
LaunchPAD Programme

Supplementary Prospectus dated 8 August 2011

SECOND SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF WARRANTS



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 8 August 2011 (this **Supplement**) constitutes the second supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (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 On 5 August 2011, the unaudited Interim Results 2011 of The Royal Bank of Scotland Group plc (**RBSG**) for the six months ended 30 June 2011 were published via RNS (the **2011 RBSG Interim Results**).
- 7 On 5 August 2011, the registration document of The Royal Bank of Scotland plc (**RBS**) dated 5 August 2011 (the **RBS Registration Document**) was published via RNS, following the publication of the 2011 RBSG Interim Results.
- 8 The following documents shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus:
- 8.1 the 2011 RBSG Interim Results; and
- 8.2 the RBS Registration Document.
- 9 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2011 RBSG Interim Results and the RBS Registration Document:
- 9.1 the following paragraph under the heading “Overview” in the section entitled “Summary”:
- “The RBSG Group had total assets of £1,453.6 billion and owners’ equity of £75.1 billion as at 31 December 2010. As at 31 December 2010, the RBSG Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 10.7 per cent. and a Tier 1 capital ratio of 12.9 per cent.”.
- shall be deemed to be deleted and replaced with the following paragraph:
- “The RBSG Group had total assets of £1,446.0 billion and owners’ equity of £74.7 billion as at 30 June 2011. As at 30 June 2011, the RBSG Group’s capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.”.
- 9.2 the bullet point risk factors under the heading “Risks Factors – Part B: In relation to RBS” in the section entitled “Summary” shall be deleted in its entirety and replaced with the bullet point risk factors set out in the Schedule to this Supplement. For the avoidance of doubt, the bullet point risk factors under the sub-heading “Risks Relating to the Securities” shall remain unchanged;
- 9.3 in the section entitled “General Information”:
- 9.3.1 under the heading “Part A: In relation to RBS N.V.”, the following paragraph shall be inserted at the end of the section:
- “No Significant Change and No Material Adverse Change**
- There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).
- There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”
- 9.3.2 under the heading “Part B: In relation to RBS”, the existing paragraphs shall be deleted in their entirety and replaced with the following:
- “No Significant Change and No Material Adverse Change**

Save in relation to matters referred to on pages 109 and 110 of the 2011 RBSG Interim Results relating to Payment Protection Insurance, which the RBS Group has made provisions for therein:

- (a) there has been no significant change in the financial position of the RBS Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information of the RBS Group has been published); and
- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared)."

9.4 the following documents (or sections of documents, as the case may be) incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated:

9.4.1 the following sections of the Shareholder Circular published by RBSG on 27 November 2009:

- (a) "Appendix 2 to the Letter from the Chairman of RBS — Principal Terms and Conditions of the APS" on pages 46 to 75;
- (b) "Annex 3 — Scheme Principles" on pages 177 to 181;

9.4.2 the registration document of RBS dated 25 February 2011, which was published via RNS on 25 February 2011; and

9.4.3 the unaudited RBSG Interim Management Statement Q1 2011 which was published via RNS on 6 May 2011.

10 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> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.

11 To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.

12 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 has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE

- 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 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 RBSG Group
- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- Lack of liquidity is a risk to the RBSG Group's business and there is a risk that the RBSG Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the RBSG 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 RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The RBSG Group's results have been and could be further materially adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the 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 RBSG 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 RBSG Group.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares and the contingent B shares may negatively impact the RBSG Group's capital position.
- The costs of the asset protection scheme may be greater than the benefits received by the RBSG Group and the fair value of the asset protection scheme can impact the RBSG Group's results of operations.
- Participation in the asset protection scheme may result in greater tax liabilities for the RBSG 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 RBS and its subsidiaries (the **RBS Group**)’s results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group’s capital position, liquidity, operating results and future prospects.