
LaunchPAD Programme

Supplementary Prospectus dated 3 August 2012

**FIRST SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD
PROGRAMME FOR THE ISSUANCE OF NOTES**



The Royal Bank of Scotland Group plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980,
registered number SC045551)
(the “Issuer” and “RBSG”)*

The Royal Bank of Scotland Group plc

LaunchPAD Programme

(the “Programme”)

- 1** This supplement dated 3 August 2012 (this “**Supplement**”) constitutes the first supplement to the base prospectus dated 27 June 2012 in relation to the Issuer’s LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 27 June 2012 (the “**Base Prospectus**”).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 Further to the announcement made on 4 July 2012 that the implementation of the Dutch Scheme would be deferred, The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc, RBS Holdings N.V., The Royal Bank of Scotland N.V. and RBS II B.V. have announced that the Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuer will produce a supplement to its disclosure if there is a change to this date.
- 7 On 3 August 2012, the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 were published via the Regulatory News Service of the London Stock Exchange plc (the “**RBSG Interim Results 2012**”).
- 8 By virtue of this Supplement, the RBSG Interim Results 2012 shall be incorporated in, and form part of, the Base Prospectus.
- 9 By virtue of this Supplement, each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” in the section entitled “General Information” in the Base Prospectus, shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 1.
- 10 By virtue of this Supplement, the paragraphs set out in Schedule 2 shall be inserted at the end of the subsection entitled “Recent Developments” in the section entitled “General Information” in the Base Prospectus.
- 11 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> or <http://markets.rbs.com/launchpad> and can be obtained from the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +33 131 523 3636.
- 12 If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.
- 13 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus, the statements referred to in (a) above will prevail.
- 14 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland plc

Schedule 1

There has been no significant change in the trading or financial position of the Group taken as a whole since 30 June 2012 (the end of the last financial period for which audited financial information or interim financial information of the Group has been published).

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

Schedule 2

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 Financial Services Authority 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 £125 million in the RBSG Interim Results 2012 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.