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q1 2013 of The Royal Bank of Scotland Group plc ("**RBSG**") for the first quarter 2013 ended 31 March 2013 which was published on 3 May 2013.

1. In the Base Prospectuses, 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 Q1 2013 of RBSG for the first quarter 2013 ended 31 March 2013, the Group had total assets of £1,308 billion and owners's equity of £71 billion as at 31 March 2013. The Group's capital ratios as at that date were a total capital ratio of 15.5 per cent, a Core Tier 1 capital ratio 10.8 per cent and a Tier 1 capital ratio of 12.9 per cent.

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

Nach dem ungeprüften Zwischenbericht Q1 2013 des Managements (*Interim Management Statement Q1 2013*) der RBSG für das am 31. März 2013 endende erste Quartal 2013 betrugen die Gesamtvermögenswerte der Gruppe zum 31. März 2013 £1.308 Mrd., und das Eigenkapital der Gruppe betrug £71 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betrugen 15,5% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 12,9% für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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 unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published on 3 May 2013.

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](mailto:investor.relations@rbs.com).

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

4. In the Warrants Base Prospectus 2012 and in the REX 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 following sections of the Annual Report and Accounts 2012 of RBSG (the **"Relevant Sections of the Annual Report 2012 of RBSG"**) which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
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  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
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  - (viii) Notes on the consolidated accounts on pages 373 to 474;
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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;

- (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;
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  - (xxviii) Major shareholders on page 501;
  - (xxix) Material contracts on pages 501 to 502; and
  - (xxx) Glossary of terms on pages 528 to 535;
4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
  - (ii) Consolidated income statement on page 307;
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  - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
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- (x) Essential reading – Highlights on page 1;
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- (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;
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- (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 unaudited Interim Management Statement Q1 2013 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2013 which was published on 3 Mai 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.

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

---

### **DOCUMENTS INCORPORATED BY REFERENCE**

---

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

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 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 Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Unaudited Interim Statement of RBSG;
7. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 6. were filed with the FSA. The document referred to in 7. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 6. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

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

London, 3 May 2013

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

15 April 2013

## **The Royal Bank of Scotland plc**

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

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**NINTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(SEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2011**")  
(NINTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2012**")  
(SEVENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")

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



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

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

The purpose of this Supplement is:

- (i) to update the Base Prospectuses with respect to the registration document of The Royal Bank of Scotland plc (the "**Issuer**") dated 12 March 2013 which was published on 13 March 2013;
- (ii) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") of a further sale of Direct Line Group ("**DLG**") ordinary shares held by RBSG which was published on 13 March 2013;
- (iii) to update the Base Prospectuses with respect to the Annual Report and Accounts 2012 of RBSG for the year ended 31 December 2012 which were published on 27 March 2013; and
- (iv) to update the Base Prospectuses 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 2013.

1. On the cover page of the Base Prospectuses, 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 REX Base Prospectus 2011 and in the REX Base Prospectus 2012, 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 reverse exchangeable securities (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 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 Warrants Base Prospectus 2011 and in the Warrants Base Prospectus 2012, 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 warrants (the "Securities" or the "Warrants") 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.*

4. In the Base Prospectuses, 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.

5. In the Base Prospectuses, 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.

6. In the REX Base Prospectus 2011 and in the REX Base Prospectus 2012, 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 Rohstoffanleihen, Rohstoff-Terminkontraktanleihen, Fondsanleihen, Indexanleihen, Aktienanleihen und Aktienkorporationsanleihen (die „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.*

7. In the Warrants Base Prospectus 2011 and in the Warrants Base Prospectus 2012, 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 Optionsscheine (die „Wertpapiere“ oder die „Optionsscheine“) 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.*

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

Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBSG betrugen die Gesamtvermögenswerte der Gruppe zum 31. Dezember 2012 £1.312 Mrd., und das Eigenkapital betrug £68 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betrugen 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 betrugen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2012 £1,284 Mrd., und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 15,4% für die Gesamtkapitalquote, 9,5% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

9. In the Base Prospectuses, 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.

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

*Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, 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.*

11. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"** shall be replaced as follows:

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## **INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**

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### **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.

### *Large exposure regime*

Following the grant of direction by the UK Prudential Regulation Authority, the Issuer is no longer in breach of certain current rules relevant to intra-group exposures.

### **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.

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](mailto:investor.relations@rbs.com).



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

### **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.

12. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section **"INFORMATION ABOUT THE ISSUER"** shall be replaced as follows:

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## INFORMATION ABOUT THE ISSUER

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### 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.

#### *Large exposure regime*

Following the grant of direction by the UK Prudential Regulation Authority, the Issuer is no longer in breach of certain current rules relevant to intra-group exposures.

### **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 following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
  - (i) Independent auditor's report on page 352;
  - (ii) Consolidated income statement on page 353;
  - (iii) Consolidated statement of comprehensive income on page 354;
  - (iv) Consolidated balance sheet on page 355;
  - (v) Consolidated statement of changes in equity on pages 356 to 358;
  - (vi) Consolidated cash flow statement on page 359;
  - (vii) Accounting policies on pages 360 to 372;
  - (viii) Notes on the consolidated accounts on pages 373 to 474;
  - (ix) Parent company financial statements and notes on pages 475 to 486;
  - (x) Essential reading – Highlights on pages 2 to 3;
  - (xi) Chairman's statement on pages 10 to 11;

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

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

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;

- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading – Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

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.

## **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.

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

### **Available Documents**

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

14. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, 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](mailto: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.)-(6.) 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. the Base Prospectus 2011 and any Supplements thereto;
5. this Base Prospectus and any Supplements; and
6. 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.**



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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

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 sub-section "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 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 Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 5. were filed with the FSA. The document referred to in 6. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 6. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com).

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

London, 15 April 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)*

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SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**EIGHTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2011**")  
(EIGHTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

**WARRANTS** (THE "**WARRANTS 2012**")  
(SIXTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")

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

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

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

The purpose of this Supplement is to update the Base Prospectuses 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 Prospectuses, 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 Prospectuses, 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 betrugen 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 betrugen 14,5% für die Gesamtkapitalquote, 10,3% für die Kernkapitalquote (*Core Tier 1*) und 12,4% für die Kapitalquote (*Tier 1*).



3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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 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](mailto:investor.relations@rbs.com).

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

4. In the Warrants Base Prospectus 2012 and in the REX 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"):

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

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;

- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of 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;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;

- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

d) the Annual Report and Accounts 2011 of 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;

e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;

f) the preliminary unaudited Annual Results 2012 of RBSG (the "**Unaudited Annual Results 2012 of RBSG**") for the year ended 31 December 2012 which were published on 28 February 2013;

g) 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;

h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and

i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published by RBSG on 17 October 2012.

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.



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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (a) The 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;
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) 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);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Annual Results 2012 of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;

- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

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

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

London, 28 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)*

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SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**SEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO  
**WARRANTS** (THE "**WARRANTS 2011**")  
**(SEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

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

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"**SECURITIES**")

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

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

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

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

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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.



2. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", 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)*

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**SIXTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO  
**WARRANTS** (THE "**WARRANTS 2011**")  
**(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

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

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"**SECURITIES**")

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

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

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

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

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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.

2. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", 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

6 November 2012

## **The Royal Bank of Scotland plc**

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

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**FIFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(THIRD SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
**(THE "WARRANTS BASE PROSPECTUS 2011")**

RELATING TO

**WARRANTS (THE "WARRANTS 2011")  
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
**(THE "WARRANTS BASE PROSPECTUS 2012")**

RELATING TO

**WARRANTS (THE "WARRANTS 2012")  
(THIRD SUPPLEMENT)**

**(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")**

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

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

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

The purpose of this Supplement is to update the Base Prospectuses 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 Prospectuses, 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 Prospectuses, 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 betrugen 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 betrugen 14,6% für die Gesamtkapitalquote, 11,1% für die Kernkapitalquote (*Core Tier 1*) und 13,4% für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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](mailto:investor.relations@rbs.com).

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

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the 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 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**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"), excluding:

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

The information contained in the Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

5. In the Warrants Base Prospectus 2012 and in the REX 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"):

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

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;

- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of 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;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;

- (xvi) Business review on pages 32 to 249;
  - (xvii) Corporate governance on pages 258 to 262;
  - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
  - (xix) Directors' remuneration report on pages 274 to 295;
  - (xx) Report of the directors on pages 298 to 302;
  - (xxi) Directors' interests in shares on page 303;
  - (xxii) Financial summary on pages 433 to 441;
  - (xxiii) Exchange rates on page 441;
  - (xxiv) Economic and monetary environment on page 442;
  - (xxv) Supervision on page 443;
  - (xxvi) Regulatory developments and reviews on page 444;
  - (xxvii) Description of property and equipment on page 445;
  - (xxviii) Major shareholders on page 445;
  - (xxix) Material contracts on pages 445 to 450; and
  - (xxx) Glossary of terms on pages 476 to 483;
- d) the Annual Report and Accounts 2011 of 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;
- e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the **"Press Release dated 1 May 2012"**) which was published by RBSG on 1 May 2012;
- f) the unaudited Interim Management Statement Q3 2012 of RBSG (the **"Unaudited Interim Statement of RBSG"**) for the third quarter ended 30 September 2012 (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5) which was published on 2 November 2012;
- g) 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;
- h) the press release entitled "Statement on disposal of UK Branch-based Business" (the **"Press Release dated 15 October 2012"**) which was published by RBSG on 15 October 2012; and
- i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the **"Press Release dated 17 October 2012"**) which was published by RBSG on 17 October 2012.

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.



6. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

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### DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the 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;
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) 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);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Interim Statement of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;

- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

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

London, 6 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)*

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**FOURTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS**

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(SECOND SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO  
**WARRANTS** (THE "**WARRANTS 2011**")  
**(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT  
(THE "**WARRANTS BASE PROSPECTUS 2012**")

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

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"**SECURITIES**")

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

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

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website). If parts of the Base Prospectuses 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 Prospectuses, 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 Prospectuses, 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 betrugen 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 betrugen 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*) betrugen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.359 Mrd. und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 15,4 % für die Gesamtkapitalquote, 9,9 % für die Kernkapitalquote (*Core Tier 1*) und 11,6 % für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"** shall be replaced as follows:

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## **INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**

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### **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](http://www.moody's.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this 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;
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- (xv) Divisional review on pages 19 to 29;
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- (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;
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- (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](mailto:investor.relations@rbs.com).

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



4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section **"INFORMATION ABOUT THE ISSUER"** shall be replaced as follows:

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## INFORMATION ABOUT THE ISSUER

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### 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"**) and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the 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) (see section "Documents Incorporated by Reference").

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

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### 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](http://www.moody's.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this 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.

### **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"):

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

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;

- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of 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;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;

- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
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- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
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- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

d) the Annual Report and Accounts 2011 of 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;

- e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- f) the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 (the "**Unaudited Interim Results of RBSG**") which were published on 3 August 2012;
- g) 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;
- h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and
- i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published by RBSG on 17 October 2012.

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.

### **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.

5. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, 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](mailto:investor.relations@rbs.com), and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) 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.**



6. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, 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](mailto:investor.relations@rbs.com), and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (e)-(g) 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) the Base Prospectus 2011 and any Supplements thereto;
- (f) this Base Prospectus and any Supplements; and
- (g) 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.**

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

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### **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (a) the 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);
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) 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);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Interim Results of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;
- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

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

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

London, 24 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)*

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### SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

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

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND  
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**THIRD SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 (THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS  
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND**

**REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,  
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE  
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")  
(FIRST SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS  
**(THE "WARRANTS BASE PROSPECTUS 2011")**

RELATING TO

**WARRANTS (THE "WARRANTS 2011")  
(THIRD SUPPLEMENT)**

BASE PROSPECTUS DATED 14 JUNE 2012 (THE "WARRANTS BASE PROSPECTUS 2012")

RELATING TO

**WARRANTS (THE "WARRANTS 2012")  
(FIRST SUPPLEMENT)**

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE  
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE  
"SECURITIES")

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If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, 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 Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website). If parts of the Base Prospectuses 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 Warrants Base Prospectus 2011 as follows:

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## SUMMARY

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any warrants (the "Securities" or the "Warrants") 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.*

<b>Issuer:</b>	The Royal Bank of Scotland plc (the " <b>Issuer</b> " or " <b>RBS</b> ")
<b>General Information about the Issuer and the Group:</b>	The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " <b>Issuer Group</b> ") 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 (" <b>RBSG</b> "), 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 " <b>Group</b> "). 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 (" <b>NatWest</b> "). 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 Warrants Base Prospectus 2011 as follows:

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**ZUSAMMENFASSUNG**  
**(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Optionsscheine (die „Wertpapiere“ oder die „Optionsscheine“) 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 betrugen 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 betrugen 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 betrugen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 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 Absicherung 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 "**SUMMARY**" up to (and including) the paragraph with the heading "**Risk Factors relating to the Issuer**" shall be replaced in the REX Base Prospectus 2011 as follows:

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## SUMMARY

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any reverse exchangeable securities (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.

4. 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 REX Base Prospectus 2011 as follows:

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**ZUSAMMENFASSUNG**  
**(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Rohstoffanleihen, Rohstoff-Terminkontraktanleihen, Fondsanleihen, Indexanleihen, Aktienanleihen und Aktienkorporationsanleihen (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 betrugen 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 betrugen 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 betrugen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu

diesem Datum betrugen 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 Schuldnern 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.

5. The section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced in the Warrants Base Prospectuses 2011 and in the REX Base Prospectuses 2011 as follows:

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## **INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**

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### **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
<b>Senior notes with a maturity of one year or more</b>	A2	A3
<b>Senior notes with a maturity of less than one year</b>	P-1	P-2

The 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](http://www.moody's.com)). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this 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.

6. In the section "**INFORMATION ABOUT THE ISSUER**" the last sentence of the chapter "**Proposed Dutch Scheme**" shall be replaced in the Warrants Base Prospectus 2012 and REX Base Prospectus 2012 by the following sentences:

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.

7. In the section "**INFORMATION ABOUT THE ISSUER**" the following chapter "**Rating information**" shall be inserted after the chapter "**Proposed Dutch Scheme**" in the Warrants Base Prospectus 2012 and REX Base Prospectus 2012:

### **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:

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

The 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.moodys.com](http://www.moodys.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.

8. In the section "**GENERAL INFORMATION**" the chapter "**Available Documents**" shall be replaced in the Warrants Base Prospectus 2011 and the REX Base Prospectus 2011 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.**

9. In the section "**GENERAL INFORMATION**" the chapter "**Available Documents**" shall be replaced in the Warrants Base Prospectus 2012 and the REX Base Prospectus 2012 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)-(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 Base Prospectus 2011 and any Supplements thereto;
- (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, 27 June 2012

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory

28 February 2012

**The Royal Bank of Scotland plc**

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

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SUPPLEMENT

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY THE PREVIOUS

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

RELATING TO **COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD**

**CONTRACTS AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE**

**SECURITIES, FUND REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE**

**EXCHANGEABLE SECURITIES, SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES,**

**STOCK BASKET REVERSE EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES**")

(**SECOND SUPPLEMENT**)

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY THE PREVIOUS

SUPPLEMENT (THE "**WARRANTS BASE PROSPECTUS**")

RELATING TO **WARRANTS** (THE "**WARRANTS**")

(**SECOND SUPPLEMENT**)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE  
"SECURITIES")

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If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, 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 Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website). If parts of the Base Prospectuses 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. On the cover page of the Warrants Base Prospectus and on page 2 of the REX Base Prospectus, the second paragraph shall be replaced by the following paragraph:

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**").

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

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## SUMMARY

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any Securities issued by The Royal Bank of Scotland 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.*

<b>Issuer:</b>	The Royal Bank of Scotland plc (the " <b>Issuer</b> " or " <b>RBS</b> ")
<b>General Information about the Issuer and the Group:</b>	The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " <b>Issuer Group</b> ") 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.

3. 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 Prospectuses as follows:

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**ZUSAMMENFASSUNG**  
**(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland 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 betrugen 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 betrugen 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 betrugen die Gesamtvermögenswerte der Emittentengruppe £1.299,7 Mrd., und das Eigenkapital betrug £56,9 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 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 Anleihemarktmärkten 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.

4. The second paragraph of the section "**RISK FACTORS**" shall be replaced in the Base Prospectuses by the following paragraph:

*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.*

5. The section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced in the Base Prospectuses as follows:

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## **INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**

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### **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.

## 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](mailto:investor.relations@rbs.com).

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

London, 28 February 2012

**The Royal Bank of Scotland plc**

By:

Signature

BENJAMIN A. WEIL  
Authorised Signatory

27 January 2012

## **The Royal Bank of Scotland plc**

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

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### **SUPPLEMENT**

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

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

TO THE FOLLOWING BASE PROSPECTUSES

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

BASE PROSPECTUS DATED 24 JUNE 2011

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

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

BASE PROSPECTUS DATED 24 JUNE 2011 (THE "**WARRANTS BASE PROSPECTUS** ")

RELATING TO **WARRANTS** (THE "**WARRANTS** ")  
(**FIRST SUPPLEMENT**)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE  
"SECURITIES")

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If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, 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 Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email: [investor.relations@rbs.com](mailto:investor.relations@rbs.com) and via the Issuer's website [www.rbs.de/markets](http://www.rbs.de/markets) for investors in Germany, [www.rbsbank.at/markets](http://www.rbsbank.at/markets) for investors in Austria and [www.rbs.com/markets](http://www.rbs.com/markets) for all other investors (or any successor website). If parts of the Base Prospectuses 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. On the cover page of the Warrants Base Prospectus and on page 2 of the REX Base Prospectus, the second paragraph shall be replaced by the following paragraph:

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (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. The section "**SUMMARY**" up to (and including) the paragraph with the heading "**Risk Factors relating to the Issuer**" shall be replaced in the Base Prospectuses as follows:

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## SUMMARY

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any Securities issued by The Royal Bank of Scotland 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 5 August 2011 (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.*

<b>Issuer:</b>	The Royal Bank of Scotland plc (the " <b>Issuer</b> " or " <b>RBS</b> ")
<b>General Information about the Issuer and the Group:</b>	The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " <b>Issuer Group</b> ") 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 three principal subsidiaries, the Issuer, National Westminster Bank Plc ("**NatWest**") and The Royal Bank of Scotland N.V. ("**RBS N.V.**"). The Issuer and NatWest are both major United Kingdom clearing banks. RBS N.V. is a bank regulated by the Dutch Central Bank. 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 unaudited Interim Management Statement Q3 2011 of the Group for the third quarter ended 30 September 2011 which was published on 9 November 2011, the Group had total assets of £1,607.7 billion and owners' equity of £77.4 billion as at 30 September 2011. The Group's capital ratios at that date were a total capital ratio of 14.7 per cent, a core tier 1 capital ratio of 11.3 per cent and a tier 1 capital ratio of 13.8 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.

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- Various actions may be taken under the Banking Act 2009 in relation to any securities issued by RBS without the consent of the holders thereof.
- The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group 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.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the 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.

- Lack of liquidity is a risk to the Group's business and there is a risk that the Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower and counterparty credit quality and it may continue to be impacted by any further deteriorations, including as a result of 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 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 is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group's results have been and could be further materially 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 asset protection scheme is costly and may not produce the regulatory capital 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 and any changes or modifications to the scheme conditions may have a negative impact on the expected benefits of the asset protection scheme and may have an adverse impact on the Group.
- 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 negatively impact the Group's capital position.
- The costs of the asset protection scheme may be greater than the benefits received by the Group and the fair value of the asset protection scheme can impact the Group's results of operations.
- Participation in the asset protection scheme may result in greater tax liabilities for the Group and the loss of potential tax benefits.
- Participation in the asset protection scheme may give rise to litigation and regulatory risk.
- 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.

3. 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 Prospectuses as follows:

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**ZUSAMMENFASSUNG**  
**(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 5. August 2011 (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 Tochter-

gesellschaft 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 drei Haupttochterunternehmen, die Emittentin, die National Westminster Bank Plc („**Natwest**“) und die The Royal Bank of Scotland N.V. („**RBS N.V.**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. Die RBS N.V. ist eine durch die Niederländische Zentralbank beaufsichtigte Bank. 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 dem am 9. November 2011 veröffentlichten ungeprüften Zwischenbericht Q3 2011 des Managements der Gruppe für das am 30. September 2011 endende dritte Quartal betrugen zum 30. September 2011 die Gesamtvermögenswerte der Gruppe £1.607,7 Mrd., und das Eigenkapital der Gruppe betrug £77,4 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betrugen 14,7% für die Gesamtkapitalquote, 11,3% für die Kernkapitalquote (core tier 1) und 13,8% für die Kapitalquote (tier 1).

Zum 30. Juni 2011 betrugen die Gesamtvermögenswerte der Emittentengruppe £1.299,7 Mrd., und das Eigenkapital betrug £56,9 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 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 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.
- Hinsichtlich der von der RBS begebenen Wertpapiere können verschiedene Maßnahmen nach dem englischen Bankgesetz von 2009 (*Banking Act 2009*) vorgenommen werden, die nicht der Zustimmung der Inhaber dieser Wertpapiere unterliegen.
- 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 Umsetzung der Empfehlungen des Abschlussberichts könnte die Gruppe erheblich beeinträchtigen.
- 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 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 Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der RBS N.V. auf die RBS kann die Gruppe wesentlich 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.
- Ein Risiko des Geschäfts der Gruppe liegt im Fehlen von Liquidität, und es besteht ein Risiko, dass der Zugang der Gruppe zu Liquidität und zur Refinanzierung eingeschränkt werden könnte.
- Die finanzielle Entwicklung der Gruppe wurde durch die Verschlechterung der Kreditqualität von Schuldern und Geschäftspartnern erheblich beeinträchtigt und kann durch weitere Verschlechterungen noch weitergehend beeinflusst werden, u.a. durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen.
- 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.
- 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 Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu Geschäftsbeeinträchtigungen führen kann.
- Die Ergebnisse der Gruppe wurden durch eine Wertminderung des Goodwill erheblich beeinträchtigt und könnten noch weiter erheblich 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 Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ist teuer und könnte nicht die erwarteten Vorteile für das aufsichtsrechtliche Kapital 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*) und Änderungen oder Modifizierungen der Bedingungen des Programms können sich negativ auf die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken und die Gruppe beeinträchtigen.
- 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 sich negativ auf die Kapitalsituation der Gruppe auswirken.
- Die Kosten des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten können größer sein als der Vorteil, den die Gruppe erhielt, und der Marktwert des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten kann sich auf das Betriebsergebnis der Gruppe auswirken.
- Eine Beteiligung an dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten kann größere Steuerverbindlichkeiten für die Gruppe und den Verlust von potentiellen Steuervorteilen zur Folge haben.
- Eine Beteiligung an dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten kann Prozess- und aufsichtsrechtliche Risiken hervorrufen.
- 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.

4. The second paragraph of the section "**RISK FACTORS**" shall be replaced in the Base Prospectuses by the following paragraph:

*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 5 August 2011 (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 Finanzdienstleistungs-aufsicht) 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.*

5. The section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced in the Base Prospectuses as follows:

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## **INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**

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### **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 5 August 2011 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**").

The Registration Document shall be updated as follows:

- (i) In the section "INTRODUCTION", the fourth through to the tenth paragraph (inclusive) relating to rating information on pages 1 and 2 of the Registration Document shall be updated by the following information:

"Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A"; senior notes issued by RBS with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS "BBB-"; and undated tier 2 notes issued by RBS "BB+". Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A"; senior notes issued by RBS with a maturity of less than one year "F1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A2"; senior notes issued by RBS with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS 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-1" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A "BBB" rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A "BB" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer's inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "A" rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

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 "2" indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions – 1 November 2011" published by Standard & Poor's (available at [www.standardandpoors.com](http://www.standardandpoors.com)), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at [www.moody's.com](http://www.moody's.com)) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at

www.fitchratings.com). The information found at the websites 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 sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings 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 Base Prospectus have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of 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."

- (ii) In the section "RISK FACTORS", the risk factor entitled "The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the Group." on page 5 of the Registration Document shall be updated by the following risk factor:

**"The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the Group.**

The Independent Commission on Banking (the "ICB") was appointed by the Government in June 2010 to review possible structural measures to reform the UK banking system in order to promote, amongst other things, stability and competition. The ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the "Final Report") which sets out the ICB's views on possible reforms to improve stability and competition in UK banking. The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The Group will continue to participate in the debate and to consult with the Government on the implementation of the recommendations set out in the Final Report, the effects of which could materially adversely affect the Group's structure, results of operations, financial condition and prospects."

- (iii) In the section "DESCRIPTION OF THE ROYAL BANK OF SCOTLAND PLC", the final sentence ("Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing.") under the heading "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" on pages 26 and 27 of the Registration Document shall be updated by the following information:

"On 23 September 2011, RBS and RBS N.V. announced that the Court had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, took effect at 00:01hrs on 17 October 2011."

- (iv) In the section "DESCRIPTION OF THE ROYAL BANK OF SCOTLAND PLC", the heading "Other securitisation and securities related litigation in the United States" as well as the paragraphs related thereto on pages 34 and 35 of the Registration Document shall be updated by the following information:

*"Litigation - Other securitisation and securities related litigation in the United States"*

Group companies have been named as defendants in their various roles as issuer, depositor and/or underwriter in a number of claims in the United States that relate to the securitisation and securities underwriting businesses. These cases include purported class action suits and actions by individual purchasers of securities. The cases involve the issuance of mortgage-backed securities and/or collateralised debt obligations for more than US\$35 billion of securities issued by over 100 securitisation trusts. Although the allegations vary by claim, in general, plaintiffs in these actions claim that certain disclosures made in connection with the relevant offerings of such securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued.

In many of these actions, the Group has contractual rights to indemnification from the issuers of the securities (where a Group company is underwriter) and/or the underlying mortgage originator (where a Group company is issuer), but certain of those indemnity rights may prove effectively unenforceable where the issuers or originators are defunct or otherwise unable to perform.

Certain other institutional investors have threatened to assert claims against the Group in connection with various mortgage-related offerings. The Group cannot predict with any certainty whether any of these individual investors will pursue these threatened claims.

With respect to all of these mortgage-backed securities related claims, the Group considers that it has substantial and credible legal and factual defences to these claims and will continue to defend them vigorously. The Group cannot predict the outcome of these claims at this stage and is unable reliably to estimate the liability, if any, that may arise, or its effect on the Group's consolidated net assets, operating results or cash flows in any particular period.

In addition to the above, on 2 September 2011, the US Federal Housing Finance Agency ("FHFA") as conservator for the Federal National Mortgage Association ("**Fannie Mae**") and the Federal Home Loan Mortgage Company ("**Freddie Mac**") filed 17 lawsuits in the United States against a number of international banks and individual defendants, including RBSG,

certain other Group companies and five individual officers and directors of the Group's subsidiaries.

The lawsuits involve allegations that certain disclosures made in connection with the relevant offering or underwriting of securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued. Group entities are named as defendants in their capacities as issuers and underwriters of securities, not as originators of any underlying mortgage loans. The plaintiffs' claims against the Group are currently unquantified.

The FHFA primary lawsuit against Group entities relates to approximately US\$32 billion of AAA rated RMBS issuance during the period 2005-2008 pursuant to which Group entities acted as sponsor/depositor and/or lead underwriter. The aggregate principal amount has been reduced to approximately US\$14 billion outstanding by repayments and recoveries of approximately US\$18 billion and losses to date of approximately US\$0.2 billion.

FHFA has also filed five lawsuits against each of Ally Financial Group, Countrywide Financial Corporation, JP Morgan, Morgan Stanley and Nomura in relation to some of the offerings where a Group entity acted as underwriter and is named amongst the defendants.

Group entities believe they have a variety of substantial and credible legal and factual defences available to all of the FHFA lawsuits and the Group will defend each of the matters vigorously. Additionally, Group entities potentially have recourse to indemnities from the relevant mortgage originators or sponsors/depositors although the amount and extent of any recovery is uncertain and subject to a number of factors, including the ongoing creditworthiness of the indemnifying party. Given the early stages of these matters, the Group cannot predict the outcome of these claims and is unable reliably to estimate the liability, if any, that may arise or its effect on the Group's consolidated net assets, operating results or cash flows in any particular period."

- (v) In the section "DESCRIPTION OF THE ROYAL BANK OF SCOTLAND PLC", the paragraph under the heading "Independent Commission on Banking" on page 39 of the Registration Document shall be updated by the following information:

*"Independent Commission on Banking*

On 16 June 2010, HM Treasury published the terms of reference for the Government's Independent Commission on Banking ("**ICB**"). The ICB was mandated to formulate policy recommendations with a view to: (i) reducing systemic risk in the banking sector, exploring the risk posed by banks of different size, scale and function; (ii) mitigating moral hazard in the banking system; (iii) reducing the likelihood and impact of a bank's failure; and (iv) promoting competition in retail and investment banking with a view to ensuring that the needs of banks' customers are served efficiently and considering the extent to which large banks can gain competitive advantage from being perceived as "too big to fail".

Following an interim report published on 11 April 2011, the ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the "**Final Report**"). The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The Group will continue to participate in the debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could have a negative impact on the Group's consolidated net assets, operating results or cash flows in any particular period."

- (vi) In the section "DESCRIPTION OF THE ROYAL BANK OF SCOTLAND PLC", the fifth paragraph under the heading "Other Investigations" on page 42 and 43 of the Registration Document shall be updated by the following information:

"In July 2010, the FSA notified the Group that it was commencing an investigation into the sale by Coutts & Co of the ALICO (American Life Insurance Company) Premier Access Bond Enhanced Variable Rate Fund ("**EVRF**") to customers between 2001 and 2008 as well as its subsequent review of those sales. Subsequently on 11 January 2011, the FSA revised the investigation start date to December 2003.

On 8 November 2011, the FSA published its Final Notice having reached a settlement with Coutts & Co, under which Coutts & Co agreed to pay a fine of £6.3 million. The FSA did not make any findings on the suitability of advice given in individual cases. Nonetheless, in order to address the possibility that unsuitable advice may potentially have been given in relation to the EVRF, Coutts & Co has agreed to undertake a past business review of its sales of the product. This review will be overseen by an independent third party and will consider the advice given to customers invested in the EVRF as at the date of its suspension, 15 September 2008. As part of the review, Coutts & Co may identify clients affected by the FSA's findings and will offer them redress."

## 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 either audited financial information or interim financial information has been published).

Save in relation to (i) matters referred to on page 22 of the unaudited Interim Results 2011 of the Issuer for the six months ended 30 June 2011 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 43-45 of the unaudited Interim Management Statement Q3 2011 of RBSG), 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.

## **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 the section "Unaudited Pro Forma Financial Information" on page 66 of the Registration Document).
2. The press release headed "Royal Bank of Scotland Group PLC - Preference Shares and Subordinated Securities" published via the Regulatory News Service of the London Stock Exchange plc ("**RNS**") on 20 October 2009.
3. The following sections of the Shareholder Circular published by RBSG on 27 November 2009:
  - (i) "Financial Information" on page 5;
  - (ii) "Part I – Letter From the Chairman of RBS" on pages 10 to 20;
  - (iii) "Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share" on pages 76 to 84;
  - (iv) "Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan" on pages 85 to 86;
  - (v) "Part VI – Definitions" on pages 121 to 133; and
  - (vi) "Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share" on pages 134 to 170.
4. 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.

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 2009 (excluding the section headed "Risk factors" on pages 5 to 23) which were published on 9 April 2010.

6. 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 56 to 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.

7. 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.

8. The press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" (excluding (i) the statement therein which reads "Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement" and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011.

9. The press release entitled "Details of Part VII Scheme – Securities issued by, and guarantees granted by RBS N.V." which was published by RBSG via RNS on 22 July 2011.

10. The unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011 which were published via RNS on 5 August 2011.

11. The unaudited Interim Results 2011 of the Issuer for the six months ended 30 June 2011 which were published via RNS on 26 August 2011.

12. The unaudited Interim Management Statement Q3 2011 of RBSG for the third quarter ended 30 September 2011 which was published via RNS on 4 November 2011.

13. The announcement entitled "The Royal Bank of Scotland Group plc ("RBS") announces strategic and organisational changes in its investment banking/wholesale business" which was published via RNS on 12 January 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](mailto:investor.relations@rbs.com).

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

London, 27 January 2012

**The Royal Bank of Scotland plc**

By:

Signature

BENJAMIN A. WEIL  
Authorised Signatory



24 June 2011

## **The Royal Bank of Scotland plc**

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

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BASE PROSPECTUS

IN ACCORDANCE WITH

SECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES,**

**COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURES CONTRACTS**

**REVERSE EXCHANGEABLE SECURITIES,**

**FUND REVERSE EXCHANGEABLE SECURITIES,**

**INDEX REVERSE EXCHANGEABLE SECURITIES,**

**SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES,**

**STOCK BASKET REVERSE EXCHANGEABLE SECURITIES**

THE ROYAL BANK OF SCOTLAND PLC

LAUNCHPAD PROGRAMME

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This base prospectus (the "**Base Prospectus**") relating to reverse exchangeable securities (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 25 February 2011 (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, 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

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*This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any Securities issued by The Royal Bank of Scotland 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 25 February 2011 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) and which is incorporated into this Base Prospectus by reference, any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland 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.*

<b>Issuer:</b>	The Royal Bank of Scotland plc (the " <b>Issuer</b> " or " <b>RBS</b> ")
<b>General Information about the Issuer and the Group:</b>	The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " <b>Issuer Group</b> ") 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 (" <b>RBSG</b> "), 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 " <b>Group</b> "). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, the Issuer, National Westminster Bank Plc (" <b>NatWest</b> ") and The Royal Bank of Scotland N.V. (" <b>RBS N.V.</b> "). The Issuer and NatWest are both major United Kingdom clearing banks. RBS N.V. is a bank regulated by the Dutch Central Bank. 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 Interim Management Statement Q1 2011 of the Group for the first quarter ended 31 March 2011 which was published on 6 May 2011 and which includes the unaudited first quarter 2011 results of the Group, the Group had total assets of £1,413.3 billion and owners' equity of £74.1 billion as at 31 March 2011. The Group's capital ratios at that date were a total capital ratio of 14.5 per cent, a core tier 1 capital ratio of 11.2 per cent and a tier 1 capital ratio of 13.5 per cent.

The Issuer Group had total assets of £1,307.3 billion and shareholder's equity of £57.0 billion as at 31 December 2010. The Issuer Group's capital ratios as at that date were a total capital ratio of 13.6 per cent, a core tier 1 capital ratio of 8.4 per cent and a tier 1 capital ratio of 10.1 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.

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.

- The special resolution regime may be triggered prior to the insolvency of RBS and RBSG.
- Various actions may be taken in relation to any securities issued by the Issuer without the consent of the holders thereof.
- Contractual arrangements between RBS, other companies within the Group and/or the bridge bank or private sector purchaser may be created, modified or cancelled.
- A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness.
- The Group's businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets.
- 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.
- 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.
- Lack of liquidity is a risk to the Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations, including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The actual or perceived failure or worsening credit of the Group's counterparties has adversely affected and could continue to adversely affect the Group.

- 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 from monoline and other insurers and other market counterparties (including credit derivative product companies) depends on the value of the underlying assets and the financial condition of the insurers and such 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 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 consolidating. If the Group is unable to perform effectively, its business and results of operations will 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 could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.

- The Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group's results have been and could be further materially 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 operations.
- The Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates.
- Her Majesty's Treasury (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the Group.
- The offer or sale by the United Kingdom Government of all or a portion of its stake in RBSG could affect the market price of the Securities and related 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 Group's business and earnings may be adversely affected by geopolitical conditions.
- The restructuring plan for RBS Holdings N.V. is complex and may not realise the anticipated benefits for the Group.
- 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 Issuer has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- The Group is subject to additional risks relating to the Group's participation in the asset protection scheme, the issuance of B shares and the dividend access share.

**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 specific structure of the different types of interests under the Securities, and (x) special risks associated with certain Underlyings of the Securities (e. g. commodities, funds, indices, shares, or baskets of shares).

**Final Terms:**

So-called "Final Terms" will be prepared for each tranche of Securities issued under this Base Prospectus which, in addition to stating the terms and conditions applying to the Securities may but do not need to replicate some information already contained in this Base Prospectus. In the Final Terms, information not currently contained in this Base Prospectus may be added in the placeholders contained in this Base Prospectus, or information currently contained in this Base Prospectus may be deleted if contained in square brackets, or information currently contained in this Base Prospectus may be adjusted as set forth in this Base Prospectus.

**Terms and Conditions of the Securities:**

The applicable terms and conditions of the Securities will be as set out in the general conditions set forth under "General Conditions" (the "**General Conditions**") and in the securities-specific product conditions set forth under "Product Conditions" (the "**Product Conditions**"). The Final Terms applicable to each tranche of Securities may replicate, complete or adjust the General Conditions and/or the securities-specific Product Conditions to reflect the specific structure applicable to a specific tranche of Securities. If the Securities are represented by a Global Security, the General Conditions and the securities-specific Product Conditions will be attached to the Global Security representing the relevant tranche of Securities. The General

Conditions and the Product Conditions applying to a specific tranche of Securities are referred to as "**Conditions**".

**Description of the Securities:**

The types of Securities that may be issued under this Base Prospectus have a fixed term and are described below.

Possible underlyings of the Securities may be commodities (including commodity forward contracts and commodity future contracts), funds, indices, shares (except those of the Issuer or of any other company of the Group), or baskets consisting of such shares (each an "**Underlying**").

The Securities are investment instruments under which the Securityholder does not benefit from an increase of the price or level of the Underlying above the price or level of the Underlying on the pricing date, as determined by the Issuer (the "**Strike**"), and the Securityholder bears a loss in case of a decrease of the price or level of the Underlying.

Following automatic exercise on the exercise date specified in the Final Terms or (where the Underlying is an index) following termination in case of an index early termination event as specified in the Final Terms, the Issuer will

(i) pay a cash amount linked to the nominal amount of the relevant Security, less certain expenses (if any), (the "**Cash Amount**" or the "**Cash Amount 1**"), or

(ii) pay a cash amount linked to the performance of the Underlying during the term of the Securities, less certain expenses (if any), (the "**Cash Amount 2**"), or

(iii) (where the Underlying is a share or a basket of shares) deliver the Underlying (the "**Share Amount**"), subject to the multiplier, if applicable,

all as specified in the Final Terms.

The Securities which provide for payment of the Cash Amount, the Cash Amount 1, or the Cash Amount 2 are referred to as "**cash settled Securities**". The Securities which provide for delivery of the Share Amount are referred to as "**physically settled Securities**".

In case of physically settled Securities it is possible that a cash amount is paid in respect of a fractional entitlement

instead of delivery of this fractional entitlement.

The Final Terms of Securities which are **not Knock-in Securities** may provide that it is at the sole option of the Issuer whether Cash Amount 1 or 2 is paid or whether the Securities are cash settled or physically settled and that this option of the Issuer is exercised only at the end of the term of the Securities.

Alternatively, the Final Terms of Securities which are not Knock-in Securities may provide that

(i) the Cash Amount or the Cash Amount 1, i.e. the nominal-linked amount, is paid if the price or level of the Underlying on the valuation date (the "**Final Reference Price**") is equal to or greater than the Strike or

(ii) the Cash Amount 2, i.e. an amount linked to the performance of the Underlying during the term of the Securities, is paid or the Share Amount is delivered if the Final Reference Price is less than the Strike.

In case of **Knock-in Securities**, the redemption depends upon whether or not a Knock-in Event occurs during a period specified in the Final Terms as the "**Observation Period**". A "**Knock-in Event**" occurs if the price or level of the Underlying is less than or equal to a threshold called the "**Knock-in Barrier**" which barrier is specified in the Final Terms.

The Knock-in Securities may be redeemed following automatic exercise on the exercise date specified in the Final Terms or (where the Underlying is an index) following termination in case of an index early termination event as set forth hereinafter:

(i) if a **Knock-in Event has not occurred** (i.e. if the price or level of the Underlying was always above the Knock-in Barrier during the Observation Period) by payment of the Cash Amount or the Cash Amount 1; or

(ii) if a **Knock-in Event has occurred** (whichever of the following cases applies, will be set forth in the Final Terms)

(a) (x) by payment of the Cash Amount or the Cash Amount 1 or (y) by payment of the Cash Amount 2 or

delivery of the Share Amount, at the sole option of the Issuer, or

- (b) (x) by payment of the Cash Amount or the Cash Amount 1 if the Final Reference Price is equal to or greater than the Strike or (y) by payment of the Cash Amount 2 or delivery of the Share Amount if the Final Reference Price is less than the Strike, or
- (c) (x) by payment of the Cash Amount 1 if the Final Reference Price is equal to or greater than the Strike or (y) at the sole option of the Issuer, by payment of the Cash Amount 2 or delivery of the Share Amount if the Final Reference Price is less than the Strike.

The Securities will bear interest and the Final Terms will set forth whether the interest is paid as a fixed amount or whether it is calculated on the basis of a fixed rate per annum, a floating rate, or a structured rate (e.g. depending on the performance of the Underlying), and the Final Terms may contain further details as to the interest. Unless otherwise specified in the Final Terms, the Securities, however, do not grant any claim to dividends

**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).

**Issue Price:**

The Securities will be sold at a price determined by the Issuer who may, in making such determination, refer to, amongst other factors, the level or price of the Underlying (as the case may be), the relevant multiplier, and any applicable foreign exchange rate(s). The issue price of the Securities is based on internal pricing models of the Issuer and may be higher than their market value due to commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities. Any distributor of the Securities receiving any commission, fee, or non-monetary benefit may be obliged under applicable law to disclose the existence, nature and

amount of such commission, fee or benefit to the investor. Investors should ensure that they have received such information prior to purchasing the Securities from such distributor.

**Listing:**

Whether or not a tranche of Securities will be listed on one or more stock exchange(s) or unofficial market(s), e.g. the *Freiverkehr* of a German stock exchange, or not at all, will be set forth in the Final Terms.

Following notification of the approval of this Base Prospectus in accordance with Section 18(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the Securities may be admitted to trading in the regulated markets or included in the unofficial market segments of, and/or listed on, the stock exchanges of several EEA States and/or offered to the public within the EEA States which have been notified.

**General Conditions:**

Set out below is a summary of certain significant provisions of the General Conditions applicable to all Securities issued under this Base Prospectus.

*Form of Securities:*

The Securities, except in case of Securities issued in dematerialised form, are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.

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

The Final Terms will specify whether the Securities will be represented by a Global Security or issued in dematerialised form.

In either case (whether in global or in dematerialised form), no definitive securities will be issued.

*Securityholder:*

**"Securityholder"** means, in case of Securities represented by a Global Security, the holder of a unit in the Global Security and, in case of Securities issued in dematerialised form, a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.

*Status of the Securities:*

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

*Notices:*

All notices under the Conditions shall either (i) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon such delivery, unless the relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

*Substitution of the Issuer:*

The Issuer may at any time, without the consent of the Securityholders, substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities any entity (the **"Substitute"**), provided that the conditions relating thereto as set forth in the Conditions (including a notice to the Securityholders) have been fulfilled.

*Taxation:*

The Securityholder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right to withhold or deduct from any amount payable to any Securityholder such amount as shall

be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

**Product Conditions:**

Different Product Conditions apply to the different types of Securities detailed in this Base Prospectus. Set out below is a summary of certain significant provisions of the Product Conditions applicable to all types of Securities.

*Exercise of the Securities:*

The Securities will be automatically exercised on the exercise date specified in the Final Terms or (where the Underlying is an index) terminated in case of an index early termination event as specified in the Final Terms.

In case of such automatic exercise or termination, payment and/or delivery are subject to delivery of a certification by the Securityholder.

Any such certification has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

The Securities cannot be exercised by the Securityholders before their exercise date.

*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 (Hedging Disruption Event) as specified in the Final Terms,

(iii) (where the Underlying is a fund) upon the occurrence of a fund disruption event as specified in the Final Terms,

(iv) (where the Underlying is an index) if 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), and

(v) (where the Underlying is a share or a basket of shares) 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. Only where the Securities contain provisions which provide for a minimum assured return of interest or other payments, any such amount to be paid shall not be less than the present value of the minimum assured return of interest or other payments, if any, such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).

*Paying Agent, Principal Paying Agent  
and Calculation Agent:*

The Royal Bank of Scotland plc or such other entity as specified in the Final Terms.

*Settlement of Securities:*

Securities may be settled by payment of a cash amount or by delivery of the Underlying, as specified in the Final Terms.

*Clearing Agent:*

Clearstream Banking AG, Frankfurt ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and/or any other or further Clearing Agent(s) as specified in the Final Terms.

*Market Disruption Event or  
Fund Disruption Event:*

If a Market Disruption Event or a Fund Disruption Event (as the case may be) (in each case as specified in the Final Terms) occurs, the Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the

parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Market Disruption Events are specified in the Final Terms for each type of Security not linked to funds and Fund Disruption Events are specified in the Final Terms for the fund linked Securities. They vary depending on the type of Security.

*Emerging Market Disruption Event:*

If an Emerging Market Disruption Event (as specified in the Final Terms) occurs, Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Emerging Market Disruption Events apply only if specified in the Final Terms. Furthermore, if an Emerging Market Disruption Event occurs in relation to a fund as Underlying the Issuer has the right to terminate the Securities as if a Fund Disruption Event occurred (see above under "Termination by the Issuer").

*Settlement Disruption Event:*

If, in the determination of the Issuer, an event beyond the control of the Issuer occurs with respect to physically settled Securities as a result of which the Issuer cannot make delivery of a Share or of the Share Amount in accordance with such market method as the Issuer determines at the relevant time for delivery (a "**Settlement Disruption Event**"), Securityholders may experience a delay in the delivery of the Share Amount or the Share(s) affected by the Settlement Disruption Event, as set forth in the Final Terms. Furthermore, in case of a Settlement Disruption Event the Issuer may pay the Disruption Cash Settlement Price instead of the delivery of the Share Amount or instead of the Share(s) to be delivered which are affected by the Settlement Disruption Event, as set forth in the Final Terms. The determination of the amount of the Disruption Cash Settlement Price may be adversely affected by the Settlement Disruption Event. The "**Disruption Cash Settlement Price**" corresponds to (i) the fair market value of each Security or (ii) the fair market value of the Share(s) affected by a Settlement Disruption Event, in each case as determined by the Issuer in its reasonable discretion (*billiges*

*Ermessen*) and less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations either (i) under the Securities or (ii) under the Securities with respect to the affected Share(s), as set forth in the Final Terms,

*Hedging Disruption Event:*

If a Hedging Disruption Event (as specified in the Final Terms) occurs, the Issuer may (i) terminate the Securities (see above under "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 of the Securities, on giving notice to the Securityholders elect that, with effect from the date specified in such notice, certain terms of the Securities shall be redenominated in Euro, as further set out in the respective Product Condition.

*Applicable Law:*

The Securities shall be governed by, and construed in accordance with, German law or any other law as specified in the Final Terms.

*Place of Performance and Jurisdiction:*

The place of performance and jurisdiction for the Securities shall be Frankfurt am Main, Germany or any other place of performance and jurisdiction as specified in the Final Terms.

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## ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)

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*Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Wertpapiere durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 25. Februar 2011 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde und das per Verweis in diesen Basisprospekt einbezogen wird, 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 inter-

national durch ihre drei Haupttochterunternehmen, die Emittentin, die National Westminster Bank Plc („**Natwest**“) und die The Royal Bank of Scotland N.V. („**RBS N.V.**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. Die RBS N.V. ist eine durch die Niederländische Zentralbank beaufsichtigte Bank. 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 dem am 6. Mai 2011 veröffentlichten Zwischenbericht Q1 2011 des Managements der Gruppe für das am 31. März 2011 endende erste Quartal, der die ungeprüften Ergebnisse der Gruppe für das erste Quartal 2011 umfasst, betrugen zum 31. März 2011 die Gesamtvermögenswerte der Gruppe £1.413,3 Mrd., und das Eigenkapital der Gruppe betrug £74,1 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betrugen 14,5% für die Gesamtkapitalquote, 11,2% für die Kernkapitalquote (core tier 1) und 13,5% für die Kapitalquote (tier 1).

Zum 31. Dezember 2010 betrugen die Gesamtvermögenswerte der Emittentengruppe £1.307,3 Mrd., und das Eigenkapital betrug £57,0 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betrugen 13,6% für die Gesamtkapitalquote, 8,4% für die Kernkapitalquote (core tier 1) und 10,1% 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.

- 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.
- Die Regeln für ein besonderes Auflösungsverfahren können schon vor einer Insolvenz der RBS bzw. der RBSG Anwendung finden.
- Hinsichtlich der von der Emittentin begebenen Wertpapiere können verschiedene Maßnahmen vorgenommen werden, die nicht der Zustimmung der Inhaber dieser Wertpapiere unterliegen.
- Vertragliche Vereinbarungen zwischen RBS, anderen Gesellschaften der Gruppe und/oder der Brückenbank oder einem Käufer der Privatwirtschaft können abgeschlossen, geändert oder aufgehoben werden.
- Eine teilweise Übertragung des Geschäfts der Emittentin kann zu einer Verschlechterung ihrer Kreditwürdigkeit führen.
- Die Geschäfts-, Ertrags- und Finanzlage der Gruppe wurde durch die Weltwirtschaft und die Instabilität der globalen Finanzmärkte beeinträchtigt und wird hierdurch weiter beeinträchtigt werden.
- 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 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.
- Ein Risiko des Geschäfts der Gruppe liegt im Fehlen von Liquidität, und der Zugang der Gruppe zu Liquidität ist eingeschränkt und wird eingeschränkt bleiben.
- Die finanzielle Entwicklung der Gruppe wurde durch die Verschlechterung der Kreditqualität von Schuldnern erheblich beeinträchtigt und kann durch weitere Verschlechterungen noch weitergehend beeinflusst werden, u.a. durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen.
- Die tatsächliche oder vermutete Verschlechterung der Bonität der Geschäftspartner der Gruppe hat die Gruppe beeinträchtigt und wird sie weiter beeinträchtigen.
- 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 von sogenannten Monolinern (Anleiheversicherern) und weiteren Versicherern sowie anderen Geschäftspartnern (einschließlich Kredit-derivategesellschaften) kauft, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und dieser 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.
- 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 und sich verdichtenden Märkten tätig. Wenn die Gruppe sich nicht erfolgreich entwickelt, werden ihr Geschäft und ihr Betriebsergebnis beeinträchtigt.
- 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 könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu Geschäftsbeeinträchtigungen führen kann.
- Die Ergebnisse der Gruppe wurden durch eine Wertminderung des Goodwill erheblich beeinträchtigt und könnten noch weiter erheblich 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.
- Die Gruppe ist dem Risiko ausgesetzt, dass sich die Steuergesetzgebung und ihre Auslegung ändern und dass sich die Körperschaftsteuer- und andere Steuersätze in den Jurisdiktionen erhöhen, in denen sie tätig ist.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben.
- Das Angebot bzw. die Veräußerung der Aktien der RBSG (oder einem Teil der Aktien) durch den britischen Staat könnte den Marktpreis der Wertpapiere und anderer damit zusammenhängender 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.
- Das Geschäft der Gruppe sowie ihre Erträge können durch geopolitische Bedingungen beeinträchtigt werden.
- Der Restrukturierungsplan für die RBS Holdings N.V. ist komplex und es ist möglich, dass er nicht die erwarteten Vorteile für die Gruppe erbringt.
- 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 Anforder-

ungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.

- Die Emittentin hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen können.
- Die Gruppe unterliegt zusätzlichen Risiken, die sich aus der Beteiligung der Gruppe an dem staatlichen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*), der Begebung von B-Aktien und einer Beteiligung in Form eines sog. *Dividend Access Share* ergeben.

#### 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 Falle einer Finanzierung des Kaufs der Wertpapiere mittels eines Darlehens durch den Wertpapierinhaber das Risiko, dass er möglicherweise nicht in der Lage ist, den Darlehensbetrag zuzüglich Zinsen zurückzuzahlen, (viii) besondere Risiken im Zusammenhang mit den besonderen Merkmalen der verschiedenen Arten von Wertpapieren, (ix) besondere Risiken im Zusammenhang mit den besonderen Merkmalen der verschiedenen Zinsarten unter den Wertpapieren und (x) besondere Risiken im Zusammenhang mit bestimmten Basiswerten der Wertpapiere (beispielsweise Rohstoffe, Fonds, Indizes, Aktien oder Aktienkörbe).

**Endgültige Bedingungen:**

Für jede gemäß diesem Basisprospekt begebene Tranche von Wertpapieren werden sogenannte „Endgültige Bedingungen“ veröffentlicht, in denen neben der Angabe der für die Wertpapiere maßgeblichen Bedingungen einige der bereits in diesem Basisprospekt enthaltenen Informationen wiederholt sein können (aber nicht müssen). In den Endgültigen Bedingungen werden möglicherweise derzeit nicht in diesem Basisprospekt enthaltene Informationen in den in diesem Basisprospekt enthaltenen Platzhaltern ergänzt oder derzeit in diesem Basisprospekt enthaltene Informationen gestrichen, falls sie sich in eckigen Klammern befinden, oder derzeit in diesem Basisprospekt enthaltene Informationen gemäß den Angaben in diesem

Basisprospekt angepasst.

**Wertpapierbedingungen:**

Die für die Wertpapiere geltenden Wertpapierbedingungen sind die unter „Allgemeine Bedingungen“ aufgeführten allgemeinen Bedingungen (die „**Allgemeinen Bedingungen**“) und die unter „Produktbedingungen“ aufgeführten wertpapierspezifischen Produktbedingungen (die „**Produktbedingungen**“). Die auf eine Tranche von Wertpapieren anwendbaren Endgültigen Bedingungen können die Allgemeinen Bedingungen und/oder die wertpapierspezifischen Produktbedingungen wiederholen, vervollständigen oder anpassen, um die spezifische Struktur, die auf die jeweilige Tranche von Wertpapieren anwendbar ist, zu reflektieren. Werden die Wertpapiere durch eine Globalurkunde verbrieft, werden der die betreffende Tranche der Wertpapiere verbriefenden Globalurkunde die Allgemeinen Bedingungen und die wertpapierspezifischen Produktbedingungen beige-fügt. Die Allgemeinen Bedingungen und die für eine bestimmte Tranche von Wertpapieren geltenden Produktbedingungen werden als „**Bedingungen**“ bezeichnet.

**Beschreibung der Wertpapiere:**

Die Wertpapiere, die im Rahmen dieses Basisprospekts begeben werden können, haben eine feste Laufzeit und werden nachfolgend näher beschrieben.

Mögliche Basiswerte der Wertpapiere sind Rohstoffe (einschließlich Terminkontrakte auf Rohstoffe), Fonds, Indizes, Aktien (mit Ausnahme von Aktien der Emittentin bzw. eines anderen Unternehmens der Gruppe) oder aus solchen Aktien zusammengestellte Körbe (jeweils ein „**Basiswert**“).

Die Wertpapiere sind Anlageinstrumente, bei denen der Wertpapierinhaber nicht von einem Anstieg des Kurses, Preises oder Stands des Basiswerts über den von der Emittentin festgelegten Kurs, Preis bzw. Stand des Basiswerts am Preisfeststellungstag (der „**Basispreis**“) hinaus profitiert, und der Wertpapierinhaber im Fall einer Reduzierung des Kurses, Preises oder Stands des Basiswerts einen Verlust erleidet.

Die Emittentin wird nach automatischer Ausübung an dem in den Endgültigen Bedingungen angegebenen Ausübungstag

oder (falls der Basiswert ein Index ist) nach Kündigung im Fall eines in den Endgültigen Bedingungen angegebenen vorzeitigen Beendigungsereignisses des Index

(i) einen auf den Nominalbetrag bezogenen Barbetrag des maßgeblichen Wertpapiers, gegebenenfalls abzüglich Kosten, (der „**Auszahlungsbetrag**“ oder der „**Auszahlungsbetrag 1**“) zahlen oder

(ii) einen Barbetrag, der sich auf die Wertentwicklung des Basiswerts während der Laufzeit der Wertpapiere bezieht, gegebenenfalls abzüglich Kosten, (der „**Auszahlungsbetrag 2**“) zahlen oder

(iii) (falls der Basiswert eine Aktie oder ein Aktienkorb ist) den Basiswert (die „**Aktienanzahl**“) – unter Berücksichtigung des gegebenenfalls anwendbaren Bezugsverhältnisses – liefern, wie jeweils in den Endgültigen Bedingungen angegeben.

Die Wertpapiere, die die Zahlung des Auszahlungsbetrags, des Auszahlungsbetrags 1 oder des Auszahlungsbetrags 2 vorsehen, werden als „**Wertpapiere mit Barabrechnung**“ bezeichnet. Die Wertpapiere, die die Lieferung der Aktienanzahl vorsehen, werden als „**Wertpapiere mit physischer Lieferung**“ bezeichnet.

Bei Wertpapieren mit physischer Lieferung ist es möglich, dass anstelle der Lieferung eines Bruchteils des Basiswerts ein Geldbetrag hinsichtlich dieses Bruchteils gezahlt wird.

Die Endgültigen Bedingungen der Wertpapiere, die **keine Knock-in Wertpapiere** sind, können vorsehen, dass die Emittentin die alleinige Wahl hat, ob der Auszahlungsbetrag 1 oder 2 gezahlt wird bzw. ob eine Barabrechnung oder eine physische Lieferung erfolgt, und dass dieses Wahlrecht der Emittentin lediglich zum Ende der Laufzeit der Wertpapiere ausgeübt wird.

Alternativ können die Endgültigen Bedingungen der Wertpapiere, die keine Knock-in Wertpapiere sind, vorsehen, dass

(i) der Auszahlungsbetrag oder der Auszahlungsbetrag 1, d.h. der auf den Nominalbetrag bezogene Betrag, gezahlt

wird, falls der Kurs, Preis bzw. Stand des Basiswerts am Bewertungstag (der „**Endgültige Referenzpreis**“) höher ist als der Basispreis oder diesem entspricht oder

(ii) der Auszahlungsbetrag 2, d.h. der Betrag, der sich auf die Wertentwicklung des Basiswerts während der Laufzeit der Wertpapiere bezieht, gezahlt wird oder die Aktienanzahl geliefert wird, falls der Endgültige Referenzpreis niedriger als der Basispreis ist.

Im Fall von **Knock-in Wertpapieren** hängt die Rückzahlung davon ab, ob ein Knock-in Ereignis während eines in den Endgültigen Bedingungen als „**Beobachtungszeitraum**“ angegebenen Zeitraums eintritt. Ein „**Knock-in Ereignis**“ tritt ein, wenn der Kurs, Preis oder Stand des Basiswerts niedriger als ein bestimmter Schwellenwert ist oder diesem entspricht. Dieser Schwellenwert wird „**Knock-in Barriere**“ genannt und wird in den Endgültigen Bedingungen angegeben.

Die Knock-in Wertpapiere können nach automatischer Ausübung an dem in den Endgültigen Bedingungen angegebenen Ausübungstag oder (falls der Basiswert ein Index ist) nach Kündigung im Fall eines vorzeitigen Beendigungsereignisses des Index, wie nachfolgend beschrieben, zurückgezahlt werden:

(i) falls ein **Knock-in Ereignis nicht eingetreten** ist (d.h. der Kurs, Preis oder Stand des Basiswerts während des Beobachtungszeitraums stets höher als die Knock-in Barriere ist) durch Zahlung des Auszahlungsbetrags oder des Auszahlungsbetrags 1 oder

(ii) falls ein **Knock-in Ereignis eingetreten** ist (welcher der der folgenden Fälle anwendbar ist, wird in den Endgültigen Bedingungen beschrieben)

(a) (x) durch Zahlung des Auszahlungsbetrags oder des Auszahlungsbetrags 1 oder (y) durch Zahlung des Auszahlungsbetrags 2 oder Lieferung der Aktienanzahl nach alleiniger Wahl der Emittentin, oder

(b) (x) durch Zahlung des Auszahlungsbetrags oder des Auszahlungsbetrags 1, falls der Endgültige Referenzpreis höher als der Basispreis ist oder diesem

entspricht oder (y) durch Zahlung des Auszahlungsbetrags 2 oder Lieferung der Aktienanzahl, falls der Endgültige Referenzpreis niedriger als der Basispreis ist, oder

- (c) (x) durch Zahlung des Auszahlungsbetrags 1, falls der Endgültige Referenzpreis höher als der Basispreis ist oder diesem entspricht oder (y) nach alleiniger Wahl der Emittentin durch Zahlung des Auszahlungsbetrags 2 oder Lieferung der Aktienanzahl, falls der Endgültige Referenzpreis niedriger als der Basispreis ist.

Die Wertpapiere werden verzinst. Die Endgültigen Bedingungen geben an, ob Zinsen als ein Festbetrag gezahlt werden oder ob sie auf der Grundlage eines jährlichen festen Zinssatzes, eines variablen Zinssatzes oder eines strukturierten Zinssatzes (z.B. abhängig von der Wertentwicklung des Basiswerts) errechnet werden. Die Endgültigen Bedingungen können weitere Angaben zur Verzinsung beinhalten.

Sofern in den Endgültigen Bedingungen nicht etwas anderes angegeben ist, verbriefen die Wertpapiere jedoch keinen Anspruch auf Dividenden.

**Quanto Wertpapiere:**

Falls 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.

**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 bzw. Stand des Basiswerts, das maßgebliche Bezugsverhältnis und etwaige anwendbare Devisenkurse berücksichtigen. Der Ausgabepreis der Wertpapiere basiert auf internen Preisbildungsmodellen der Emittentin und kann aufgrund von Provisionen und/oder anderen Gebühren im Zusammenhang mit der Ausgabe und dem Verkauf der Wertpapiere (einschließlich an Vertriebsstellen oder Dritte gezahlter oder von der Emittentin einbehaltener Aufschläge) sowie aufgrund von Beträgen, die für die Absicherung der

Verbindlichkeiten der Emittentin aus den Wertpapieren verwendet werden, höher als deren Marktwert sein. Vertriebsstellen der Wertpapiere, die eine Provision, Gebühr oder Zuwendung, die nicht in Geldform ist, erhalten, sind möglicherweise im Rahmen von einschlägigen gesetzlichen Vorschriften zur Offenlegung des Bestehens, des Wesens und der Höhe entsprechender Provisionen, Gebühren oder Zuwendungen gegenüber Anlegern verpflichtet. Anleger sollten sicherstellen, dass sie vor dem Kauf von Wertpapieren über eine Vertriebsstelle von dieser entsprechend informiert werden.

**Börsennotierung:**

In den Endgültigen Bedingungen ist jeweils angegeben, ob die Notierung einer Tranche von Wertpapieren an einer oder mehreren Börsen oder an einem oder mehreren nicht organisierten Märkten, beispielsweise im Freiverkehr einer deutschen Börse, beantragt wird oder nicht.

Nach Vorliegen der Bescheinigung über die Billigung dieses Basisprospekts nach § 18 Abs. 1 Wertpapierprospektgesetz können die Wertpapiere zum Handel an den organisierten Märkten der Börsen verschiedener EWR-Staaten oder zur Aufnahme in den nicht organisierten Handel an diesen Börsen und/oder zur Notierung an diesen Börsen zugelassen werden und/oder innerhalb der EWR-Staaten öffentlich angeboten werden, in die eine Notifizierung erfolgt ist.

**Allgemeine Bedingungen:**

Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Allgemeinen Bedingungen aufgeführt, die für alle im Rahmen dieses Basisprospekts begebenen Wertpapiere gelten.

*Form der Wertpapiere:*

Die Wertpapiere sind (mit Ausnahme der Wertpapiere, die in dematerialisierter Form begeben werden) Inhaberpapiere, die durch eine Inhaber-Sammelurkunde (die „**Globalurkunde**“) verbrieft sind, die bei der Clearingstelle hinterlegt wird und nur gemäß anwendbarem Recht sowie nach Maßgabe der Regeln und Verfahren der Clearingstelle, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, übertragen werden.



Wenn die Wertpapiere in dematerialisierter Form begeben werden, werden sie in das Buchungssystem der Clearingstelle eingetragen. In diesem Fall werden die Rechte an den Wertpapieren zwischen den Inhabern von Konten bei der Clearingstelle gemäß den jeweils geltenden Gesetzen sowie den Vorschriften und Verfahren, die auf die Clearingstelle anwendbar bzw. von dieser erlassen worden sind, (die „**Anwendbaren Vorschriften**“) übertragen.

Die Endgültigen Bedingungen geben an, ob die Wertpapiere durch eine Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden.

Unabhängig davon, ob die Wertpapiere in einer Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden, werden keine Einzelurkunden ausgegeben.

*Wertpapierinhaber:*

„**Wertpapierinhaber**“ bezeichnet (im Fall der Verbriefung der Wertpapiere durch eine Globalurkunde) den Inhaber eines Anteils an der Globalurkunde bzw. (falls die Wertpapiere in dematerialisierter Form begeben werden) eine Person, in deren Namen ein Wertpapier im Buchungssystem der Clearingstelle eingetragen ist oder jede andere Person, die nach den Anwendbaren Vorschriften als Inhaber der Wertpapiere gilt.

*Status der Wertpapiere:*

Die Wertpapiere begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, mit Ausnahme der Verbindlichkeiten, denen durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

*Mitteilungen:*

Alle Mitteilungen gemäß den Bedingungen werden entweder (i) auf der Internetseite der Emittentin (oder einer 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 jeweiligen

Endgültigen Bedingungen angegeben. Zusätzliche Veröffentlichungsvorschriften im Rahmen zwingender gesetzlicher Vorschriften oder im Rahmen der Regeln oder Vorschriften maßgeblicher Börsen bleiben hiervon unberührt.

*Ersetzung der Emittentin:*

Die Emittentin kann jederzeit ohne die Zustimmung der Wertpapierinhaber sich selbst als Emittentin der Wertpapiere im Hinblick auf sämtliche Rechte, Verpflichtungen und Verbindlichkeiten aus oder im Zusammenhang mit den Wertpapieren durch eine andere Gesellschaft ersetzen (die „**Ersatzemittentin**“), sofern die diesbezüglich in den Endgültigen Bedingungen genannten Voraussetzungen (u.a. Mitteilung an die Wertpapierinhaber) erfüllt sind.

*Besteuerung:*

Der Wertpapierinhaber (und nicht die Emittentin) haftet für und/oder trägt sämtliche Steuern, Abgaben oder Lasten im Zusammenhang mit dem Eigentum und/oder der Übertragung, Zahlung oder Lieferung in Bezug auf die von ihm gehaltenen Wertpapiere. Die Emittentin ist berechtigt, von an Wertpapierinhaber zu zahlenden Beträgen solche Beträge einzubehalten bzw. abzuziehen, die jeweils zur Deckung bzw. Zahlung solcher Steuern, Abgaben oder Lasten oder zur Vornahme von Einbehalten oder sonstigen Zahlungen erforderlich sind.

**Produktbedingungen:**

Auf die unterschiedlichen Arten von Wertpapieren, die in diesem Basisprospekt beschrieben sind, sind unterschiedliche Produktbedingungen anwendbar. Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Produktbedingungen aufgeführt, die für alle Wertpapiere gelten.

*Ausübung der Wertpapiere:*

Die Wertpapiere werden an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt oder (falls der Basiswert ein Index ist) im Fall eines in den Endgültigen Bedingungen angegebenen vorzeitigen Beendigungsereignisses des Index gekündigt.

Im Fall einer solchen automatischen Ausübung oder Kündigung erfolgt die Zahlung und/oder Lieferung vorbehaltlich der Vorlage einer Bescheinigung durch den Wertpapierinhaber.

Jede solche Bescheinigung muss die in den Produktbedingungen aufgeführten Angaben enthalten, unter anderem eine Erklärung dahingehend, dass der Wertpapierinhaber weder eine US-Person ist noch sich in den Vereinigten Staaten befindet.

Die Wertpapiere können von den Wertpapierinhabern nicht vor ihrem Ausübungstag ausgeübt werden.

*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 (Absicherungsstörung) ereignet hat,

(iii) (falls der Basiswert ein Fonds ist) wenn eine in den Endgültigen Bedingungen angegebene Fondsstörung eingetreten ist,

(iv) (falls der Basiswert ein Index ist) wenn 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), und

(v) (falls der Basiswert eine Aktie oder ein Aktienkorb ist) 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. Nur in Fällen, in denen die Wertpapiere Bestimmungen beinhalten, die eine zugesicherte Mindestverzinsung oder ggf. sonstige zugesicherte Zahlungen vorsehen, darf ein entsprechend zu zahlender Betrag nicht niedriger sein als der von der Berechnungsstelle nach ihrem billigen Ermessen festgelegte aktuelle Wert der zugesicherten Mindestverzinsung oder ggf. sonstigen zugesicherten Zahlungen.

*Zahlstelle, Hauptzahlstelle und Berechnungsstelle:*

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

*Abwicklung von Wertpapieren:*

Die Wertpapiere können je nach Angabe in den Endgültigen Bedingungen durch Zahlung eines Auszahlungsbetrags oder durch Lieferung des Basiswerts abgewickelt werden.

*Clearingstelle:*

Clearstream Banking AG, Frankfurt („CBF“), Clearstream Banking, société anonyme, Luxemburg („CBL“) und Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems („Euroclear“) und/oder etwaige andere oder weitere in den Endgültigen Bedingungen genannte Clearingstellen.

*Marktstörung oder Fondsstörung:*

Bei Vorliegen einer Marktstörung bzw. einer Fondsstörung (wie jeweils in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen sind in den Endgültigen Bedingungen für alle Arten von nicht an Fonds gebundenen Wertpapieren angegeben;

Fondsstörungen sind in den Endgültigen Bedingungen für fondsgebundene Wertpapiere angegeben. Sie sind je nach Art des Wertpapiers unterschiedlich.

*Marktstörung in Schwellenländern:*

Bei Vorliegen einer Marktstörung in Schwellenländern (wie in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen in Schwellenländern sind nur anwendbar, wenn die Endgültigen Bedingungen dies vorsehen. Außerdem kann die Emittentin die Wertpapiere wie bei Eintritt einer Fondsstörung kündigen, wenn eine Marktstörung in Schwellenländern im Hinblick auf einen Fonds als Basiswert eintritt (siehe vorstehend unter „Kündigung durch die Emittentin“).

*Abrechnungsstörung:*

Liegt nach Festlegung der Emittentin ein Ereignis außerhalb ihres Einflussbereichs vor, aufgrund dessen sie bei Wertpapieren mit physischer Lieferung eine Aktie oder die Aktienanzahl nicht gemäß der Marktpraxis liefern kann, die sie zum maßgeblichen Zeitpunkt der Lieferung festgelegt hat (eine „**Abrechnungsstörung**“), kann es für die Wertpapierinhaber zu einer Verzögerung bei der Lieferung der Aktienanzahl oder der durch die Abrechnungsstörung betroffenen Aktie(n) kommen, wie in den Endgültigen Bedingungen vorgesehen. Außerdem kann die Emittentin bei Vorliegen einer Abrechnungsstörung statt der Lieferung der Aktienanzahl bzw. der durch die Abrechnungsstörung betroffenen Aktie(n), wie in den Endgültigen Bedingungen vorgesehen, den sog. Barabrechnungspreis bei Störung zahlen. Die Abrechnungsstörung kann sich nachteilig auf die Festlegung des Barabrechnungspreises bei Störung auswirken. Der „**Barabrechnungspreis bei Störung**“ entspricht dem nach billigem Ermessen der Emittentin festgelegten (i) angemessenen Marktwert jedes Wertpapiers bzw. (ii) angemessenen Marktwert der von einer Abrechnungsstörung betroffenen Aktie(n), jeweils abzüglich der Kosten, die der Emittentin im Zusammenhang mit der Rück-

abwicklung der Geschäfte entstanden sind, die zur vollständigen oder teilweisen Absicherung ihrer Verpflichtungen (i) aus den Wertpapieren bzw. (ii) aus den Wertpapieren im Hinblick auf die betroffene(n) Aktie(n) abgeschlossen wurden, wie in den Endgültigen Bedingungen vorgesehen.

*Absicherungsstörung:*

Im Falle einer Absicherungsstörung (wie in den Endgültigen Bedingungen angegeben) ist die Emittentin berechtigt, (i) die Wertpapiere zu kündigen (siehe vorstehend unter „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 oder einem anderen in den Endgültigen Bedingungen genannten Recht und werden nach diesem ausgelegt.

*Erfüllungsort und Gerichtsstand:*

Erfüllungsort und Gerichtsstand für die Wertpapiere ist Frankfurt am Main, Deutschland, oder ein anderer in den Endgültigen Bedingungen genannter Erfüllungsort und Gerichtsstand.

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## RISK FACTORS

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*This "Risk Factors" section is to protect potential purchasers of the reverse exchangeable securities (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 25 February 2011 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority) and which is incorporated into this Base Prospectus by reference, as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, potential purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.*

*The Issuer believes that the factors described below and in the Registration 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 the Securities are also described below. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below and in the Registration Document represent the material risks inherent in investing in the Securities, but the inability of the Issuer to pay amounts on or in connection with any Securities may occur for other reasons than the factors described below. This may, for example, be due to the fact that, based on the information available to the Issuer as at the date of this Base Prospectus, the Issuer failed to identify, or anticipate the occurrence of, material risks.*

### **1. RISK FACTORS RELATED TO 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 entail particular risks*

Possible underlyings of the Securities may be commodities (including commodity forward contracts and commodity future contracts), funds, indices, shares (except those of the Issuer or of any other company of the Issuer Group consisting of the Issuer and its subsidiaries), or baskets consisting of such shares (each an "**Underlying**").

The Securities are investment instruments under which the Securityholder does not benefit from an increase of the price or level of the Underlying above the price or level of the Underlying on the pricing date, as determined by the Issuer (the "**Strike**"), and the Securityholder bears a loss in case of a decrease of the price or level of the Underlying. "**Securityholder**" is, in case of Securities represented by a global bearer security (the "**Global Security**"), the holder of a unit in the Global Security and, in case of Securities issued in dematerialised form, a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time. "**Clearing Agent**" is Clearstream Banking AG, Frankfurt, Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear system and/or any other or further clearing agent(s) as specified in the Final Terms.

Following automatic exercise on the exercise date specified in the Final Terms or (where the Underlying is an index) following termination in case of an index early termination event as defined in the Final Terms, the Issuer will

- (i) pay a cash amount linked to the nominal amount of the relevant Security, less certain expenses (if any), (the "**Cash Amount**" or the "**Cash Amount 1**"), or
- (ii) pay a cash amount linked to the performance of the Underlying during the term of the Securities, less certain expenses (if any), (the "**Cash Amount 2**"), or
- (iii) (where the Underlying is a share or a basket of shares) deliver the Underlying (the "**Share Amount**"), subject to the multiplier, if applicable,

all as specified in the Final Terms.

The Securities which provide for payment of the Cash Amount, the Cash Amount 1, or the Cash Amount 2 are referred to as "**cash settled Securities**". The Securities which provide for delivery of the Share Amount are referred to as "**physically settled Securities**".



In case of physically settled Securities it is possible that a cash amount is paid in respect of a fractional entitlement instead of delivery of this fractional entitlement.

The Final Terms of Securities which are **not Knock-in Securities** may provide that it is at the sole option of the Issuer whether Cash Amount 1 or 2 is paid or whether the Securities are cash settled or physically settled and that this option of the Issuer is exercised only at the end of the term of the Securities. In this case, the investor does not know whether he will receive a cash amount or the underlying.

Alternatively, the Final Terms of Securities which are not Knock-in Securities may provide that

(i) the Cash Amount or the Cash Amount 1, i.e. the nominal-linked amount, is paid if the price or level of the Underlying on the valuation date (the "**Final Reference Price**") is equal to or greater than the Strike; or

(ii) the Cash Amount 2, i.e. an amount linked to the performance of the Underlying during the term of the Securities, is paid or the Share Amount is delivered if the Final Reference Price is less than the Strike.

In case of **Knock-in Securities**, the redemption depends upon whether or not a Knock-in Event occurs during a period defined in the Final Terms as the "**Observation Period**". A "**Knock-in Event**" occurs if the price or level of the Underlying is less than or equal to a threshold called the "**Knock-in Barrier**" which barrier is defined in the Final Terms.

The Knock-in Securities may be redeemed following automatic exercise on the exercise date specified in the Final Terms or (where the Underlying is an index) following termination in case of an index early termination event as set forth hereinafter:

(i) if a **Knock-in Event has not occurred** (i.e. if the price or level of the Underlying was always above the Knock-in-Barrier during the Observation Period) by payment of the Cash Amount or the Cash Amount 1; or

(ii) if a Knock-in Event has occurred (whichever of the following cases applies, will be set forth in the Final Terms)

- (a) (x) by payment of the Cash Amount or the Cash Amount 1 or (y) by payment of the Cash Amount 2 or delivery of the Share Amount, at the sole option of the Issuer, or
- (b) (x) by payment of the Cash Amount or the Cash Amount 1 if the Final Reference Price is equal to or greater than the Strike or (y) by payment of the Cash Amount 2 or delivery of the Share Amount if the Final Reference Price is less than the Strike, or
- (c) (x) by payment of the Cash Amount 1 if the Final Reference Price is equal to or greater than the Strike or (y) at the sole option of the Issuer, by payment of the Cash Amount 2 or delivery of the Share Amount if the Final Reference Price is less than the Strike.

**Investors should be aware that their entire investment may be lost in the event that the price or level of the Underlying decreases substantially.**

Unlike direct investments in the Underlying, investors of the Securities are not able to hold the Securities beyond their stated term or the termination date in the expectation of a recovery in the price of the Underlying.

The Securities have a fixed maturity and they are automatically exercised on the exercise date specified in the Final Terms. They cannot be exercised by the Securityholders before their exercise date.

The Securities will bear interest and the Final Terms will set forth whether the interest is paid as a fixed amount or whether it is calculated on the basis of a fixed rate per annum, a floating rate, or a structured rate (e.g. depending on the performance of the Underlying), and the Final Terms may contain further details as to the interest. Unless otherwise specified in the Final Terms, the Securities, however, do not grant any claim to dividends.

The price at which a Securityholder will be able to sell Securities prior to exercise may be at a potentially substantial discount to the issue price and/or market value of the Securities.

***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, Fund Disruption Event, Emerging Market Disruption Event, Settlement Disruption Event or any other disruption event and/or no Adjustment Event or Potential Adjustment Event (each of these events as specified in the Final Terms) which applies.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risks with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influences interest rates, such as macroeconomic, governmental, speculative, and market sentiment factors. Such fluctuations may have an impact on the value of the Securities.
- (c) *Volatility.* The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macroeconomic factors, speculative trading and supply and demand in the

options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will usually have separate volatilities at any particular time.

- (d) *Exchange Rates.* Even where payments with respect to the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment with respect to the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates on the issue date of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter. Where Securities are described as "Quanto", the price or level of the Underlying will be converted from one currency (the "**Underlying 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 Underlying Currency and the Settlement Currency, a quanto feature in a Security would at any time enhance the return on the Security over a level of a similar security issued without such a quanto feature.
- (e) *Disruption Events.* The Calculation Agent may determine that a disruption event, including but not limited to a Market Disruption Event, a Fund Disruption Event, an Emerging Market Disruption Event, or a Settlement Disruption Event, (each of these events as specified in the Final Terms) has occurred or exists at a relevant time. Such determination may negatively affect the value of the Securities and the pay out under the Securities and/or may delay settlement with respect to the Securities. Potential investors should review the Final Terms to ascertain whether and how such provisions apply to the Securities.
- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and 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 their customers and hold long or short positions in the Underlying, whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any

of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or price or level of the Underlying and/or the Securities and which could be deemed to be adverse to the interests of the Securityholders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the price or level of the Underlying.

### ***Securityholders have no ownership interest in the Underlying***

The Issuer is entitled but not obliged to hold the Underlying or enter into any derivatives contracts linked to the Underlying. Even if the Issuer chooses to do so, the Securities do not convey any ownership interest in the Underlying to the Securityholders. Furthermore, there is no restriction on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying held by it or any derivatives contracts linked to the Underlying entered into by it.

### ***Actions taken by the Issuer and/or the Calculation Agent as a consequence of events affecting the Underlying***

The Calculation Agent is the agent of the Issuer and not the agent of the Securityholders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments to the General Conditions and the Product Conditions applying to a specific tranche of Securities (together, the "**Conditions**") as it considers appropriate as a consequence of any disruption events or certain actions (e.g. corporate actions) affecting the Underlying. The "**General Conditions**" are the general conditions of the Securities and the securities-specific product conditions are the "**Product Conditions**". In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every disruption event or action (e.g. corporate action) affecting the Underlying.

### ***There may be delays in effecting settlement***

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

The failure to properly deliver any certification required under the Conditions could result in the loss or inability of the investors to receive amounts or deliveries otherwise due under the Securities.

Potential investors should review the Conditions to ascertain whether and how such provisions apply to the Securities.

### ***Taxes may be payable by the Securityholders***

Potential investors in, and sellers of, the Securities should be aware that they may be required to pay taxes, duties or other charges in accordance with the laws and practices of the country where the Securities are transferred. Pursuant to the provisions of General Condition 7, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities and the Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Furthermore, any payment and/or delivery due with respect to the Securities will be conditional upon the payment of any expenses as provided in the Product Conditions.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential investors should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

### ***The Securities may under certain circumstances be terminated by the Issuer prior to their stated date***

The Issuer has the right to terminate the Securities (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 a fund) upon the occurrence of a Fund Disruption Event or an Emerging Market Disruption Event, (iv) (where the Underlying is an index) if the index sponsor or, if applicable, the successor sponsor, as defined 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 defined in the Final Terms and other routine events), and (v) (where the Underlying is a share or a basket of shares) 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 or deliveries solely on the basis of the arrangements entered into by the Securityholder with the nominee service provider or Clearing Agent, as the case may be. Furthermore, such Securityholder must rely on the nominee service provider or Clearing Agent to distribute all payments or securities attributable to the relevant Securities which are received from the Issuer. Accordingly, such a Securityholder will be exposed to the credit risk of, and default risk with respect to, the nominee service provider or Clearing Agent, as well as the Issuer.

In addition, such a Securityholder will only be able to sell any Securities held by it prior to their stated term with the assistance of the nominee service provider.

None of the Issuer or The Royal Bank of Scotland 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 or deliveries. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Securities.

### ***Changes of law may affect the value of the Securities***

The Conditions are based on the law set forth in the respective Product Condition which may be German law or any other law specified in the Final Terms. No assurance can be given as to the impact of any possible change to such law or judicial or administrative practice in the relevant jurisdiction after the date of this Base Prospectus.

### ***Ratings may not reflect all risks***

One or more independent rating agencies may assign credit ratings to the Issuer or the Securities. The ratings may not reflect the potential impact of all risks related to the structure of the Securities, the market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment constraints may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities qualify as legally permissible investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

### ***Use of loans***

If an investor uses a loan to finance the purchase of the Securities, not only does it have to absorb the loss if the Securities fail to develop as expected, but it must also repay the loan principal plus interest. This increases the investor's risk of loss significantly. Investors should never count on paying interest and principal with profits from an investment in Securities. Instead, potential purchasers of Securities should first examine their financial situation in order to determine whether they will be able to pay the interest, and if necessary, repay the loan on short notice, even if the expected profits turn into losses.

## **2.2 Risks relating to Interest**

### ***Fixed Rate Securities***

A Securityholder of a Security with a fixed rate interest (the "**Fixed Rate Security**") is exposed to the risk that the price of such Security falls as a result of changes in the market interest rate. While the nominal interest rate of a Fixed Rate Security as specified in the Final Terms is fixed during the term of such Security, the market interest rate typically changes on a daily basis. As the market interest

rate changes, the price of a Fixed Rate Security may also change, however, in the opposite direction. If the market interest rate increases, the price of a Fixed Rate Security may fall, until the yield of such Security is approximately equal to the market interest rate for comparable issuers. Only if the Securityholder of a Fixed Rate Security holds such Security until maturity, changes in the market interest rate are without relevance to such Securityholder as the Security will be redeemed as specified in the Final Terms.

### ***Floating Rate Securities***

A Security with floating rate interest (the "**Floating Rate Security**") tends to be a volatile investment. A Securityholder of a Floating Rate Security is exposed particularly to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of Floating Rate Securities in advance.

Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any Securities.

### ***Structured Rate Securities***

Securities may have interest structures depending on the Underlying or include multipliers, other leverage factors, caps, floors, any combination of those features or other features (the "**Structured Rate Securities**"). In such case, their market value may be more volatile than the market value of Securities that do not include these features. If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates on interest payable will be increased. The effect of a cap is that the amount of interest will never rise above and beyond the predetermined cap, so that the Securityholder will not be able to benefit from any actual favourable development beyond the cap. The yield could therefore be considerably lower than that of similar Structured Rate Securities without a cap.

## **2.3 Risks relating to the Underlying**

### ***Certain Underlyings to which the Securities are linked are subject to certain risks***

#### ***Special risks associated with commodities***

In general, there are three main categories of commodities: mineral commodities (e.g. oil, gas, aluminium and copper), agricultural products (e.g. wheat and corn) and precious metals (e.g. gold and silver). Most commodities are traded on specialised exchanges or directly among market participants in the form of over the counter dealings (off-exchange) through largely standardised contracts.

The price risks inherent in commodities are often complex, as prices are subject to greater fluctuations (volatility) in this investment category than in other investment categories. In particular, commodities markets are less liquid than bond, currency or stock markets so that supply and demand changes materially affect prices and volatility. Consequently, investments in commodities are associated with greater risks and are more complex than investments in bonds, currencies or stocks.

There are numerous and complex factors affecting commodity prices. The following is a non-exhaustive list of several typical factors affecting commodity prices:

- (a) *Supply and demand.* Planning and managing the commodities supply is very time-consuming. As a result, there is little room for manoeuvre on the supply side and it is not possible to quickly adjust production to demand changes at all times. Demand may also differ on a regional scale. Likewise, prices are affected by the costs of transport to regions where commodities are needed. The cyclical behaviour of some commodities, e.g. agricultural products that are seasonally grown or produced, may entail heavy price fluctuations.
- (b) *Direct investment costs.* Direct investments in commodities are associated with storage and insurance costs as well as taxes. In addition, commodities do not pay interest or dividends. These factors affect the total return of commodities.
- (c) *Liquidity.* Not all commodities markets are liquid and able to react quickly and in a sufficient scope to changes in the supply and demand situation. As only few market participants are trading in the commodities markets, heavy speculative activity may have adverse consequences and cause price distortions.
- (d) *Weather and natural disasters.* Unfavourable weather conditions may affect the supply of certain commodities for the entire year. A supply crisis triggered by unfavourable weather conditions may lead to heavy and unpredictable price fluctuations. Likewise, the spread of diseases and the outbreak of epidemics may affect the prices of agricultural products.
- (e) *Political risks.* Commodities are often produced in emerging markets and in demand from industrial countries. Often, however, the political and economic situation in emerging markets is far less stable than in the industrial countries. Emerging markets are far more susceptible to the risks associated with swift political changes and economic downturns. Political crises may shake the confidence of investors which, in turn, may affect the prices of commodities. Military or other conflicts may change the supply and demand patterns of certain commodities. Moreover, industrial countries may impose embargos on exported or imported goods and services, which may have a direct or indirect impact on the commodity prices. In addition, several commodities producers have formed organisations or cartels in order to regulate supply and, thus, prices.
- (f) *Taxation.* Changes in tax rates and tariffs may decrease or increase the profitability of commodities producers. Where such costs are passed on to investors, changes in tax rates and tariffs affect the prices of the respective commodities.

*Past Performance.* The past performance of the commodity is no guarantee of future results even if the past performance of the commodity has been tracked for a longer time.

### ***Special risks associated with forward contracts and futures contracts***

Commodity forward and future contracts are standardised forward and futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals), whereas

financial forward and futures contracts are standardised forward and futures transactions that are linked to financial instruments (e.g. shares, indices and foreign currencies).

A forward or futures transaction constitutes the contractual obligation to buy or sell a certain amount or number of the respective underlying at a fixed price and at a pre-determined future point in time. Forward and futures contracts are traded on futures exchanges and standardised for this purpose with respect to their contract size, the nature and quality of the underlying as well as delivery places and dates, if any.

Generally, there is a strong correlation between the price development of an underlying on the spot market and the corresponding futures exchange. However, forward and futures contracts are often traded at a premium on, or discount from, the spot price of the underlying. In the terminology used on futures exchanges, the difference between the spot price and the futures price is called "contango" or "backwardation", as the case may be, and is a result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance etc.) and of income usually generated with spot transactions (interest, dividends etc.) on the one hand and differences in the evaluation of general market factors prevailing on the spot market and the futures exchange and the corresponding expectations of market participants on the other hand. Moreover, liquidity on the spot market may differ considerably from liquidity on the corresponding futures exchange, depending on the underlying.

Furthermore, when investing in commodity forward and future contracts, investors may find themselves in situations where the prices of commodity forward and future contracts expiring at a later date are higher (contango) or lower (backwardation) than the current spot price of the respective commodity. As the expiry date of the respective futures contract approaches, the futures price and the spot price of the respective commodity converge so that the Security linked to the respective futures contract may show a negative performance despite the fact that the spot price of the commodity is increasing.

If the Securities are linked to the exchange price of the underlying forward and futures contracts, knowledge of the market of the underlying to which the respective forward or futures contract is linked as well as of the functioning and evaluation factors of forward and futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Securities. If the underlying to which the forward or futures contract is linked is a commodity, the risk factors set out in "Special risks associated with commodities" above should be taken into account in addition to the risk factors described in this subsection.

### ***Special risks associated with fund underlyings***

*Risk of short operating history.* As at the date of the issuance of Securities linked to a fund, the underlying fund (the "**Underlying Fund**") may have only a short operating history, the strategies that will be applied by the Underlying Fund may not have previously been used, and such strategies may deliver disappointing results over the longer term.

*Past Performance.* The past performance of the Underlying Fund is no guarantee of future results even if the Underlying Fund has a longer operating history.

*Fees at various levels.* In case of funds, fees can arise at various levels. At the level of the fund itself, fees arise on a regular basis, for instance in the form of administration fees. Additional fees and expenses may arise and be charged due to the contracting of third parties for services in connection with the management of the fund.

At the level of the investments made by the fund, fees can arise, for instance when an investment is made in other funds or other investment vehicles, which adversely affect the performance of such investments, and thus also the value of the fund assets.

Furthermore, performance-based fees may arise with regard to individual investments, even though a loss may have been incurred on the basis of the aggregate investments made.

*Liquidity risk.* When there is no buyer regarding units of the Underlying Fund and investments in the fund cannot be readily sold at the desired time or price, or, in the case the Underlying Fund is a fund of funds, the Underlying Fund may not be able to sell funds comprising its portfolio, the Underlying Fund may suffer price decreases all of which can adversely affect the value of the Securities. If the instruments in which the fund has invested are illiquid, the fund may incur considerable delays when trying to sell such investments. During the period of such a delay, the price of the relevant investment may change considerably. As a result, the fund may suffer substantial losses, which in turn may have a negative impact on the value of a fund unit. This can also lead to difficulties in calculating the net asset value of the fund which may lead to adverse consequences for the Securities.

*Postponement or suspension of redemptions.* A fund to which the Securities relate may cease or limit redemption of fund units with effect for a valuation date which is relevant for the calculation of an amount payable under the Securities. This can lead to delays in the payments on, or redemptions regarding, the Securities and to lower payments under the Securities.

*Delayed publication of the net asset value.* A fund to which the Securities relate may publish the net asset value with a delay which may lead to postponements for the calculations under the Securities.

*Concentration on certain countries, industries or investment classes.* It is possible that the fund to which the Securities relate concentrates its assets on certain countries, industries or investment classes. In such case, it can be subject to higher fluctuations in value than it would be if the risks were more diversified between industries, regions and countries. The value of investments in certain countries, industries and investment classes can be subject to high fluctuations within short periods of time.

*Risks involved in less regulated markets.* It is possible that an Underlying Fund invests in less regulated, tight and exotic markets. In such a case, there is the risk of government interventions which lead to a total or partial loss of the invested capital or of access to the capital invested there. Furthermore, an Underlying Fund might not be subject to any regulation or may invest in investment vehicles which are not subject to any regulation. Conversely, the introduction of regulation of a previously unregulated fund may create significant disadvantages for such funds.

*Special risks connected with investments in alternative investment vehicles.* A fund to which the Securities relate may carry a number of risks which are generally involved in investments in

alternative investment vehicles. These include, among other things, insufficient transparency, lack of investment restrictions, concentration of risks, non-listed assets where it is difficult to estimate the net asset value, valuation errors, leverage, use of derivatives, short selling and trading with illiquid instruments. Furthermore, there is the risk of fraud or misrepresentation on the part of a trading adviser, manager or other service provider of an investment vehicle.

*Conflicts of interest.* Certain conflicts of interest may arise in connection with the business activities of a fund.

A trustee, manager or adviser of the fund can be in a potential conflict of interest due to, among other things, fee reimbursements or other advantages. For instance, a performance-based fee may be an incentive to invest in risky investments in order to achieve higher returns. In addition, when investment opportunities are scarce, an investment adviser may be tempted to arrange investments first for those persons who pay the highest fee.

Moreover, advisers of the fund and their respective employees can perform management, trading or consulting services for other accounts. One of these parties may be tempted to give preference to those portfolios carrying the highest fee.

Likewise, advisers of the fund and their respective employees can perform management, trading or consulting services for their own accounts and the accounts of other customers, and make recommendations or enter into positions that differ from those made for the fund or held by or for the fund or that compete with the fund. Persons entrusted with the management of the fund assets may receive performance-based fees, but do not participate in potential losses. This could be an incentive to enter into riskier transactions.

Moreover, persons affiliated with an administrator, manager, trustee or other person involved in the administration of the fund may enter into their own legal transactions with the fund.

There may be conflicts of interest other than those mentioned above.

*Currency risk.* The portfolio of the Underlying Fund may include investments which are denominated in a currency other than the currency of the fund (the "**Underlying Fund Currency**") and some income by the fund may be received in a currency other than the Underlying Fund Currency. Even if the Underlying Fund entered into a forward foreign exchange contract for currency hedging purposes, the relevant forward foreign exchange contract would not constitute a perfect hedge. Accordingly, the net asset value of the assets may be adversely affected by changes in the value of the currencies of the investments relative to the Underlying Fund Currency.

*Further risks to funds in general.* Further risks common to all funds include:

- (a) the risk that the price of one or more of the assets in the Underlying Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect an asset's performance, including both general financial market conditions and factors related to a specific asset or asset class;

- (b) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (c) asset allocation policies of the investment adviser;
- (d) credit worthiness and the risk of default of the asset or of the assets generally in that class of assets;
- (e) the risk that the Underlying Fund's investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the value of the Underlying Fund shares is materially changed;
- (f) the risk that the Underlying Fund is liquidated, dissolved or otherwise ceases to exist or it or the investment adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law;
- (g) the risk that the Underlying Fund or the investment adviser is subject to a fraud event;
- (h) the risk that under certain circumstances the Underlying Fund may be subject to the actions of other investors in the investment vehicles in which it is invested. For instance, a significant redemption of shares could cause liquidation of assets; and
- (i) the risk that the investment adviser will not manage the Underlying Fund in relation to maximise return under the Securities but solely in accordance with the investment objectives and/or investment restrictions applicable to the Underlying Fund.

### ***Special risks associated with indices***

*Risk of short history.* As at the date of the issuance of Securities linked to an index, the underlying index may have been in existence only for a short period of time, the strategies that will be applied by the underlying index may not have previously been used, and such strategies may deliver disappointing results over the longer term.

*Past Performance.* The past performance of the underlying index is no guarantee of future results even if the underlying index has been in existence for a longer period of time.

*Risks applicable where the Underlying is a price index related to shares.* If the Underlying is a price index (contrary to a performance index), dividends paid out result in a decrease in the level of the index. Securityholders thus do not participate in any dividends or other distributions on the shares contained in the price index.

*Influence of the Issuer on the composition of an underlying index.* The composition of an index may be determined in such a way that the index sponsor determines the composition and carries out the calculation of the index alone or in cooperation with other entities. If the Issuer is not the index sponsor, it usually cannot influence the composition of the index and the relevant index sponsor can make changes to the composition or calculation of the index under the index rules which may have a negative effect on the performance of the index or can permanently discontinue the calculation of the

index without establishing a successor index. In the latter case, the Securities may be terminated and a loss may be incurred. On the other hand, if the Issuer or an affiliated company of the Issuer acts as index sponsor or as index calculator, conflicts of interests may arise with respect to the Issuer or its affiliated company acting in different capacities under the Conditions of the Securities and under the index rules. Conflicts of interest may also arise in this case if the Issuer or an affiliated company has issued or owns assets being components of the index or if the Issuer or an affiliated company has business relations with entities having issued or owning assets being components of the index.

### ***Special risks associated with shares and baskets of shares***

*Risk of short history.* As at the date of the issuance of Securities linked to a share or basket of shares, the underlying shares may have been in existence or have been listed only for a short period of time and may deliver disappointing results over the longer term.

*Past Performance.* The past performance of an underlying share or underlying basket of shares is no guarantee of future results even if the underlying share or underlying basket of shares has been in existence or have been listed for a longer period of time.

*Risks related to foreign exchange controls.* Potential investors should note that payments under the Securities by the Issuer with respect to stock basket or single stock Securities can be subject to the ability of the Issuer to sell the Underlying and to there being no foreign exchange control restrictions, including restrictions which prevent the conversion of the Underlying Currency into the Settlement Currency and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying.

*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 emerging market underlyings***

Investing in Securities with emerging market underlyings (see the following paragraph below) involves substantial risks (including legal, political and economic risks) in addition to those risks normally associated with making investments in other countries and other investment products. Consequently, investments in Securities with emerging market underlyings are only suitable for investors who are aware of the special risks associated with an investment in emerging market assets and who have the knowledge of, and expertise in, financial transactions required to evaluate the risks and merits of an investment in such securities.

Emerging markets are countries whose economies are in the process of changing from those of a moderately developed country to that of an industrial country. Emerging market underlyings include for example assets traded or listed on an exchange in emerging markets (e.g. certain commodity future contracts or shares), emerging market currencies, shares of companies whose assets are located in emerging markets to a material extent or that carry out a material share of their business activities in emerging markets, as well as indices comprising stocks or other financial instruments from emerging markets. Emerging markets are exposed to risks inherent in rapid political changes and



economic downturns. Certain political risks may be higher in emerging markets than, for example, in EU countries or other industrial countries.

For example, restrictions may be imposed on foreign investors; assets may be expropriated or subject to taxation that is equivalent to expropriation; foreign bank deposits or other assets may be confiscated or nationalised; exchange controls may be imposed or other adverse political and/or social developments may occur. In addition, emerging markets economies may experience adverse developments including, but not limited to, in relation to inflation rates, exchange rate fluctuations or payments settlement. Each of the above impairments may have an adverse effect on investments in such country and may continue for a prolonged period of time, i.e. weeks or even months. Each of the above impairments may constitute a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event under the conditions of the Securities issued under this Base Prospectus. As a consequence, no prices may be quoted in such period for the Securities affected by such an event. If, for example, it is determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) that a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event has occurred or is continuing at the valuation date, the valuation date may be postponed by a considerable period of time. As a result, payments or deliveries to be made under the Securities may be delayed considerably. If, on the last day of the period by which the valuation was postponed, the Market Disruption Event, Fund Disruption Event, or Emerging Market Disruption Event is still continuing, the reference price of the Underlying will be determined by the Issuer in its reasonable discretion (*billiges Ermessen*) and may even be zero.

Securities markets in emerging markets are mostly less developed, substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. No assurance can be given that such volatility or illiquidity will not occur in the future. Many such securities markets also have clearance and settlement procedures that are less developed, less reliable and less efficient than those in more developed countries. There may also be generally less governmental supervision and regulation of the securities exchanges and securities professionals in emerging markets than exists in more developed countries.

Disclosure, accounting and regulatory standards in emerging markets are in many respects less stringent than standards in more developed countries and there may be less publicly available information about companies in such markets than is regularly published by or about companies in more developed countries. The assets and liabilities and profits and losses appearing in the financial statements of such companies may not reflect their financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with generally accepted international accounting principles in more developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently than under generally accepted international accounting standards, all of which may affect the valuation of the underlying.

All of the above factors may have a material adverse effect on the value of the respective Securities.

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## INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

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### Registration Document and documents incorporated by reference

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 25 February 2011 (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.

The Registration Document shall be updated as follows:

- (i) The section headed "*Description of The Royal Bank of Scotland plc — Acquisition and separation of ABN AMRO Holding N.V.*" on page 32 of the Registration Document shall be updated by the following additional information with respect to a press release of the Issuer dated 19 April 2011 regarding proposed transfers of a substantial part of the business activities of RBS N.V. to RBS which is incorporated into this Base Prospectus by reference in item (c) below:

**"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**

On 19 April 2011, the boards of RBSG, the Issuer, RBS Holdings N.V. and The Royal Bank of Scotland N.V. ("**RBS N.V.**") approved the proposed transfers of a substantial part of the business activities of RBS N.V. to the Issuer (the "**Proposed Transfers**"), subject, among other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures. It is expected that the Proposed Transfers to the Issuer will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the proposed transfers (including of certain debt securities issued by RBS N.V.) is expected to have taken place by the end of 2012. For further information see the press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" (excluding (i) the statement therein which reads "Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement" and (ii) the Appendix thereto) which was published by RBSG via the Regulatory News Service of the London Stock Exchange plc on 19 April 2011."

- (ii) The third paragraph in the section headed "*Description of The Royal Bank of Scotland plc — Payment Protection Insurance*" ("**PPI**") on page 42 of the Registration Document shall be updated as follows:

"Following unsuccessful negotiations with the industry, the Financial Services Authority (the "FSA") issued consultation papers on PPI complaint handling and redress in September 2009 and again in March 2010. The FSA published its final policy statement on 10 August 2010 and instructed firms to implement the measures contained in it by 1 December 2010. The new rules impose significant changes with respect to the handling of mis-selling PPI complaints. On 8 October 2010, the British Bankers' Association (the "BBA") filed an application for judicial review of the FSA's policy statement and of related guidance issued by the Financial Ombudsman Service (the "FOS"). The application was heard in January 2011. On 20 April 2011, the High Court issued a judgment in favour of the FSA and the FOS. The BBA announced on 9 May 2011 that it would not appeal that judgment and the Group supports this position. Although the costs of PPI redress and its administration are subject to a degree of uncertainty, RBS and its subsidiaries will record an additional provision of £850 million in the second quarter of 2011. To date, the Group has paid compensation to customers of approximately £100 million and the Group has an existing provision of approximately £100 million.

The Group is currently discussing with the FSA how the FSA's policy statement should be implemented and what its requirements are. As part of these discussions, the Group will review its PPI complaint handling processes to ensure that redress is offered to any customers identified as having suffered detriment."

- (iii) The chapter "*Description of The Royal Bank of Scotland plc*" of the Registration Document shall be updated by the following additional information after the section headed "*Investigations*" on page 46 of the Registration Document:

**"Large Exposure Regime**

On 1 July 2011, The Royal Bank of Scotland plc will become subject to changes to the Financial Services Authority's large exposure regime. Under the changes to the large exposure regime, any company which is less than 100% owned by The Royal Bank of Scotland Group plc will be classified as a connected counterparty. The Royal Bank of Scotland N.V., which is currently approximately 98% indirectly owned by The Royal Bank of Scotland Group plc, will therefore be classified as a connected counterparty, which will result in a breach by The Royal Bank of Scotland plc of the amended rules under the large exposure regime described above.

On 19 April 2011, The Royal Bank of Scotland Group plc announced 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 which, subject to certain conditions, are expected to be implemented on a phased basis over a period ending 31 December 2013. Those proposed transfers will also form the basis of a remediation plan which has been agreed with the Financial Services Authority to enable The Royal Bank of Scotland plc over time to become compliant with the changes to the large exposure regime.

The Issuer does not expect this to have a material adverse effect on the Group."

- (iv) The paragraphs in the section headed "*Material Contracts*" on pages 61 to 63 of the Registration Document shall be updated as follows:

"RBS and its subsidiaries are party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the annual report and accounts of RBSG for the year ended 31 December 2010."

- (v) The references to "BBB" and to "BB" in the fourth paragraph on page 1 of the Registration Document shall be updated by "BBB+" and "BB+", respectively.

Unless provided otherwise in this Base Prospectus or any Supplements, the information contained in the Registration Document is the most recent information available about the Issuer.

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 Registration Document will be available (i) free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com), and from the office of each Paying Agent as specified in the Final Terms, and (ii) via the Issuer's website as specified in the Final Terms.

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

- (a) 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 was published via the Regulatory News Service of the London Stock Exchange plc ("**RNS**") on 15 April 2011;
- (b) 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 was published via RNS on 9 April 2010;
- (c) the press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" (excluding (i) the statement therein which reads "Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement" and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011. For the purposes of this Base Prospectus, references in this press release regarding persons not placing any reliance on the information contained in such press release or the Pro forma financial information in connection with making an investment

decision (or for any other purpose) concerning securities or guarantees which are expected to be retained by RBS N.V. shall be deemed to be deleted;

- (d) the Interim Management Statement Q1 2011 of RBSG for the first quarter ended 31 March 2011 which was published via RNS on 6 May 2011;
- (e) the following sections of the annual report and accounts of RBSG for the year ended 31 December 2010 which were published via RNS on 17 March 2011:
  - (i) Independent auditors' 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 21 to 41;
  - (xv) Business review on pages 50 to 224 (excluding the financial information on pages 56 to 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;
- (f) the following sections of the annual report and accounts of RBSG for the year ended 31 December 2009 which were published via RNS 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;
- (g) the following sections of the Shareholder Circular published by RBSG on 27 November 2009:
- (i) "Financial Information" on page 5;
  - (ii) "Part I – Letter From the Chairman of RBS" on pages 10 to 20;
  - (iii) "Appendix 2 to the Letter From the Chairman of RBS – Principal Terms and Conditions of the APS" on pages 46 to 75;
  - (iv) "Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share" on pages 76 to 84;
  - (v) "Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan" on pages 85 to 86;
  - (vi) "Part VI – Definitions" on pages 121 to 133;
  - (vii) "Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share" on pages 134 to 170; and
  - (viii) "Annex 3 – Scheme Principles" on pages 177 to 181; and
- (h) the press release headed "Royal Bank of Scotland Group PLC – Preference Shares and Subordinated Securities" published via RNS on 20 October 2009.

The documents referred to in (a)-(h) 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](mailto:investor.relations@rbs.com).

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

## Significant changes

Save in relation to the matters referred to in the section headed "*Payment Protection Insurance*" set out in item (ii) on pages 58 *et seq.* of this Base Prospectus which relates to past sales of payment protection insurance

- (a) 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 31 December 2010 and
- (b) 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.

## 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.



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## **PERSONS RESPONSIBLE**

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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.

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## IMPORTANT NOTICE

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

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## TAXATION

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***Potential purchasers of the Securities who are in any doubt about their tax position on acquisition, ownership, transfer, redemption or non-redemption of any Securities should consult their professional tax advisers.***

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

### **2. UNITED KINGDOM**

The following applies only to persons who are the beneficial owners of 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 or disposing of Securities. Some aspects do not apply to certain classes of person (such as persons carrying on a trade or 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 tranche on the terms of the Securities, as specified in the terms and conditions of the Securities as completed or adjusted by the applicable Final Terms. 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.

#### **2.1 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 (such as certain onward payments of underlying interest or dividends received by the Issuer) 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).

## **2.2 Interest on the Securities**

If interest is payable on the Securities or 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.

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).

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.

## 2.3 Stamp Duty

### *Stamp duty on 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. 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. United Kingdom stamp duty may be required to be paid in relation to the transfer of assets on the exercise or redemption of a Security which is settled by way of physical delivery.

## 2.4 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 and Securities which are capable of being settled by way of physical delivery, which constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 (each a "**Loan Security**", a "**Cash Settled Loan Security**" and a "**Physically Settled Loan Security**", respectively).

#### *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, 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 European Court of Justice 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) (the "**HSBC Decision**") that the 1.5% 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 to the Security.

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

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

In the case of Loan Securities 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 the exercise or redemption of Loan Securities*

SDRT may be required to be paid in respect of the agreement to transfer an asset pursuant to a Physically Settled Loan Security. However, any such liability to SDRT will be cancelled (or if already paid, will be repayable) if the instrument effecting the transfer is duly stamped, not chargeable with stamp duty or otherwise required to be stamped, within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

#### *SDRT on Option Securities*

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

#### *SDRT on the issue of Option Securities to a Clearance Service*

No SDRT should be payable in relation to the issue of a Cash Settled Option 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. Subject to the comments in the paragraph below regarding the HSBC Decision, except where a s97A Election applies, SDRT should generally be payable in relation to the issue to a Clearance Service of a Physically Settled Option Security which gives the Securityholder an interest in, rights arising out of, or the right to acquire stocks, shares or loan capital that are not Exempt Loan Capital unless that Physically Settled Option Security is in bearer form and either: (i) it is denominated in sterling; or (ii) it is not denominated in sterling 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.

It is not clear the extent to which the HSBC Decision applies to the Option 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 Option Securities held within a Clearance Service*

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

#### *SDRT on the transfer of Option Securities 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 Option Security which is held within a Clearance Service but in respect of which a s97A Election has been made

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. In the case of Physically Settled Option Securities 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 Physically Settled Option Security which gives the Securityholder an interest in, rights arising out of, or the right to acquire stocks, shares or loan capital that are not Exempt Loan Capital unless that Physically Settled Option Security is in bearer form and it was not exempt from stamp duty on issue because 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 a Physically Settled Option Security, 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 the exercise or redemption of Option Securities*

SDRT may be required to be paid in respect of the agreement to transfer an asset pursuant to a Physically Settled Option Security. However, any such liability to SDRT will be cancelled (or if already paid, will be repayable) if the instrument effecting the transfer is duly stamped, not chargeable with stamp duty or otherwise required to be stamped, within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

### **3. 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 consequences of the purchase, sale or redemption of the Securities. Furthermore, this summary is not adequate to serve as the sole basis for an evaluation 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 over certain income tax implications in Germany. **Investors are strongly advised to consult their personal tax adviser about the tax implications of an investment in the Securities.**

The following paragraphs refer only to the taxation of individuals who have their domicile or their permanent residence in Germany and who hold the Securities as private assets. In this specific case, the following applies:

If the investor realises capital gains upon the sale of the Securities or upon their redemption (if a cash payment is made to the investor upon redemption) such capital gains are subject to a withholding tax ("*Kapitalertragsteuer*") at a rate of 26.375 % (including the solidarity surcharge) plus a church tax, if



applicable, provided that a domestic (i. e. German) branch of a domestic or of a foreign credit or financial services institution, a domestic securities trading bank or a domestic securities trading company has kept the Securities in a securities custody account since their acquisition and disburses or credits the capital gains. As a general rule, the deduction of withholding taxes by these disbursing agents has a discharging effect regarding the income tax liability of the investor on such capital gains ("*Abgeltungsteuer*", i. e. a discharging flat rate tax). Deviating withholding rules may apply if the Securities have not been kept with the same disbursing agent since their acquisition. If no withholding tax is deducted from the capital gains of the investor, these gains will have to be declared in the income tax assessment and are then as a general rule subject to the above mentioned flat income tax rate of 26.375 %, plus church tax, if applicable.

As a general rule, any losses realised upon the sale or redemption of the Securities (if a cash payment is made to the investor upon redemption) can be offset against other income from capital investments. If no sufficient income from other capital investments is available in the assessment period in which the loss is realised, the loss can be carried forward and reduces income from capital investments which the investor realises in the following years. However, the loss cannot be carried back into the preceding assessment periods.

If no cash payment is made upon redemption of the Securities but if shares are delivered to the investor, such exchange of the Securities against the shares is not taxable. In this case, only the sale of the shares received triggers the tax consequences described above. The capital gain or loss resulting from the sale of the shares is calculated by deducting the acquisition costs of the Securities, which are deemed to be the acquisition costs of the shares under German tax law, from the sales price of the shares. However, in this scenario any loss resulting from the sale of the shares can only be offset against capital gains from the sale of shares and not with income from other capital investments.

## **4. AUSTRIA**

Investors should be aware that this overview cannot be used as a substitute for individual tax advice and is not intended to be definitive. There can be no guarantee that the Austrian tax authorities will adopt the same interpretation of the matters set out below as the Issuer and due to changes in the settled practice of Austrian tax authorities or Austrian case law, the tax treatment of alternative investments may, even retroactively, vary and lead to different results than those set out herein. There is no specific Austrian case law or other binding legal guideline available on the tax treatment of the Securities.

### **4.1 Tax Treatment of Austrian Tax Resident Investors**

#### **(a) Private investors**

Pursuant to § 124b(85) of the Austrian Income Tax Act (*Einkommensteuergesetz*; "**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 Austrian Federal Ministry of Finance (*Bundesministerium für Finanzen*, "**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, Income Tax Guidelines 2000 (*Einkommensteuerrichtlinien* 2000, "**EStR 2000**") para 6198a).

Any difference between the issue price and the repurchase price of the security (profit on redemption) 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 (profit on sale) 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.

If the issuer may settle a security either in cash or by physical delivery of a certain share (so-called cash or share note), generally, the entire interest paid under such security is subject to the 25 per cent withholding tax. However, if the interest rate is considerably above market rate the BMF considers this an indication that the interest are paid in compensation for the underlying risk. Such high interest may be credited against a potential loss from the delivery of the share and is not subject to withholding tax to this extent. If tax has been withheld on such interest in the past, a credit of the tax withheld applies (§ 95(6) EStG) to the extent the

interest has been used to cover losses. Reversed investment income is capped at the amount of interest of the last coupon payment period. The investor may apply for further credit in the tax return or pursuant to § 240(3) of the Austrian Federal Fiscal Code (*Bundesabgabenordnung*, "**BAO**") (BMF, EStR 2000 para 6198).

*Securities acquired after 30 September 2011 (referring to the EStG as amended by the Budgetbegleitgesetz 2011 ("**BBG 2011**"; BGBl I 111/2010)*

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*) and other derivative financial instruments 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 securitize 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, an Austrian branch of a non-Austrian credit institution or an Austrian branch of certain investment services providers (§ 95(2)(2) EStG in connection with § 97(1) EStG). An interest coupon may also be treated as income from investment in the form of interest pursuant to § 27(2)(2) EStG. Interest is generally subject to income tax at the special rate of 25 per cent which is levied by way of final withholding tax in case of an Austrian paying agent (in particular the credit institution or the Austrian issuer paying the interest to the investor). Capital gains from the sale of the securities may also be treated as income from investment in the form of income from realised increases in value of assets generating investment income (§ 27(3) EStG). Such income, like income from derivatives (§ 27(4) EStG), is subject to income tax at the special rate of 25 per cent which is levied by way of final withholding tax in case of an Austrian depository or paying agent. 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. This option for taxation at the applicable regular income tax

rate may, however, be exercised only with effect for the entire income from investment that is subject to the special income tax rate pursuant to § 27a(1) EStG (§ 27a(5) EStG). Subject to certain restrictions a set-off (but no carry forward) of losses is available among income from investment, provided that the investor opts for assessment to income tax (option for setting-off of losses; § 97(2) EStG in connection with § 27(8) 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).

The described rules of the EStG as amended by the BBG 2011 enter into force as of 1 October 2011.

(b) Business investors

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.

*Securities acquired after 30 September 2011 (referring to the EStG as amended by the Budgetbegleitgesetz 2011 ("**BBG 2011**"; BGBl I 111/2010)*

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). If the interest coupon were treated as income from investment within the meaning of § 27(2)(2) EStG, the withholding tax would generally be final. If capital gains from the sale of the securities held by an individual business investor are treated as income from realised increases in value of assets generating investment income (§ 27(3) EStG), as in case of income from derivatives, the withholding tax is not final pursuant to § 97(1) EStG. 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).

The described rules of the EStG as amended by the BBG 2011 enter into force as of 1 October 2011.

(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**") may equally apply if the repayment of the invested amount exclusively depends on the performance of certain securities (index) and either the issuer, a trustee or a direct or indirect subsidiary of the issuer actually acquires the majority of the securities comprised by the index for the purposes of issuing the securities or the assets comprised by the index are actively managed. However, directly held notes the performance of which depends on an index, irrespective of whether the index is a recognised index or an individually composed fixed or at any time modifiable index are not treated as units in a non-Austrian investment fund (BMF, Investment Fund Guidelines 2008 (*Investmentfondsrichtlinien* 2008; "**InvFR 2008**") para 267). The risk of the qualification of a Security as unit in a non-Austrian investment fund must be assessed on a case-by-case basis.

## 4.2 Tax Treatment of non-Austrian Tax Resident Investors

(a) Austrian Income Tax Liability

Pursuant to § 98(1)(5) EStG, interest received under securities 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. 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 Rz 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 investor, the security is deposited with an Austrian credit institution and written evidence is provided 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).

*Securities acquired after 30 September 2011 (referring to the EStG as amended by the Budgetbegleitgesetz 2011 ("**BBG 2011**"; BGBl I 111/2010)*

Pursuant to § 98(1)(5) EStG, income from derivatives 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 and does not hold the securities in an Austrian permanent establishment, Austrian corporate income tax. Equally,

there would generally be no (limited) income tax or corporate income tax liability in Austria with respect to interest paid under or realised increases in value of securities that securitise a receivable. In case of an Austrian depository or paying agent, an exemption from withholding tax on income from derivatives (and interest under or realised increases in value of securities that securitise a receivable) applies if the investor is not an individual, declares to the withholding agent by furnishing proof of its identity that the income from investment is business income of an Austrian or non-Austrian business (exemption declaration), and, by stating its tax identification number, forwards a copy of this exemption declaration to the competent tax office via the withholding agent (§ 94(5) EStG). If the investor is an individual, pursuant to § 94(13) EStG 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 described rules of the EStG as amended by the BBG 2011 enter into force as of 1 October 2011.

(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 20 per cent (as of 1 July 2011: 35 per cent). Whether interest under the Securities is subject to EU source tax must be determined on a case-by-case basis.

## 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 member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state or to certain limited types of entities established in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

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## SELLING RESTRICTIONS

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*The statements which follow are of a general nature. Potential investors in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any Clearing Agent at the time of exercise and/or settlement.*

### 1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required other than the approval of the Base Prospectus by the BaFin and a notification to the countries set forth in the Final Terms under "Public offer". No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer other than the approval and notification(s) mentioned above.

### 2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Securities may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), be offered to the public in that Relevant Member State only if the following conditions as well as any additional provisions applicable in a Relevant Member State are complied with:

- (a) the offer of the Securities to the public starts or occurs within a period of 12 months beginning on the date after the publication of this Base Prospectus approved by the BaFin and, if the Securities are offered to the public in any Relevant Member State other than Germany, this Base Prospectus as well as any Supplements have been notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive; or
- (b) the Securities are offered to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (c) the Securities are offered to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) the Securities are offered to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than

EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

- (e) the Securities are offered in any other circumstances fulfilling any of the exemptions set forth in Article 3(2) of the Prospectus Directive,

provided that no offer of Securities referred to in (b) to (e) shall require the Issuer to publish a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **3. 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.

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## GENERAL INFORMATION

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### 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) resolutions of the Group Asset and Liability Management Committee dated 8 February 2010 and a sub-committee of the Group Asset and Liability Management Committee dated 17 March 2011.

### 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 (i) free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email [investor.relations@rbs.com](mailto:investor.relations@rbs.com), and from the office of each Paying Agent as specified in the Final Terms, and (ii) via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) this Base Prospectus and any Supplements; and
- (c) 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:	[●] <sup>1</sup>
Securities Identification Codes:	[●][If fungible with an existing tranche of Securities, details of that tranche, including the date on which the Securities become fungible.]
[Listing and Admission to Trading:	[●]]
[Inclusion in an Unofficial Market:	[●]]
[Market Making:	[●]]
Offer:	[Public offer Commencement: [●] [Ending: [●]. The offer period may be extended or shortened.] Country/Countries: [●]] [Non-public offer]
[Subscription Period:	[●]]
[Categories of Potential Investors:	[●]]
Total Amount of the Offer:	[●][If the total amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.]
[Minimum Subscription Amount or Number:	[●]]
[Maximum Subscription Amount or Number:	[●]]
[Method and Time Limits for Paying Up the Securities and for their Delivery:	[●]]

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<sup>1</sup> Agio needs to be specified if applicable. If Issue Price is not specified, the criteria and/or conditions in accordance with which the Issue Price will be determined need to be disclosed.

[Interests of Natural and Legal Persons Involved in the Issue/Offer:	[Save for the Issuer, so far as the Issuer is aware, no person involved in the issue or offer of the Securities has a material interest in the issue or the offer.][●]
[Allotted Amount:	[●] <sup>2</sup>
Details of where Information on the Underlying can be Obtained:	[●] <sup>3</sup> [The information included herein with respect to the underlying by reference to which payments or, if applicable, delivery under the Securities are determined (the " <b>Underlying</b> ") consists of extracts from, or summaries of, [publicly available] information [by ●]. The Issuer accepts responsibility that such information has been correctly reproduced. As far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted that would lead to the information reproduced herein becoming inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, the Issuer accepts no responsibility with respect to the accuracy or completeness of the information set forth herein concerning the Underlying of the Securities or that there has not occurred any event which would affect the accuracy or completeness of such information.][●]
[Additional Risk Factors:	[●] <sup>4</sup>
[Additional Tax Disclosure:	[●]
[Additional Selling Restrictions:	[●]

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

<sup>3</sup> Include details of where information about the past and future performance and volatility of the Underlying can be obtained. Where the Underlying is an index include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer include details of where the information about the index can be obtained. Where the Underlying is not an index include equivalent information.

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

[Further Information:

[●]<sup>5</sup>]

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<sup>5</sup> Information in relation to a specific tranche of Securities.

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## CONDITIONS: GENERAL CONDITIONS

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*The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]*<sup>6</sup>.

### 1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

### 2. FORM AND STATUS

- (a) Form. [The Securities are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.]<sup>7</sup> [The Securities are issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").]<sup>8</sup> [●] No definitive securities will be issued.
- (b) "**Securityholder**" means [the holder of a unit in the Global Security.]<sup>9</sup> [a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.]<sup>10</sup> [●]
- (c) Status. The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

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<sup>6</sup> In case of Securities represented by a Global Security.

<sup>7</sup> In case of Securities represented by a Global Security.

<sup>8</sup> In case of Securities issued in dematerialised form.

<sup>9</sup> In case of Securities represented by a Global Security.

<sup>10</sup> In case of Securities issued in dematerialised form.



### 3. NOTICES

All notices under the Conditions shall be [published on the Issuer's website • (or any successor website) and shall become effective upon such publication] [delivered to the Clearing Agent and shall become effective upon such delivery], unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

### 4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.
- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

### 5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the "**Offer**"). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the

Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

## 6. SUBSTITUTION

- (a) Substitution of Issuer. [The Issuer may at any time without the consent of the Securityholders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities 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. [*Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).] Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

and in each case subject to all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having

been taken, fulfilled and done and being in full force and effect.][●]<sup>11</sup> In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

## 7. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

## 8. AGENTS

- (a) Principal Paying Agent and Paying Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any paying agent (the "**Paying Agent**") and to appoint further or additional Paying Agents, provided that no termination of appointment of the principal paying agent (the "**Principal Paying Agent**") shall become effective until a replacement Principal Paying Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be a Paying Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Paying Agent will be given to Securityholders in accordance with General Condition 3. Each Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders or any of them.
- (b) Calculation Agent. The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation

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<sup>11</sup> Insert further or other requirements for the substitution of the Issuer.

Agent shall have been appointed. Notice of any termination or appointment will be given to the Securityholders in accordance with General Condition 3.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders.

## 9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any Paying Agent shall only be liable in case of culpably breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO [COMMODITY] [COMMODITY FORWARD CONTRACTS AND COMMODITY**  
**FUTURES CONTRACTS] [KNOCK-IN] [QUANTO] REVERSE EXCHANGEABLE SECURITIES**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>12</sup>.*

1. DEFINITIONS

**"Automatic Exercise"** means an exercise in accordance with Product Condition 2(b);

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

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

**"Cash Amount 1"** 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):

$$[\text{Nominal Amount} \times 100 \%][\bullet].$$

[The Cash Amount 1 shall not be less than zero.] [The Cash Amount 1 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 1 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

**"Cash Amount 2"** 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):

$$[\text{Nominal Amount} \times (\text{Final Reference Price/Strike})][\bullet].$$

[The Cash Amount 2 shall not be less than zero.] [The Cash Amount 2 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 2 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

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<sup>12</sup> In case of Securities represented by a Global Security.

**"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 Underlying Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on a Trading Day][on the Valuation Date] by reference to [•<sup>13</sup>(or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Underlying Currency equals 1 unit of the Settlement Currency]<sup>14</sup> [•];]

**"Exercise Date"** 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 (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**"Final Reference Price"** means, subject to Product Conditions 3 and 4, [the Reference Price on the Valuation Date][•];]

**"Global Security"** has the meaning given in General Condition 2;]<sup>15</sup>

**"Initial Reference Price"** means •;]

**"Interest Amount"** means [with respect to an Interest Period an amount calculated by the Calculation Agent in accordance with the following formula:

Nominal Amount x Interest Rate p.a. x Interest Rate Day Count Fraction]<sup>16</sup>[•]<sup>17</sup>;

**"Interest Payment Date"** means •<sup>18</sup>;

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<sup>13</sup> Insert relevant page.

<sup>14</sup> In case of Quanto Securities.

<sup>15</sup> In case of Securities represented by a Global Security.

<sup>16</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>17</sup> If the Interest Amount is expressed as a fixed amount.

<sup>18</sup> Do not specify "Maturity Date" as final Interest Payment Date.

["**Interest Period**" means the period commencing on (and including) the Issue Date until (and excluding) the [first] Interest Payment Date[ and each period commencing on (and including) an Interest Payment Date until (and excluding) the next following Interest Payment Date];]<sup>19</sup>

["**Interest Rate Day Count Fraction**" means •;]<sup>20</sup>

["**Interest Rate p.a.**" means •<sup>21</sup>;]<sup>22</sup>

"**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 •];

["**Knock-in Barrier**" means •, subject to an adjustment in accordance with Product Condition 4;]<sup>23</sup>

["**Knock-in Event**" means [that the 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 less than or equal to the Knock-in Barrier][•];]<sup>24</sup>

["**Launch Date**" means •;]

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

"**Maturity Date**" means •;

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

"**Nominal Amount**" means •;

["**Observation Period**" 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

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<sup>19</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>20</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>21</sup> Specify fixed interest rate, floating interest rate, or structured interest rate.

<sup>22</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>23</sup> In case of Knock-in Securities.

<sup>24</sup> In case of Knock-in Securities.

"**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]<sup>25</sup>;

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

"**Reference Price**" means, with respect to any day (a "**Reference Day**"), an amount [(which shall be deemed to be a monetary value in the Underlying Currency)]<sup>26</sup> [(which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate)]<sup>27</sup> equal to the 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;

"**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][•];

["**Underlying Currency**" means •;]

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<sup>25</sup> In case the Pricing Date is on or after the Issue Date.

<sup>26</sup> In case of non-Quanto Securities.

<sup>27</sup> In case of Quanto Securities.



**"Valuation Date"** means ●. 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, subject to an early termination, hereby grants the Securityholder the right to demand for each Security payment in accordance with Product Condition 2(c) of:

(i) upon Automatic Exercise,

[(A) the Cash Amount 1 or

(B) the Cash Amount 2,

at the sole option of the Issuer]<sup>28</sup>

[(A) the Cash Amount 1 – if the Final Reference Price is equal to or greater than the Strike or

(B) the Cash Amount 2 – if the Final Reference Price is less than the Strike]<sup>29</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) at the sole option of the Issuer either the Cash Amount 1 or the Cash Amount 2 – if a Knock-in Event has occurred]<sup>30</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) the Cash Amount 1 – if a Knock-in Event has occurred and the Final Reference Price is equal to or greater than the Strike or

(C) the Cash Amount 2 – if a Knock-in Event has occurred and the Final Reference Price is less than the Strike]<sup>31</sup>

on the Maturity Date, provided that a Certification has been delivered to the Principal Paying Agent; and

<sup>28</sup> In case of Securities which are not Knock-in Securities.

<sup>29</sup> In case of Securities which are not Knock-in Securities.

<sup>30</sup> In case of Knock-in Securities.

<sup>31</sup> In case of Knock-in Securities.

(ii) the Interest Amount on [each][the] Interest Payment Date.

[The Issuer will give notice to the Securityholders in accordance with General Condition 3 at least • Business Days prior to the [Maturity Date][Exercise Date] whether it will redeem the Securities by payment of the Cash Amount 1 or 2.]

- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) 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 dates specified in Product Condition 2(a).
- (d) 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.
- (e) Interest Accrual. The Securities shall cease to accrue interest from (and including) the [final] Interest Payment Date. This shall also apply if the payment of the Cash Amount 1 or 2 is postponed due to a Market Disruption Event [or an Emerging Market Disruption Event].
- (f) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain

requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (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) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Commodity to commence, or the permanent discontinuation of trading of the Commodity, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Commodity or any contract related to the Commodity on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

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

*[Insert in case the Commodity is related to one or more emerging market(s):*

- (c) **"Emerging Market Disruption Event"** means:
  - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
  - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence

of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Commodity (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Commodity is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

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

[(c)][(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

(a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions. [*Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* Any such adjustments will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and ●].]

(b) **"Adjustment Event"** means:

- (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
- (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
- (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording

or similar tax on, or measured by reference to, the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Commodity; or
- (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

*[Insert supplemental or alternative adjustment events, if applicable]*

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

## 5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").*[ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent in its reasonable discretion (billiges Ermessen).]* The Issuer shall notify the Securityholders of the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Commodity or (B) instruments related to the Commodity used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"); *Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* however, any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent]. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the Commodity by another commodity;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging



Disruption Event. *[Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].]*

- (c) Each and any of[ the Calculation Agent's and] the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language 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.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO FUND [KNOCK-IN] [QUANTO] REVERSE EXCHANGEABLE SECURITIES**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>32</sup>.*

1. DEFINITIONS

**"Automatic Exercise"** means an exercise in accordance with Product Condition 2(b);

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

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

**"Cash Amount 1"** means, subject to an adjustment in accordance with Product Condition 3, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[\text{Nominal Amount} \times 100 \%][\bullet].$$

[The Cash Amount 1 shall not be less than zero.] [The Cash Amount 1 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 1 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

**"Cash Amount 2"** means, subject to an adjustment in accordance with Product Condition 3, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[\text{Nominal Amount} \times (\text{Final Reference Price/Strike})][\bullet].$$

[The Cash Amount 2 shall not be less than zero.] [The Cash Amount 2 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 2 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

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

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<sup>32</sup> In case of Securities represented by a Global Security.

**"Clearing Agent"** means •;

**["Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**["Exchange"** means •;]<sup>33</sup>

**["Exchange Rate"** means [the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time][on a Trading Day] [on the Valuation Date] by reference to [•]<sup>34</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Underlying Currency equals 1 unit of the Settlement Currency]<sup>35</sup>[•];]

**"Exercise Date"** 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 (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**["Final Reference Price"** means, subject to Product Condition 3, [the Reference Price on the Valuation Date][•];]

**"Fund"** means •, subject to an adjustment in accordance with Product Condition 3;

**"Fund Administrator"** means the fund administrator, manager, trustee or similar person or entity with the primary administrative responsibilities for the Fund;

**"Fund Adviser"** means any person or entity appointed as investment manager or investment adviser (whether discretionary or not) for the Fund;

**"Fund Calculation Agent"** means any person or entity responsible for the calculation and quotation of the NAV of a Fund Unit pursuant to the laws and regulations (including but not limited to the Fund's constitutive documents) applicable to the Fund;

**"Fund Disruption Event"** means each event specified as Fund Disruption Event in Product Condition 3;

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<sup>33</sup> In case of a Fund which is an exchange traded fund.

<sup>34</sup> Insert relevant page.

<sup>35</sup> In case of Quanto Securities.

**"Fund Prospectus"** means [●] and, in relation to any Replacement Fund, means the prospectus relating to the Replacement Fund as notified to the Securityholders in accordance with Product Condition 3 [(c)][(d)], each as amended from time to time;

**"Fund Service Provider"** means any person or entity who is appointed to provide services, directly or indirectly, for the Fund, whether or not specified in the Fund's constitutive documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, Fund Calculation Agent, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

**"Fund Substitution Date"** means the date notified to the Securityholders as the date for the replacement of the Fund by a Replacement Fund in accordance with Product Condition 3 [(c)][(d)];

**"Fund Unit"** means [a unit of the Fund][●];

**"Global Security"** has the meaning given in General Condition 2;<sup>36</sup>

**"Inclusion Date"** means (i) with respect to the Fund, the Issue Date and (ii) with respect to any Replacement Fund, the Fund Substitution Date of that Fund;

**"Initial Reference Price"** means ●;

**"Interest Amount"** means [with respect to an Interest Period an amount calculated by the Calculation Agent in accordance with the following formula:

Nominal Amount x Interest Rate p.a. x Interest Rate Day Count Fraction]<sup>37</sup>[●]<sup>38</sup>;

**"Interest Payment Date"** means ●<sup>39</sup>;

**"Interest Period"** means the period commencing on (and including) the Issue Date until (and excluding) the [first] Interest Payment Date [and each period commencing on (and including) an Interest Payment Date until (and excluding) the next following Interest Payment Date];<sup>40</sup>

**"Interest Rate Day Count Fraction"** means ●;<sup>41</sup>

**"Interest Rate p.a."** means ●<sup>42</sup>;<sup>43</sup>

**"Issue Date"** means ●;

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<sup>36</sup> In case of Securities represented by a Global Security.

<sup>37</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>38</sup> If the Interest Amount is expressed as a fixed amount.

<sup>39</sup> Do not specify "Maturity Date" as final Interest Payment Date.

<sup>40</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>41</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>42</sup> Specify fixed interest rate, floating interest rate, or structured interest rate.

<sup>43</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

**"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 •];

**["Knock-in Barrier"** means •, subject to an adjustment in accordance with Product Condition 3;]<sup>44</sup>

**["Knock-in Event"** means [that the NAV of a Fund as quoted by the Fund Calculation Agent[ or where the Fund is an exchange traded fund, the price of a Fund Unit on the Exchange] is for any time on any Trading Day during the Observation Period less than or equal to the Knock-in Barrier][•];]<sup>45</sup>

**["Launch Date"** means •;]

**"Maturity Date"** means •;

**["Multiplier"** means •, subject to an adjustment in accordance with Product Condition 3;]

**"Merger Event"** means (i) any merger or similar event regarding the Fund or a Fund Service Provider with or into another entity, fund or person (other than a merger or similar event in which the Fund or a Fund Service Provider is the continuing entity and which does not result in a reclassification or change of its outstanding shares, units or interests) or (ii) any takeover offer or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding shares, units or interests of the Fund or a Fund Service Provider that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person);

**"NAV"** means net asset value;

**"Nominal Amount"** means •;

**["Observation Period"** 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 Fund 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

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<sup>44</sup> In case of Knock-in Securities.

<sup>45</sup> In case of Knock-in Securities.

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]<sup>46</sup>;

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

**"Reference Price"** means, with respect to any day (a **"Reference Day"**), an amount [(which shall be deemed to be a monetary value in the Underlying Currency)]<sup>47</sup> [(which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate)]<sup>48</sup> equal to the NAV of a Fund Unit as quoted by the Fund Calculation Agent for such Reference Day [or, where the Fund is an exchange traded fund, the price of a Fund Unit on the Exchange [for the Valuation Time] [•] on such Reference Day] without regard to any subsequently published correction or (if such NAV [or price, as the case may be,] is not quoted and a Fund Disruption Event [and an Emerging Market Disruption Event] has not occurred and is not continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the NAV [or, where the Fund is an exchange traded fund, the price] of the Fund Unit for such Reference Day [or, where the Fund is an exchange traded fund, [for the Valuation Time] [•] on such Reference Day] and notified to the Securityholders in accordance with General Condition 3. If a Fund 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, with respect to a Fund which is an exchange traded fund, each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Fund are traded;

**"Relevant Number of Trading Days"** means •;

**"Replacement Fund"** means the fund selected by the Calculation Agent to replace the Fund in accordance with Product Condition 3[(b)][(c)](ii);

**"Securities"** means •;

**"Securityholder"** has the meaning given in General Condition 2;

**"Series"** means •;

**"Settlement Currency"** means •;

**"Strike"** means •, subject to an adjustment in accordance with Product Condition 3;

**"Trading Day"** means [any day on which dealing in Fund Units can take place (or, but for the occurrence of a Fund Disruption Event [or an Emerging Market Disruption Event] could have taken place) [or, where the Fund is an exchange traded fund, any day that is (or, but for the

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<sup>46</sup> In case the Pricing Date is on or after the Issue Date.

<sup>47</sup> In case of non-Quanto Securities.

<sup>48</sup> In case of Quanto Securities.



occurrence of a Fund Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time]][●]; [and]

["**Underlying Currency**" means ●; and]

"**Valuation Date**" means ●. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3[.]; and

"**Valuation Time**" means, with respect to a Fund which is an exchange traded fund, the close of trading on the Exchange in relation to a Fund Unit or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.]

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

(a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the Securityholder the right to demand for each Security payment in accordance with Product Condition 2(c) of:

(i) upon Automatic Exercise,

[(A) the Cash Amount 1 or

(B) the Cash Amount 2,

at the sole option of the Issuer]<sup>49</sup>

[(A) the Cash Amount 1 – if the Final Reference Price is equal to or greater than the Strike or

(B) the Cash Amount 2 – if the Final Reference Price is less than the Strike]<sup>50</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) at the sole option of the Issuer either the Cash Amount 1 or the Cash Amount 2 – if a Knock-in Event has occurred]<sup>51</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

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<sup>49</sup> In case of Securities which are not Knock-in Securities.

<sup>50</sup> In case of Securities which are not Knock-in Securities.

<sup>51</sup> In case of Knock-in Securities.

- (B) the Cash Amount 1 – if a Knock-in Event has occurred and the Final Reference Price is equal to or greater than the Strike or
- (C) the Cash Amount 2 – if a Knock-in Event has occurred and the Final Reference Price is less than the Strike]<sup>52</sup>

on the Maturity Date, provided that a Certification has been delivered to the Principal Paying Agent; and

- (ii) the Interest Amount on [each][the] Interest Payment Date.

[The Issuer will give notice to the Securityholders in accordance with General Condition 3 at least • Business Days prior to the [Maturity Date][Exercise Date] whether it will redeem the Securities by payment of the Cash Amount 1 or 2.]

- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) 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 dates specified in Product Condition 2(a).
- (d) 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.
- (e) Interest Accrual. The Securities shall cease to accrue interest from (and including) the [final] Interest Payment Date. This shall also apply if the payment of the Cash Amount 1 or 2 is postponed due to a Fund Disruption Event [or an Emerging Market Disruption Event].
- (f) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise

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<sup>52</sup> In case of Knock-in Securities.

primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (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. FUND DISRUPTION [AND EMERGING MARKET DISRUPTION EVENT]

- (a) **"Fund Disruption Event"** means each of the following events, provided that the Calculation Agent determines that the relevant event either has resulted or is reasonably likely to result in an adverse effect on the value of a Fund Unit or on the rights of any investor in the Fund:

- (i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date, or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that in effect at its Inclusion Date, or (c) the operation or organisation of the Fund or the Fund Service Provider (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date, or (d) an event or change occurs affecting any of the ownership, management or reputation or liquidity of the Fund or any assets of the Fund, or (e) any other amendments or changes are made after the Inclusion Date to any of the Fund's constitutive documents or the Fund Prospectus.

- (B) (a) The Fund is not being managed in accordance with its constitutive documents and/or the Fund Prospectus as in effect on the Inclusion Date, and no action satisfactory (in the determination of the Calculation Agent) has been taken by the Fund or any person or entity on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes or will with the passage of time (in the determination of the Calculation Agent) cause the failure of the Fund to meet or maintain any obligation or undertaking under its constitutive documents or the Fund Prospectus.
- (C) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (D) Written notification is given by the Fund or any Fund Service Provider (or any person or entity acting on behalf thereof) to holders of Fund Units or to the Fund Administrator that the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up or liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office (the "**Official**"), a proceeding seeking a judgment of insolvency or any other relief under any insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or the Official ("**Regulatory or Insolvency Proceedings**"), or (ii) has instituted against it Regulatory or Insolvency Proceedings by a

person or entity not being an Official which either (x) results in a judgment of insolvency or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (however described) relating to the Fund or the Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, is economically equivalent to any of the events specified in Product Conditions 3(a)(i)(D)(a) through 3(a)(i)(D)(e) above.

- (E) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (F) Any Merger Event occurs or is announced.
- (G) Any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (H) Any change occurs in the legal, tax, accounting or regulatory treatment of the Fund from that which was applicable at the Inclusion Date.
- (I) A failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (J) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

- (ii) NAV/Price and Reporting:
- (A) The Fund and/or the Fund Calculation Agent ceases for any reason whatsoever to provide, publish or make available the NAV of a Fund Unit for a day for which it normally provides, publishes or makes available the NAV of a Fund Unit [or, where the Fund is an exchange traded fund, there is a failure to publish the price of the Fund Units on the Exchange on a day on which normally such prices are published].
  - (B) (a) The time delay between the calculation of the NAV (or any estimated NAV) of a Fund Unit and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as in effect on the Inclusion Date, or (b) any information relating to the Fund that was specified to be published in accordance with the Fund's constitutive documents or the Fund Prospectus in effect on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
  - (C) The audited NAV of a Fund Unit varies by more than 0.50 per cent from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Calculation Agent determines that the unaudited official NAV of a Fund Unit published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund Unit as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
  - (D) (a) The occurrence of any event affecting the Fund Units that in the determination of the Calculation Agent would make it impossible or impracticable for the Calculation Agent to establish the value of such Fund Unit, and the Calculation Agent determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (b) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, information that such person or entity has agreed to deliver, or cause to be delivered, to the Issuer or the Calculation Agent or information that has been previously delivered to the Issuer or the Calculation Agent in accordance with such person's or entity's normal practice and that the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities.

(iii) Fund Units:

Any of the following events relating to the Fund Units occurs:

- (A) a subdivision, reclassification or distribution of Fund Units which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Fund Units;
- (B) the Fund Units or a portion thereof is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund;
- (C) a (a) dividend (including cash and whether ordinary or extraordinary), (b) distribution, or (c) issue of Fund Units, capital, securities, rights or other assets or interests to existing holders of Fund Units which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Fund Units; or
- (D) any suspension or limitation on the trading of the relevant currencies in which the Fund Units are denominated or any amendment to the currency of denomination of the Fund Units so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund.

(iv) Trading and Fees:

- (A) The Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) in respect of the Fund Units above the level on the Inclusion Date.
- (B) Any suspension of or limitation imposed on trading of the Fund Units (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund is deferred in whole or in part or is made at a value other than the related NAV or price, as the case may be.
- (C) The frequency at which Fund Units can be traded is amended or the timing for subscription or redemption of Fund Units is amended, in each case so that it is no longer that as in effect on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.

- (v) Fund Adviser and Fund Service Provider Failures:
  - (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
  - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (however described) relating to the Fund have been breached and not cured.
  - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Calculation Agent determines to adversely affect the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
  - (D) The Issuer or the Calculation Agent becomes aware of any failure by the Fund or any person or entity on its behalf to disclose to the Issuer or the Calculation Agent, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Fund Units.
- (vi) General: Any other event occurs which the Calculation Agent determines is economically equivalent to any of the events specified in Product Condition 3 (a)(i) to (v) above.

*[Insert supplemental or alternative fund disruption events, if applicable]*

*[Insert in case the Fund is related to one or more emerging market(s):*

- (b) **"Emerging Market Disruption Event"** means:
  - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
  - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or



- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Fund or any Fund Unit (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency and the lawful currency in which the Fund Units are denominated or in which payments are made under the Fund Units from time to time, [or, where the Fund is an exchange traded fund, the lawful currency of the country in which the Exchange is located,] provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

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

[(b)][(c)] Consequences of a Fund Disruption Event [or Emerging Market Disruption Event].

- (i) If in the determination of the Calculation Agent, a Fund Disruption Event [and/or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Fund Disruption

Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Fund Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Fund Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Fund Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price.

- (ii) Following the occurrence of a Fund Disruption Event [and/or Emerging Market Disruption Event] (and regardless of whether or not such event is then continuing) the following actions may be taken:
  - (x) (A) the Calculation Agent may make adjustments to the Conditions to account for the economic effect on the Securities of such event and (B) determine the effective date of the relevant adjustments[. Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such adjustments will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •]]; or
  - (y) the Calculation Agent may select a Replacement Fund with a similar risk profile as the Fund replaced and a Fund Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Fund Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Fund Substitution Date, and (C) the Calculation Agent may make adjustments to the Conditions to reflect such substitution; or
  - (z) the Issuer may terminate the Securities, in whole but not in part, on the date notified to the Securityholders in accordance with General Condition 3. If the Securities are terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Termination Amount**")]; Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: however, any such amount

to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent]. The Issuer shall notify the Securityholders of the Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

An adjustment in accordance with Product Condition 3[(b)][(c)](ii)(x) or a selection of a Replacement Fund in accordance with Product Condition 3[(b)][(c)](ii)(y) shall not preclude a subsequent termination in accordance with Product Condition 3[(b)][(c)](ii)(z) with respect to the same event.

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations shall be made exercising reasonable discretion (*billiges Ermessen*). The Issuer shall give notice in accordance with General Condition 3 of any determination, adjustment or other decision made by it or the Calculation Agent pursuant to this Product Condition 3 as soon as practicable after it has been made. In case of a selection of a Replacement Fund in accordance with Product Condition 3[(b)][(c)](ii)(y), the notice shall also specify the prospectus relating to the Replacement Fund and the date of replacement of the Fund by the Replacement Fund. The Issuer shall make available for inspection by Securityholders copies of any such determinations and/or adjustments.

#### 4. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**").[ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).] The Issuer shall notify the Securityholders of the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay

the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 5. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
  - (i) any material illiquidity in the market with respect to (A) the Fund or the Fund Units or (B) instruments related to the Fund or the Fund Units used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
  - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"); Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: however, any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent]. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) replace the Fund by another fund or the Fund Units by other fund units;
- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. [Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].]
- (c) Each and any of [ the Calculation Agent's and] the Issuer's determinations and adjustments in accordance with this Product Condition 5 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 6. LANGUAGE

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

## [7. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
  - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
  - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into euro at the Established Rate; and

- (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 7(a) and/or Product Condition 7(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition 7, the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.]

#### [7][8]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].

- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[8][9]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.



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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO INDEX [KNOCK-IN] [QUANTO] REVERSE EXCHANGEABLE SECURITIES**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>53</sup>.*

1. DEFINITIONS

**"Automatic Exercise"** means an exercise in accordance with Product Condition 2(b);

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business] [•];

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

**"Cash Amount 1"** 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):

$$[\text{Nominal Amount} \times 100 \%][\bullet].$$

[The Cash Amount 1 shall not be less than zero.] [The Cash Amount 1 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 1 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

**"Cash Amount 2"** 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):

$$[\text{Nominal Amount} \times (\text{Final Reference Price/Strike})][\bullet].$$

[The Cash Amount 2 shall not be less than zero.] [The Cash Amount 2 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 2 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

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

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<sup>53</sup> In case of Securities represented by a Global Security.

**"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 Underlying Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on a Trading Day] [on the Valuation Date [or the Index Early Termination Date, as the case may be,]] by reference to [•<sup>54</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]] [a fixed rate of exchange where 1 unit of the Underlying Currency equals 1 unit of the Settlement Currency]<sup>55</sup> [ •];]

**"Exercise Date"** 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 (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

**["Final Reference Price"** means, subject to Product Conditions 3 and 4, [the Reference Price on the Valuation Date[ or the Index Early Termination Date, as the case may be]][•];]

**["Global Security"** has the meaning given in General Condition 2;]<sup>56</sup>

**"Index"** means •, subject to an adjustment in accordance with Product Condition 4;

**"Index Components"** means [the securities or other financial instruments that comprise the Index][•], subject to an adjustment in accordance with Product Condition 4;

**["Index Early Termination Date"** means the day on which the Index Early Termination Event occurs or, if such day is not a Trading Day, the first succeeding Trading Day, subject to a postponement in accordance with Product Condition 3;]

**["Index Early Termination Event"** means [the occurrence of the event that the total number of Index Components comprised in the Index is less than the minimum number of index components, as specified in the index description attached to the Product Conditions][•];]

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<sup>54</sup> Insert relevant page.

<sup>55</sup> In case of Quanto Securities.

<sup>56</sup> In case of Securities represented by a Global Security.

["**Index Fee**" means •, which fee will accrue on a [daily][•] basis and be calculated by the Calculation Agent on [each Trading Day][•] as follows •;]

"**Index Sponsor**" means [the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (ii) 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 Reference Price**" means •;]

"**Interest Amount**" means [with respect to an Interest Period an amount calculated by the Calculation Agent in accordance with the following formula:

Nominal Amount x Interest Rate p.a. x Interest Rate Day Count Fraction]<sup>57</sup>[•]<sup>58</sup>;

"**Interest Payment Date**" means •<sup>59</sup>;

["**Interest Period**" means the period commencing on (and including) the Issue Date until (and excluding) the [first] Interest Payment Date[ and each period commencing on (and including) an Interest Payment Date until (and excluding) the next following Interest Payment Date];]<sup>60</sup>

["**Interest Rate Day Count Fraction**" means •;]<sup>61</sup>

["**Interest Rate p.a.**" means •<sup>62</sup>;]<sup>63</sup>

"**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 •];

["**Knock-in Barrier**" means •, subject to an adjustment in accordance with Product Condition 4;]<sup>64</sup>

["**Knock-in Event**" means [that 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 less than or equal to the Knock-in Barrier][•];]<sup>65</sup>

["**Launch Date**" means •;]

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

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<sup>57</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>58</sup> If the Interest Amount is expressed as a fixed amount.

<sup>59</sup> Do not specify "Maturity Date" as final Interest Payment Date.

<sup>60</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>61</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>62</sup> Specify fixed interest rate, floating interest rate, or structured interest rate.

<sup>63</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>64</sup> In case of Knock-in Securities.

<sup>65</sup> In case of Knock-in Securities.

**"Maturity Date"** means •;

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

**"Nominal Amount"** means •;

**["Observation Period"** 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]<sup>66</sup>;]

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

**"Reference Price"** means, with respect to any day (a **"Reference Day"**), an amount [(which shall be deemed to be a monetary value in the Underlying Currency)]<sup>67</sup> [(which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate)]<sup>68</sup> 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. [[If any Index Component closes "limit up" or "limit down" on the Exchange on a Valuation Date [or the Index Early Termination Date, as the case may be], the level of the Index for such Valuation Date [or the Index Early Termination Date, as the case may be,] will be adjusted to reflect the first succeeding non-limit closing price of the relevant Index Component

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<sup>66</sup> In case the Pricing Date is on or after the Issue Date.

<sup>67</sup> In case of non-Quanto Securities.

<sup>68</sup> In case of Quanto Securities.

on the Exchange.][●]]<sup>69</sup> 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;

**"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] [●];

**["Underlying Currency"** means ●;]

**"Valuation Date"** means ●. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

**"Valuation Time"** means the time with reference to which the Index Sponsor calculates the [closing level][●] of the Index or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer, subject to an early termination[ other than in accordance with Product Condition 5(b)], hereby grants the Securityholder the right to demand for each Security payment in accordance with Product Condition 2(c) of:
  - (i) upon Automatic Exercise[ in accordance with Product Condition 2(b) or in case of an Index Early Termination Event in accordance with Product Condition 5(b)],

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<sup>69</sup> In case of Securities where any of the index components is a commodity future contract.

[(A) the Cash Amount 1 or  
(B) the Cash Amount 2,  
at the sole option of the Issuer]<sup>70</sup>

[(A) the Cash Amount 1 – if the Final Reference Price is equal to or greater than the Strike or

(B) the Cash Amount 2 – if the Final Reference Price is less than the Strike]<sup>71</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) at the sole option of the Issuer either the Cash Amount 1 or the Cash Amount 2 – if a Knock-in Event has occurred]<sup>72</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) the Cash Amount 1 – if a Knock-in Event has occurred and the Final Reference Price is equal to or greater than the Strike or

(C) the Cash Amount 2 – if a Knock-in Event has occurred and the Final Reference Price is less than the Strike]<sup>73</sup>

on the Maturity Date, provided that a Certification has been delivered to the Principal Paying Agent; and

(ii) the Interest Amount on [each][the] Interest Payment Date.

[The Issuer will give notice to the Securityholders in accordance with General Condition 3 at least • Business Days prior to the [Maturity Date][Exercise Date][ or in the case of an Index Early Termination Event without undue delay after the Index Early Termination Date] whether it will redeem the Securities by payment of the Cash Amount 1 or 2.]

- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) 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 dates specified in Product Condition 2(a).
- (d) 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.

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<sup>70</sup> In case of Securities which are not Knock-in Securities.

<sup>71</sup> In case of Securities which are not Knock-in Securities.

<sup>72</sup> In case of Knock-in Securities.

<sup>73</sup> In case of Knock-in Securities.

- (e) Interest Accrual. The Securities shall cease to accrue interest from (and including) the [final] Interest Payment Date[ or in the case of an Index Early Termination Event cease to accrue interest from (and including) the Index Early Termination Date]. This shall also apply if the payment of the Cash Amount 1 or 2 is postponed due to a Market Disruption Event [or an Emerging Market Disruption Event].
- (f) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
  - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (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 [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) on any Exchange(s) in Index Components that comprise 20 per cent or more of the level of the Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in an Index Component is suspended or limited at that time, then the relevant percentage contribution of that Index Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Index Component relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or



- (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Index if, in the determination of the Calculation Agent, such suspension or limitation is material.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any Exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

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

*[Insert in case the Index or any Index Component is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index or any Index Component (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial

markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which the Index or any Index Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

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

[(c)][(d)] Each and any of the Calculation Agent's determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the **"Successor Sponsor"**) acceptable as determined by the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (b) If (A) on or prior to the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in Index Components and other routine events); or (B) on the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or announce the Index, then (in either case) the Calculation Agent shall determine the relevant Reference Price using, in lieu of an

announced level for the Index on the Valuation Date [or the Index Early Termination Date, as the case may be,] the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those Index Components that comprised the Index immediately prior to the change or failure (other than those Index Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Index Components are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 3. 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 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**").*[ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent.]* The Issuer shall notify the Securityholders of the Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (c) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index. [Where the Index Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(c): (A) a distribution or dividend to existing holders of the shares of (i) shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the shares equally or proportionately with such payments to holders of shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (E) any non-cash dividends declared on

the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from (and including) the Issue Date up to (but excluding) the Valuation Date[, or the Index Early Termination Date, as the case may be]; (G) a distribution of cash dividends on the shares equal to or greater than 8 per cent per annum of the then current market value of the shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.]<sup>74</sup>

- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions. [*Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such adjustments will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].*]

*[Insert supplemental or alternative adjustment events, if applicable]*

- (e) 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 to the Securityholders in accordance with General Condition 3.

## 5. EARLY TERMINATION

- [(a)] [Early Termination. ]The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). [*Where the Securities contain provisions which provide for a*

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<sup>74</sup> Where the Index Components are shares.

*minimum assured return of interest or other payments, howsoever expressed, insert:* Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and ●], such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).] The Issuer shall notify the Securityholders of the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- [(b) Index Early Termination. Upon the occurrence of an Index Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event payment shall be made in accordance with Product Condition 2.]

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
  - (i) any material illiquidity in the market with respect to (A) the Index or any Index Components or (B) instruments related to the Index or any Index Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
  - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction

entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**") [;Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: however, any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent]. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) make an adjustment to the composition of the Index or replace the Index by another index;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. [Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].]
- (c) Each and any of [the Calculation Agent's and] the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language 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.

[INDEX DESCRIPTION

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**CONDITIONS: PRODUCT CONDITIONS**

**RELATING TO SINGLE STOCK [KNOCK-IN] [QUANTO] REVERSE EXCHANGEABLE SECURITIES**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>75</sup>.*

1. DEFINITIONS

**"Automatic Exercise"** means an exercise in accordance with Product Condition 2(b);

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business [and on which the Exchange is open for business]<sup>76</sup>][•];

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

**"Cash Amount [1]"** 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):

$$[\text{Nominal Amount} \times 100 \%][\bullet].$$

[The Cash Amount [1] shall not be less than zero.] [The Cash Amount [1] shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount [1] shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

**"Cash Amount 2"** 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):

$$[\text{Nominal Amount} \times (\text{Final Reference Price/Strike})][\bullet].$$

[The Cash Amount 2 shall not be less than zero.] [The Cash Amount 2 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 2 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

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

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<sup>75</sup> In case of Securities represented by a Global Security.

<sup>76</sup> In case of physical settlement.

**"Clearing Agent"** means •;

**"Cut-off Date"** means the • Business Day prior to the [Exercise Date][Maturity Date];]

**"Delivery Details"** means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][•];]<sup>77</sup>

**"Dividend Amount"** means, with respect to each Security, an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions with respect to any Share Amount [to be delivered], net of applicable withholding taxes at a rate adjusted by application of the [Netherlands][•] tax treaty without regard to any tax credits, less any costs incurred by the Issuer in relation to the receipt of the relevant cash dividend or other cash distribution and less any Expenses, [multiplied by the Multiplier, ]if the ex-dividend date for such cash dividends and/or cash distributions on the Exchange occurs on a date during the period [from (and including) the Issue Date to (and including) [(i)] the [final] Valuation Date [(in case of payment of the Cash Amount) or (ii) the Maturity Date (in case of delivery of the Share Amount)]<sup>78</sup>]<sup>79</sup> [from (but excluding) the [final] Valuation Date to (and including) the Maturity Date]<sup>80</sup>;]

**"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 Underlying Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on a Trading Day][on the Valuation Date] by reference to [•]<sup>81</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Underlying Currency equals 1 unit of the Settlement Currency]<sup>82</sup>[•];]

**"Exercise Date"** 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 (i) the exercise of

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<sup>77</sup> In case of physical settlement.

<sup>78</sup> If physical settlement is possible.

<sup>79</sup> If dividends are paid over the term of the product.

<sup>80</sup> If physical settlement is possible and dividends are not paid over the term of the product.

<sup>81</sup> Insert relevant page.

<sup>82</sup> In case of Quanto Securities.

such Security and/or (ii) any payment [or delivery]<sup>83</sup> due following exercise or otherwise with respect to such Security;

["**Final Reference Price**" means, subject to Product Conditions 3 and 4, [the Reference Price on the Valuation Date][•];]

["**Global Security**" has the meaning given in General Condition 2;]<sup>84</sup>

["**Initial Reference Price**" means •;]

"**Interest Amount**" means [with respect to an Interest Period an amount calculated by the Calculation Agent in accordance with the following formula:

Nominal Amount x Interest Rate p.a. x Interest Rate Day Count Fraction]<sup>85</sup>[•]<sup>86</sup>;

"**Interest Payment Date**" means •<sup>87</sup>;

["**Interest Period**" means the period commencing on (and including) the Issue Date until (and excluding) the [first] Interest Payment Date[ and each period commencing on (and including) an Interest Payment Date until (and excluding) the next following Interest Payment Date];]<sup>88</sup>

["**Interest Rate Day Count Fraction**" means •;]<sup>89</sup>

["**Interest Rate p.a.**" means •<sup>90</sup>;]<sup>91</sup>

"**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 •];

["**Knock-in Barrier**" means •, subject to an adjustment in accordance with Product Condition 4;]<sup>92</sup>

["**Knock-in Event**" means [that the price of the Share on the Exchange is at any time on any Trading Day during the Observation Period less than or equal to the Knock-in Barrier][•];]<sup>93</sup>

["**Launch Date**" means •;]

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

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<sup>83</sup> In case of physical settlement.

<sup>84</sup> In case of Securities represented by a Global Security.

<sup>85</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>86</sup> If the Interest Amount is expressed as a fixed amount.

<sup>87</sup> Do not specify "Maturity Date" as final Interest Payment Date.

<sup>88</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>89</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>90</sup> Specify fixed interest rate, floating interest rate, or structured interest rate.

<sup>91</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>92</sup> In case of Knock-in Securities.

<sup>93</sup> In case of Knock-in Securities.

**"Maturity Date"** means [●, subject to a postponement in accordance with Product Condition 3[(c)][(d)]<sup>94</sup>][●];

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

**"Nominal Amount"** means ●;

**"Observation Period"** 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]<sup>95</sup>;]

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

**"Reference Price"** means, with respect to any day (a **"Reference Day"**), an amount [(which shall be deemed to be a monetary value in the Underlying Currency)]<sup>96</sup> [(which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate)]<sup>97</sup> 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;

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<sup>94</sup> In case of physical settlement.

<sup>95</sup> In case the Pricing Date is on or after the Issue Date.

<sup>96</sup> In case of non-Quanto Securities.

<sup>97</sup> In case of Quanto Securities.

**"Related Exchange"** means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

**"Relevant Number of Trading Days"** means •;

**"Securities"** means •;

**"Securityholder"** has the meaning given in General Condition 2;

**["Series"** means •;]

**"Settlement Currency"** means •;

**["Settlement Disruption Event"** means an event specified in Product Condition 3[(c)][(d)];<sup>98</sup>

**"Share"** means •, subject to an adjustment in accordance with Product Condition 4;

**["Share Amount"** means [• Share[s]] [one Share multiplied by the Multiplier] [the number of Shares calculated by the Calculation Agent by dividing the Nominal Amount [converted into the Underlying Currency at the Exchange Rate] by (i) where the Share is quoted in GB pence or US cents, the quotient of the Strike and 100 and otherwise (ii) the Strike], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Reference Price;]<sup>99</sup>

**"Share Company"** means •, subject to an adjustment in accordance with Product Condition 4;

**"Strike"** means •, subject to an adjustment in accordance with Product Condition 4;

**"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][•];

**["Underlying Currency"** means •;]

**"Valuation Date"** means •. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

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<sup>98</sup> In case of physical settlement.

<sup>99</sup> In case of physical settlement.

**"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, subject to an early termination, hereby grants the Securityholder the right to demand for each Security [delivery or] payment in accordance with Product Condition 2(c) of:

(i) upon Automatic Exercise,

[(A) the Cash Amount [1] or

(B) the [Share Amount] [Cash Amount 2],

at the sole option of the Issuer]<sup>100</sup>

[(A) the Cash Amount [1] – if the Final Reference Price is equal to or greater than the Strike or

(B) the [Cash Amount 2][Share Amount] – if the Final Reference Price is less than the Strike]<sup>101</sup>

[(A) the Cash Amount [1] – if a Knock-in Event has not occurred or

(B) at the sole option of the Issuer either the Cash Amount [1] or the [Share Amount] [Cash Amount 2] – if a Knock-in Event has occurred]<sup>102</sup>

[(A) the Cash Amount [1] – if a Knock-in Event has not occurred or

(B) the Cash Amount [1] – if a Knock-in Event has occurred and the Final Reference Price is equal to or greater than the Strike or

(C) the [Cash Amount 2][Share Amount] – if a Knock-in Event has occurred and the Final Reference Price is less than the Strike]<sup>103</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) the Cash Amount 1 – if a Knock-in Event has occurred and the Final Reference Price is equal to or greater than the Strike or

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<sup>100</sup> In case of Securities which are not Knock-in Securities.

<sup>101</sup> In case of Securities which are not Knock-in Securities.

<sup>102</sup> In case of Knock-in Securities.

<sup>103</sup> In case of Knock-in Securities.



- (C) at the sole option of the Issuer either the Cash Amount 2 or the Share Amount – if a Knock-in Event has occurred and the Final Reference Price is less than the Strike]<sup>104</sup>

on the Maturity Date, provided that a Certification has been delivered to the Principal Paying Agent; [and]

- (ii) the Interest Amount on [each][the] Interest Payment Date [.]; and  
(iii) the Dividend Amount, if any.]<sup>105</sup>

[The Issuer will give notice to the Securityholders in accordance with General Condition 3 at least • Business Days prior to the [Maturity Date][Exercise Date] whether it will redeem the Securities by payment of the Cash Amount [1] [or] [2] or [delivery of the Share Amount].]<sup>106</sup>

- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) 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 dates specified in Product Condition 2(a)[, and in case of any Dividend Amount on the date specified in Product Condition 2[(k)][(h)]]<sup>107</sup>.

[The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall not be under any obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]<sup>108</sup>

- (d) 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.
- (e) Interest Accrual. The Securities shall cease to accrue interest from (and including) the [final] Interest Payment Date. This shall also apply if the payment of the Cash Amount [1] or [2][the delivery of the Share Amount or payment of any fraction of Share]<sup>109</sup> is

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<sup>104</sup> In case of Knock-in Securities.

<sup>105</sup> If Dividend Amount is applicable.

<sup>106</sup> In case the Issuer has the option to redeem by payment of a cash amount or delivery of a Share Amount.

<sup>107</sup> If Dividend Amount is applicable.

<sup>108</sup> In case of physical settlement.

<sup>109</sup> In case of physical settlement.

postponed due to [a Settlement Disruption Event or]<sup>110</sup> a Market Disruption Event [or an Emerging Market Disruption Event].

- (f) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
  - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
  - (iii) include an undertaking to pay all Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
  - (iv) specify the Delivery Details]<sup>111</sup>.
- (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.

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<sup>110</sup> In case of physical settlement.

<sup>111</sup> In case physical settlement is possible.

- [(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Cut-off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Cut-off Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of all Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.
- (i) Late Payment of Expenses. If the Certification does not fulfil the requirements set forth in Product Condition 2(f)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of any Expenses.
- (j) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person

shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment [(other than any payment of dividends pursuant to Product Condition 2[(k)][(h)])] whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>112</sup>

[[[(k)][(h)]] Dividend Amount. The Securityholder is entitled to receive the Dividend Amount within [ten][●] Business Days following the receipt by the Issuer of the cash dividend and/or cash distribution and the person entitled to receive the Dividend Amount shall be the person who is the Securityholder on the date of receipt by the Issuer. If the ex-dividend date for such dividend on the Exchange occurs on or before [[(i)] the [final] Valuation Date [(in case of payment of the Cash Amount) or (ii) the Maturity Date (in case of delivery of the Share Amount)]<sup>113</sup><sup>114</sup> [the Maturity Date]<sup>115</sup>, but the date of receipt of the cash dividend and/or cash distribution by the Issuer is only on or after such date, the person entitled to receive the Dividend Amount shall be the Securityholder on [[(i)] the [final] Valuation Date [(in case of payment of the Cash Amount) or (ii) the Maturity Date (in case of delivery of the Share Amount)]<sup>116</sup><sup>117</sup> [the Maturity Date]<sup>118</sup>. However, the Issuer shall in no event be obliged to take any action whatsoever in enforcing payment of any cash dividend and/or cash distribution as a result of the Share Company failing to pay any such cash dividend and/or cash distribution when due.]<sup>119</sup>

### 3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]<sup>120</sup>

#### (a) [Market Disruption]<sup>121</sup>

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market

<sup>112</sup> In case of physical settlement.

<sup>113</sup> If physical settlement is possible.

<sup>114</sup> If dividends are paid over the term of the product.

<sup>115</sup> If physical settlement is possible and dividends are not paid over the term of the product.

<sup>116</sup> If physical settlement is possible.

<sup>117</sup> If dividends are paid over the term of the product.

<sup>118</sup> If physical settlement is possible and dividends are not paid over the term of the product.

<sup>119</sup> If Dividend Amount is applicable.

<sup>120</sup> In case of physical settlement.

<sup>121</sup> In case of physical settlement.

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) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

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

*[Insert in case the Share is related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any

of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Shares (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal,

Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

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

[(c)][(d)] Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which a Settlement Disruption Event is not subsisting or, if determined by the Issuer, the Issuer may satisfy its obligations with respect to the relevant Security instead of delivery of the Share Amount on the Maturity Date by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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).

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.]<sup>122</sup>

[(d)][(e)] Each and any of the Calculation Agent's [and the Issuer's]<sup>123</sup> determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

(a) Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential

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<sup>122</sup> In case of physical settlement.

<sup>123</sup> In case of physical settlement.



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 cent per annum of the then current market value of the Shares;
- (v) a call by the Share Company with respect to Shares that are not fully paid;
- (vi) a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.

*[Insert supplemental or alternative potential adjustment events, if applicable]*

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or

- (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the **"Termination Amount"**).*[ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent.]* The Issuer shall notify the Securityholders of the Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

**"De-listing"** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**"Merger Date"** means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**"Merger Event"** means any (i) reclassification of or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

**"Nationalisation"** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are 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 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

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the **"Applicable Law"**). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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"**). [ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).] The Issuer shall

notify the Securityholders of the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
  - (i) any material illiquidity in the market with respect to (A) the Shares or (B) instruments related to the Shares used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
  - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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**"); *Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* however, any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being

determined by the Calculation Agent]. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) replace the Share by another share;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. [*Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].]
- (c) Each and any of[ the Calculation Agent's and] the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language 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.

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**CONDITIONS: PRODUCT CONDITIONS**  
**RELATING TO STOCK BASKET [KNOCK-IN] [QUANTO] REVERSE EXCHANGEABLE**  
**SECURITIES**

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]<sup>124</sup>.*

1. DEFINITIONS

**"Automatic Exercise"** means an exercise in accordance with Product Condition 2(b);

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

**["Basket Reference Price"** means, subject to an adjustment in accordance with Product Condition 4, [an amount equal to the sum of the products, calculated with respect to each Share, of (i) the Share Reference Price on [a Valuation Date][●] and (ii) the Weight of the Share][●];]

**"Business Day"** means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and on which each Clearing Agent is open for business [and on which each Exchange is open for business]<sup>125</sup>][●];

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

**"Cash Amount [1]"** 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):

$$[\text{Nominal Amount} \times 100 \%][\bullet].$$

[The Cash Amount [1] shall not be less than zero.] [The Cash Amount [1] shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount [1] shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]

**["Cash Amount 2"** 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):

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<sup>124</sup> In case of Securities represented by a Global Security.

<sup>125</sup> In case of physical settlement.



[Nominal Amount x (Final Basket Reference Price/Strike)][●].

[The Cash Amount 2 shall not be less than zero.] [The Cash Amount 2 shall be converted into the Settlement Currency at the Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;][The Cash Amount 2 shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]]

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

**"Clearing Agent"** means ●;

**"Cut-off Date"** means the ● Business Day prior to the [Exercise Date] [Maturity Date];]

**"Delivery Details"** means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][●];]<sup>126</sup>

**"Dividend Amount"** means, with respect to each Security, [an amount, as determined by the Calculation Agent, equal to the cash dividends and/or other cash distributions with respect to any Share Amount to be delivered, net of applicable withholding taxes at a rate adjusted by application of the [Netherlands][●] tax treaty without regard to any tax credits, less any costs incurred by the Issuer in relation to the receipt of the relevant cash dividend or other cash distribution and less any Expenses, [multiplied by the Multiplier, ]if the ex-dividend date for such cash dividends and/or cash distributions on the relevant Exchange occurs on a date during the period from (but excluding) the [final] Valuation Date to (and including) the Maturity Date;][●]]<sup>127</sup>

**"Emerging Market Disruption Event"** means each event specified as Emerging Market Disruption Event in Product Condition 3;]

**"Exchange"** means [each exchange or quotation system specified in the definition of Basket or any successor to such exchange or quotation system][●];

**"Exchange Rate"** means [the rate of exchange between the Underlying Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time][on a Trading Day][on the Valuation Date] by reference to [●]<sup>128</sup> (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General

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<sup>126</sup> In case of physical settlement.

<sup>127</sup> If physical settlement is possible.

<sup>128</sup> Insert relevant page.

Condition 3]] [a fixed rate of exchange where 1 unit of the Underlying Currency equals 1 unit of the Settlement Currency]<sup>129</sup> [●];]

**"Exercise Date"** 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 (i) the exercise of such Security and/or (ii) any payment [or delivery]<sup>130</sup> due following exercise or otherwise with respect to such Security;

**"Final Basket Reference Price"** means, subject to an adjustment in accordance with Product Condition 4, [an amount equal to the sum of the products, calculated with respect to each Share, of (i) the Final Share Reference Price and (ii) the Weight of the Share][●];]

**"Final Share Reference Price"** means, with respect to each Share and subject to Product Conditions 3 and 4, [the Share Reference Price on the Valuation Date][●];]

**"Global Security"** has the meaning given in General Condition 2;]<sup>131</sup>

**"Initial Basket Reference Price"** means ●;]

**"Initial Share Reference Price"** means ●;]

**"Interest Amount"** means [with respect to an Interest Period an amount calculated by the Calculation Agent in accordance with the following formula:

Nominal Amount x Interest Rate p.a. x Interest Rate Day Count Fraction]<sup>132</sup>[●]<sup>133</sup>;

**"Interest Payment Date"** means ●<sup>134</sup>;

**"Interest Period"** means the period commencing on (and including) the Issue Date until (and excluding) the [first] Interest Payment Date [and each period commencing on (and including) an Interest Payment Date until (and excluding) the next following Interest Payment Date];]<sup>135</sup>

**"Interest Rate Day Count Fraction"** means ●;]<sup>136</sup>

**"Interest Rate p.a."** means ●<sup>137</sup>;]<sup>138</sup>

**"Issue Date"** means ●;

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<sup>129</sup> In case of Quanto Securities.

<sup>130</sup> In case of physical settlement.

<sup>131</sup> In case of Securities represented by a Global Security.

<sup>132</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>133</sup> If the Interest Amount is expressed as a fixed amount.

<sup>134</sup> Do not specify "Maturity Date" as final Interest Payment Date.

<sup>135</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>136</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

<sup>137</sup> Specify fixed interest rate, floating interest rate, or structured interest rate.

<sup>138</sup> If the Interest Amount is calculated on the basis of an interest rate p.a.

**"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 •];

**["Knock-in Barrier"** means •, subject to an adjustment in accordance with Product Condition 4;]<sup>139</sup>

**["Knock-in Event"** means [that the price of one or more Shares on the relevant Exchange(s) is at any time on any Trading Day during the Observation Period less than or equal to the Knock-in Barrier][•];]<sup>140</sup>

**["Launch Date"** means •;]

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

**"Maturity Date"** means [•, subject to a postponement in accordance with Product Condition 3[(c)][(d)]]<sup>141</sup>][•];

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

**"Nominal Amount"** means •;

**["Observation Period"** 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]<sup>142</sup>.]

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

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<sup>139</sup> In case of Knock-in Securities.

<sup>140</sup> In case of Knock-in Securities.

<sup>141</sup> In case of physical settlement.

<sup>142</sup> In case the Pricing Date is on or after the Issue Date.

**"Related Exchange"** means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on a Share are traded;

**"Relevant Number of Trading Days"** means •;

**"Securities"** means •;

**"Securityholder"** has the meaning given in General Condition 2;

**["Series"** means •;]

**"Settlement Currency"** means •;

**["Settlement Disruption Event"** means an event specified in Product Condition 3[(c)][(d)];<sup>143</sup>

**"Share"** means each share specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

**["Share Amount"** means [the number of Shares specified in the definition of Basket] [each Share multiplied by its [Weight][Multiplier]] [the number of Shares calculated by the Calculation Agent [by multiplying the Nominal Amount [converted into the Underlying Currency at the Exchange Rate] with the Weight of the relevant Share and then by dividing this] [by dividing the Nominal Amount [converted into the Underlying Currency at the Exchange Rate]] by (i) where the Share is quoted in GB pence or US cents, the quotient of the [Strike][Initial Share Reference Price] and 100 and otherwise (ii) the [Strike][Initial Share Reference Price]] [•], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of such Share (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Share Reference Price;]<sup>144</sup>

**"Share Company"** means each share company specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

**"Share Reference Price"** means, with respect to each Share and any day (a **"Reference Day"**), an amount [(which shall be deemed to be a monetary value in the Underlying Currency)]<sup>145</sup> [(which shall be deemed to be a monetary value in the Settlement Currency using the Exchange Rate)]<sup>146</sup> [(converted into the [Settlement Currency][Underlying Currency] at the Exchange Rate, if necessary)] equal to the price of such Share quoted on the relevant Exchange [at or about the Valuation Time] [•] on such Reference Day without regard to any

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<sup>143</sup> In case of physical settlement.

<sup>144</sup> In case of physical settlement.

<sup>145</sup> In case of non-Quanto Securities.

<sup>146</sup> In case of Quanto Securities.

subsequently published correction or (if such price is not published and a Market Disruption Event [and an Emerging Market Disruption Event] with respect to such Share 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 such 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;

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

**"Trading Day"** means, with respect to the Basket, [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on all Exchanges and Related Exchanges other than a day on which trading on any Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time][●];

**"Underlying Currency"** means, with respect to each Share, [the currency specified in the definition of Basket][●];

**"Valuation Date"** means ●. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3;

**"Valuation Time"** means [the regular close of trading on the relevant Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3; and

**"Weight"** means, with respect to each Share[, the weight specified in the definition of Basket, expressed as a decimal number][●], subject to an adjustment in accordance with Product Condition 4.

*[Insert supplemental or alternative definitions, if applicable]*

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. RIGHTS AND PROCEDURES

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the Securityholder the right to demand for each Security [delivery or] payment in accordance with Product Condition 2(c) of:
  - (i) upon Automatic Exercise,
    - [(A) the Cash Amount [1] or
    - (B) the [Share Amount][Cash Amount 2],

at the sole option of the Issuer]<sup>147</sup>

[(A) the Cash Amount [1] – if the Final Basket Reference Price is equal to or greater than the Strike or

(B) the [Cash Amount 2][Share Amount] – if the Final Basket Reference Price is less than the Strike]<sup>148</sup>

[(A) the Cash Amount [1] – if a Knock-in Event has not occurred or

(B) at the sole option of the Issuer either the Cash Amount [1] or the [Share Amount][Cash Amount 2] – if a Knock-in Event has occurred]<sup>149</sup>

[(A) the Cash Amount [1] – if a Knock-in Event has not occurred or

(B) the Cash Amount [1] – if a Knock-in Event has occurred and the Final Basket Reference Price is equal to or greater than the Strike or

(C) the [Cash Amount 2][Share Amount] – if a Knock-in Event has occurred and the Final Basket Reference Price is less than the Strike]<sup>150</sup>

[(A) the Cash Amount 1 – if a Knock-in Event has not occurred or

(B) the Cash Amount 1 – if a Knock-in Event has occurred and the Final Basket Reference Price is equal to or greater than the Strike or

(C) at the sole option of the Issuer either the Cash Amount 2 or the Share Amount – if a Knock-in Event has occurred and the Final Basket Reference Price is less than the Strike]<sup>151</sup>

on the Maturity Date, provided that a Certification has been delivered to the Principal Paying Agent; [and]

(ii) the Interest Amount on [each][the] Interest Payment Date[.]; and

(iii) the Dividend Amount, if any.]<sup>152</sup>

[The Issuer will give notice to the Securityholders in accordance with General Condition 3 at least • Business Days prior to the [Maturity Date][Exercise Date] whether it will redeem the Securities by payment of the Cash Amount [1] [or] [2] or delivery of the Share Amount.]<sup>153</sup>

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<sup>147</sup> In case of Securities which are not Knock-in Securities.

<sup>148</sup> In case of Securities which are not Knock-in Securities.

<sup>149</sup> In case of Knock-in Securities.

<sup>150</sup> In case of Knock-in Securities.

<sup>151</sup> In case of Knock-in Securities.

<sup>152</sup> If Dividend Amount is applicable.

<sup>153</sup> In case the Issuer has the option to redeem by payment of a cash amount or delivery of a Share Amount.

- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) 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 dates specified in Product Condition 2(a)[, and in case of any Dividend Amount on the date specified in Product Condition 2[(k)][(h)]]<sup>154</sup>.

[The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall not be under any obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]<sup>155</sup>

- (d) 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.
- (e) Interest Accrual. The Securities shall cease to accrue interest from (and including) the [final] Interest Payment Date. This shall also apply if the payment of the Cash Amount [1] or [2][the delivery of the Share Amount or payment of any fraction of Share]<sup>156</sup> is postponed due to [a Settlement Disruption Event or]<sup>157</sup> a Market Disruption Event [or an Emerging Market Disruption Event].
- (f) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise

<sup>154</sup> If Dividend Amount is applicable.

<sup>155</sup> In case of physical settlement.

<sup>156</sup> In case of physical settlement.

<sup>157</sup> In case of physical settlement.

primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
  - (iii) include an undertaking to pay all Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
  - (iv) specify the Delivery Details]<sup>158</sup>
- (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.
- [(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Cut-off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Cut-off Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and

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<sup>158</sup> In case physical settlement is possible.



shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of all Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

- (i) Late Payment of Expenses. If the Certification does not fulfil the requirements set forth in Product Condition 2(f)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of any Expenses.
- (j) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment [(other than any payment of dividends pursuant to Product Condition 2[(k)][(h)])] whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer

or any other such person being the legal owner of such Shares during such Intervening Period.]<sup>159</sup>

[[k)](h)] Dividend Amount. The Securityholder is entitled to receive the Dividend Amount within [ten)](•)] Business Days following the receipt by the Issuer of the cash dividend and/or cash distribution and the person entitled to receive the Dividend Amount shall be the person who is the Securityholder on the date of receipt by the Issuer. If the ex-dividend date for such dividend on the relevant Exchange occurs on or before the Maturity Date, but the date of receipt of the cash dividend and/or cash distribution by the Issuer is only on or after the Maturity Date, the person entitled to receive the Dividend Amount shall be the Securityholder on the Maturity Date. However, the Issuer shall in no event be obliged to take any action whatsoever in enforcing payment of any cash dividend and/or cash distribution as a result of the Share Company failing to pay any such cash dividend and/or cash distribution when due.]<sup>160</sup>

### 3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]<sup>161</sup>

#### (a) [Market Disruption]<sup>162</sup>

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date [for a Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]<sup>163</sup> shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [for the Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]<sup>164</sup> (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the relevant Share Reference Price [of the Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]<sup>165</sup>. [The Valuation Date for a Share not affected by a Market Disruption Event [or an Emerging Market Disruption Event] shall be the

<sup>159</sup> In case of physical settlement.

<sup>160</sup> If Dividend Amount is applicable.

<sup>161</sup> In case of physical settlement.

<sup>162</sup> In case of physical settlement.

<sup>163</sup> In case a Disruption Event is considered separately for each Share in the Basket.

<sup>164</sup> In case a Disruption Event is considered separately for each Share in the Basket.

<sup>165</sup> In case a Disruption Event is considered separately for each Share in the Basket.

original Valuation Date.]<sup>166</sup> If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or 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 or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
  - (A) in any Share on any relevant Exchange or any other exchange on which such Share is listed; or
  - (B) in any options contracts or futures contracts or other derivatives contracts relating to a Share on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any relevant exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

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

*[Insert in case one or more Share(s) is/are related to one or more emerging market(s):*

(c) **"Emerging Market Disruption Event"** means:

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<sup>166</sup> In case a Disruption Event is considered separately for each Share in the Basket.

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to any Share (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

**"Governmental Authority"** means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

**"Relevant Currency"** means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which any Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

**"Relevant Currency Exchange Rate"** means each rate of exchange between the Relevant Currency and the Settlement Currency.

**"Standard Currency"** means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

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

[(c)][(d)] [Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which a Settlement Disruption Event is not subsisting or, if determined by the Issuer, the Issuer may satisfy its obligations with respect to the relevant Security instead of delivery of the Share Amount on the Maturity Date by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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).

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.]<sup>167</sup>

[Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred affecting a Share or all Shares, then the Maturity Date for the affected Share(s) shall be postponed to the first following Business Day on which a Settlement Disruption Event is not subsisting or, if determined by the Issuer, the Issuer may satisfy its obligations with respect to the affected Share(s) instead of delivery of such Share(s) on the Maturity Date by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but

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<sup>167</sup> In case a Market Disruption Event is applied to the entire Basket even if only one Share is affected.

not limited to interest) with respect to a Security in the event of any delay in the delivery of a Share relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

**"Disruption Cash Settlement Price"** means the amount determined by the Issuer as the fair market value of the Share(s) affected by a Settlement Disruption Event on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities with respect to the affected Share(s) (including but not limited to any equity options or selling or otherwise realising any such Share(s) or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

**"Settlement Disruption Event"** means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of a Share in accordance with such market method as it determines at the relevant time for delivery of such Share.]<sup>168,169</sup>

[(d)][(e)] Each and any of the Calculation Agent's [and the Issuer's]<sup>170</sup> determinations in accordance with this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

#### 4. ADJUSTMENTS

- (a) Following a declaration by any Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of any Share and, if so (in this case an **"Adjustment Event"**), will:
- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
  - (ii) determine the effective date of the adjustments.
- (b) **"Potential Adjustment Event"** means:
- (i) a subdivision, consolidation or reclassification of any Share (unless a Merger Event), or a free distribution or dividend of such Share to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of any Share of (A) such Share, or (B) other share capital or securities granting the right to payment of

<sup>168</sup> In case a Market Disruption Event is considered separately for each Share in the Basket.

<sup>169</sup> In case of physical settlement.

<sup>170</sup> In case of physical settlement.

dividends and/or the proceeds of liquidation of any Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend;
- (iv) a distribution of cash dividends on any Share equal to or greater than 8 per cent per annum of the then current market value of such Share;
- (v) a call by any Share Company with respect to any Share that are not fully paid;
- (vi) a repurchase by any Share Company of any Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of any Share.

*[Insert supplemental or alternative potential adjustment events, if applicable]*

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to any Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, (including but not limited to (A) a replacement of the Share(s) affected by a De-listing, Merger Event, Nationalisation or Insolvency (the "**Affected Share**") by a successor share or by a cash amount corresponding to the fair market value of the Affected Share, (B) a removal of the Affected Share from the Basket and allocation of the fair market value of the Affected Share pro rata to the remaining Shares in the Basket, (C) any other adjustment) and determine the effective date of that adjustment; or
  - (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order



to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**").*[ Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent.]* The Issuer shall notify the Securityholders of the Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

**"De-listing"** means a Share for any reason ceases to be listed or is suspended from listing on the relevant Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

**"Merger Date"** means the date upon which all holders of the Shares of any Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**"Merger Event"** means any (i) reclassification of or change to the Shares of any Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of any Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of such Share Company); or (iii) other take-over offer for the Shares of any Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of such Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

**"Nationalisation"** means that all the Shares of any Share Company or all the assets or substantially all the assets of any Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting any Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of such Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments in accordance with this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are 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 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

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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**"). [*Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert: Any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent in its reasonable discretion (billiges Ermessen).*] The Issuer shall notify the Securityholders of the Early Termination Amount in accordance with General Condition 3 and the Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

## 6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) any Share or (B) instruments related to any Share used by the Issuer to hedge entirely or in part its obligations under the Securities; or
  - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (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**"); *Where the Securities contain provisions which provide for a minimum assured return of interest or other payments, howsoever expressed, insert:* however, any such amount to be paid shall not be less than the present value of the minimum assured return of interest [and •], such present value being determined by the Calculation Agent]. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
  - (ii) replace the relevant Share by another share;
  - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. *[Where the Securities contain provisions which provide for*

*a minimum assured return of interest or other payments, howsoever expressed, insert:* Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of interest [and •].]

- (c) Each and any of[ the Calculation Agent's and] the Issuer's determinations and adjustments in accordance with this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

## 7. LANGUAGE

The English language 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.

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## SIGNATURE PAGE

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London, 24 June 2011

**The Royal Bank of Scotland plc**

By:

Signature

JÖRN PEGLOW  
Authorised Signatory