
**THIRD SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD
PROGRAMME FOR THE ISSUANCE OF CREDIT LINKED NOTES DATED 12 JULY 2011**



THE ROYAL BANK OF SCOTLAND N.V.

(Registered at Amsterdam, The Netherlands)

(the Issuer or RBS N.V.)

RBS LaunchPAD Programme

- 1 This Supplement dated 12 July 2011 (this **Supplement**) constitutes the third supplement to the base prospectus dated 20 December 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Credit Linked Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 20 December 2010 (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.
- 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.

Amendment to Summary

- 6 By virtue of this Supplement, the sub-sections headed "History and Incorporation", "Overview", "Group Organisational Structure", "Separation from the ABN AMRO Group", "Proposed transfer of activities" and "Risk Factors" in the section of Base Prospectus headed "Summary" shall be deleted in their entirety and replaced with the paragraphs headed the same set out in Schedule 1 to this Supplement.

Amendment to Risk Factors

- 7 By virtue of this Supplement, the following wording shall be inserted at the end of the risk factor headed “Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued” in the section of Base Prospectus headed “Risk Factors”:

“As stated in the section entitled “General Information – Part A: General – Proposed Transfers”, certain disclosure relating to RBS and the RBSG Group has been incorporated by reference in this Base Prospectus. This disclosure includes certain risk factors relating to RBS. In respect of that disclosure, each potential investor in the Notes should refer to the Risk Factors section of the RBS Registration Document on pages 3 to 31.”.

Amendment to Essential Characteristics

- 8 By virtue of this Supplement, the section of Base Prospectus headed “Essential Characteristics of the Issuer” shall be deleted in its entirety.

Amendment to Documents Incorporated by Reference

- 9 By virtue of this Supplement, the documents listed in Schedule 2 to this Supplement shall be incorporated into, and form part of, the Base Prospectus as a new Part B to the section of the Base Prospectus headed “Documents Incorporated by Reference” (and the existing documents comprising such section of the Base Prospectus shall, by virtue of this Supplement, accordingly be designated as “Part A: In Relation to RBS N.V.” of such section).
- 10 By virtue of this Supplement, the first paragraph of the section entitled “Description of RBS Holdings N.V. and the Royal Bank of Scotland N.V. – General Information” contained in the registration document of RBS N.V. dated 5 April 2011, which is incorporated by reference in the Base Prospectus (as set out in Part A of the section therein headed “Documents Incorporated by Reference”), shall no longer be so incorporated.

Amendment to Taxation

- 11 By virtue of this Supplement, the section of the Base Prospectus headed “Taxation” shall be deleted in its entirety and replaced with the information set out in Schedule 3 to this Supplement.

Amendment to General Information

- 12 By virtue of this Supplement, the section of the Base Prospectus headed “General Information” shall be deleted in its entirety and replaced with the information set out in Schedule 4 to this Supplement.

Amendment to Form of Final Terms

- 13 By virtue of this Supplement, the Form of Final Terms set out in the Base Prospectus shall be amended by deleting the row headed “1. Issuer” and inserting the rows set forth below:

“1.	Issuer:	
(a)	Issuer:	The Royal Bank of Scotland N.V., acting through [its principal office at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands] [its London branch at 250 Bishopsgate, London EC2M 4AA] [other]
(b)	Proposed Transfer to The Royal Bank of Scotland plc:	RBS is [not expected]/[expected] to become the issuer of the Notes as a result of the Part VII Scheme[(unless the Notes have been redeemed

or repurchased and cancelled prior to the implementation of the Part VII Scheme)].
[include if RBS is expected to become the issuer of the Notes as a result of the Part VII Scheme]

Note that if it is stated that RBS is expected to become the issuer of the Notes as a result of the Part VII Scheme, this means that the Notes are expected to be subject to the Part VII Scheme which, subject to such scheme being implemented, would result in the Issuer of the Notes becoming The Royal Bank of Scotland plc.

If it is stated that RBS is not expected to become the issuer of the Notes as a result of the Part VII Scheme, this means that RBS is not expected to become the issuer of the Notes as part of the Proposed Transfers generally.

Refer to the section of the Base Prospectus entitled “General Information – Part A: General – Proposed Transfers”, for further information.”

General

- 14 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.
- 15 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.
- 16 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.
- 17 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 1

History and Incorporation:

RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.'s registered office is at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) ("**RBS Holdings**"), which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands.

RBS Holdings has one subsidiary, RBS N.V. and RBS N.V. has various subsidiaries.

As used herein, the "**Group**" refers to RBS Holdings and its consolidated subsidiaries. The term "**RBSG**" refers to The Royal Bank of Scotland Group plc and the "**RBSG Group**" refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards. The term "**RBS**" refers to The Royal Bank of Scotland plc.

Overview:

The Issuer is a bank licensed and regulated by the Dutch Central Bank (*De Nederlandsche Bank*).

The Issuer operates on a significant scale across Europe, the Middle East and Africa (EMEA), the Americas and Asia. The Group had total assets of €200.4 billion and owner's equity of €4.95 billion as at 31 December 2010. As at 31 December 2010, the Group's capital ratios were a total capital ratio of 15.8 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 11.0 per cent.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and

internationally through its three principal subsidiaries, RBS, National Westminster Bank Public Limited Company (“**NatWest**”) and RBS N.V. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group’s subsidiary Citizens 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.

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.

Group Organisational Structure:

The Group comprises the following four segments:

- **Global Banking & Markets (“GBM”):** The GBM segment represents the business providing an extensive range of debt and equity financing, risk management and investment services as a leading banking partner to major corporations and financial institutions around the world. The GBM business within the Group is organised along four principal business lines: Global Lending, Equities, Short Term Markets & Funding and Local Markets.
- **Global Transaction Services (“GTS”):** GTS provides global transaction services, offering Global Trade Finance, Transaction Banking and International Cash Management.
- **Central Items:** The Central Items segment includes group and corporate functions, such as treasury, capital management and finance, risk management, legal, communications and human resources. Central Items manages the Group’s capital resources, statutory and regulatory obligations and provides services to the branch network.
- **Non-Core Segment:** The Non-Core segment contains a range of businesses and asset portfolios managed separately that the Group intends to run off or dispose of, in line with the RBSG Group strategy for Non-Core assets. It also includes

the remaining assets and liabilities in RBS N.V. that have not yet been sold, wound down or alternatively transferred by the Consortium Members (as defined below), in which each of the Consortium Members has a joint and indirect interest.

Global Banking & Markets, Global Transaction Services and Central Items comprise the Group's Core segments.

These RBS N.V. businesses are part of global business units of the RBSG Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings N.V. has been restructured into Core and Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and has completed the sales of businesses in Latin America, Asia, Europe and the Middle East.

Separation from the ABN AMRO Group:

On 17 October 2007, RFS Holdings B.V, which at the time was owned by RBSG, Fortis N.V., Fortis S.A./N.V., Fortis Bank Nederland (Holding) N.V. and Banco Santander, S.A. ("**Santander**"), completed the acquisition of ABN AMRO Holding N.V., which was renamed RBS Holdings N.V. on 1 April 2010 when the shares in ABN AMRO Bank N.V. were transferred to ABN AMRO Group N.V., a holding company for the interests of the State of The Netherlands (the "**Dutch State**"). This marked the substantial completion of the restructuring of the activities of ABN AMRO Holding N.V. in accordance with the agreement between RBSG, the Dutch State and Santander (the "**Consortium Members**"). RBS Holdings N.V. has one direct subsidiary, RBS N.V., a fully operational bank within the Group, which is independently rated and regulated by the Dutch Central Bank.

On 31 December 2010, the share capital of RFS Holdings B.V. was amended, such that approximately 98 per cent. of RFS Holdings' issued share capital is now held by RBSG, with the remainder being held by Santander and the Dutch State. Ultimately it is expected that RFS Holdings B.V. will become a wholly-owned subsidiary of RBSG.

Proposed transfer of activities:

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “**Proposed Transfers**”), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V. (formerly known as ABN AMRO Bank N.V.)) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Notes under the Programme to indicate whether or not RBS is expected to become the issuer of those Notes as a result of the Part VII Scheme (subject to the relevant Notes not having been redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Notes indicate that RBS is not expected to become the issuer of those Notes as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Notes and that RBS will not become the issuer of such Notes pursuant to the Proposed Transfers generally.

Risk Factors:

Risks relating to the Issuer

PART A: In relation to RBS N.V.

Certain factors may affect RBS N.V.'s ability as Issuer to fulfil its obligations under the Notes, including:

- The Group is reliant on the RBSG Group.
- 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.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing. In particular, on 19 April 2011, the boards of RBSG, RBS, RBS Holdings and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS. Such restructuring and balance sheet reduction programme may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of the Notes.
- 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.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's

business and results of operations.

- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The 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.
- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Notes.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments 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 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 is subject to enforcement risks relating to the United States Department of Justice's criminal investigation of its dollar clearing activities.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.
- 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.
- The Group's operations have inherent reputational risk.
- The Group's business and earnings may be adversely affected by geopolitical conditions.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly-owned subsidiaries.

PART B: In relation to RBS

If RBS becomes the issuer of Notes as a result of the Part VII Scheme (as described above), then certain factors may affect RBS' ability to fulfil its obligations under the Notes, including:

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- The RBSG 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 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 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 its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the RBSG 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 RBSG Group's counterparties has adversely affected and could continue to adversely affect the RBSG Group.
- 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 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 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 consolidating. If the RBSG Group is unable to perform effectively, its business and results of operations will 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 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 operations.
- The RBSG 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.

- HM Treasury (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the RBSG 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 Notes and related 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 RBSG Group's business and earnings may be adversely affected by geopolitical conditions.
- The restructuring plan for RBS Holdings is complex and may not realise the anticipated benefits for the RBSG Group.
- 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.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the results of RBS and its subsidiaries (consolidated in accordance with International Financial Reporting Standards) (the "**RBS Group**").
- The RBSG Group's participation in the Asset Protection Scheme ("**APS**") is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- 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.

- There are limits on APS coverage and uncovered exposures and risks may have a material adverse impact on the RBSG Group's business, financial condition, capital position, liquidity 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 contracts and may have an adverse impact on the RBSG Group.
- Any changes to the expected regulatory capital treatment of the APS, the B Shares and the Contingent B Shares may negatively impact the RBSG Group's capital position.
- The costs of the APS may be greater than the benefits received.
- Participation in the APS may result in greater tax liabilities for the RBSG Group and the loss of potential tax benefits.
- There are significant costs associated with termination of the RBSG Group's participation in the APS.
- Under certain circumstances, the RBSG Group cannot be assured that assets of RBS Holdings (and certain other entities) will continue to be covered under the APS, either as a result of a withdrawal of such assets or as a result of a breach of the relevant obligations.
- Any conversion of the B Shares, in combination with any future purchase by HM Treasury of Ordinary Shares, would increase HM Treasury's ownership interest in RBSG, and could result in the delisting of RBSG from the Official List.
- Participation in the APS may give rise to litigation and regulatory risk.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes including (i) the value of the Notes may fluctuate based on the value of the underlying referenced entities and/or indices, (ii) there may not be a secondary market in the Notes, (iii) holders of the Notes have no ownership interest in the underlying referenced entities

and/or indices and (iv) there may be limitations on a holder's right to exercise the Notes or there may be delays in effecting settlement, see section Risk Factors in this Base Prospectus.

Investors should note that if the Issuer fails or becomes insolvent or the Conditions to Settlement are satisfied in respect of one or more specified Reference Entities or in the event of a Hedging Disruption Event or other early redemption of the Notes, the investor may lose some or all their invested amount.

SCHEDULE 2

DOCUMENTS INCORPORATED BY REFERENCE

PART B: IN RELATION TO RBS

- (a) the registration document of RBS dated 25 February 2011, which was published via the Regulatory News Service of the London Stock Exchange plc (the “RNS”) on 25 February 2011 (the “**RBS Registration Document**”) excluding:
 - (i) the fourth paragraph on page 1 which discusses ratings;
 - (ii) the risk factor set out on pages 17 and 18 headed “As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group’s operations”;
 - (iii) the second paragraph under the sub-section headed “Assets, owners’ equity and capital ratios” on page 32;
 - (iv) the third paragraph under the section headed “Payment Protection Insurance” on pages 41 and 42;
 - (v) each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 61; and
 - (vi) the paragraphs on pages 61 to 63 headed “Material Contracts”;
- (b) the unaudited Interim Management Statement Q1 2011 of RBSG which was published via the RNS on 6 May 2011;
- (c) the annual report and accounts of RBS 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 RNS on 15 April 2011;
- (d) the annual report and accounts of RBS (including the audited consolidated annual financial statements of the RBS, together with the audit report thereon) for the financial year ended 31 December 2009 (excluding the section headed “Risk factors” on pages 5 to 23) which was published via the RNS on 9 April 2010;
- (e) the following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011 (the “**2010 Annual Report and Accounts of RBSG**”):
 - (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 49 to 224;
 - (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 2009 annual report and accounts of RBSG, which were published via the 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;
 - (xxviii) Material contracts on pages 363 to 369;
 - (xxix) 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;
- (h) the press release headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities” published via the RNS on 20 October 2009; and
- (i) 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.

It should be noted that, except as set forth above, no other portion of the above documents of this Part B is incorporated by reference into this Base Prospectus. In addition, where sections of any of the above documents in this Part B which are incorporated by reference into this Base Prospectus cross-reference other sections of the same document, such cross-referenced information shall not form part of this Base Prospectus, unless otherwise incorporated by reference herein.

Copies of all documents incorporated by reference as mentioned above in this Part B are accessible at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.htm> and can be obtained, on request, free of charge, by writing or telephoning, RBS at its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, Scotland, telephone +44 (0) 131 523 2307.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the 2010 Annual Report and Accounts of RBSG (together, the “**Unaudited Pro Forma Financial Information**”) which is incorporated by reference into this Base Prospectus has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the actual financial position or results of the RBSG Group as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

The Unaudited Pro Forma Financial Information shows the underlying performance of the RBSG Group including the results of the RBS Holdings N.V. businesses retained by the RBSG Group. The Unaudited Pro Forma Financial Information is prepared using the RBSG Group’s accounting policies and is being provided to give a better understanding of the RBSG Group’s operations excluding the results attributable to the other consortium members. The basis of preparation of the pro forma results is detailed under the heading “Basis of preparation of pro forma results” on page 113 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein). In future periods, there will be no significant differences between pro forma and statutory results other than presentation aspects discussed under the heading “Pro forma results” on page 53 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein).

SCHEDULE 3

TAXATION

Prospective investors who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Note should consult their professional tax advisers. Whilst certain tax information is set out below, prospective investors should note that this is for general guidance only and does not contemplate all possible tax consequences, in particular in relation to dematerialised Notes.

1. GENERAL

Purchasers of Notes 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 each Note.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the acquisition, ownership, transfer or exercise or non-exercise of any Notes.

Prospective purchasers should be aware that the tax treatment depends on the individual circumstances of each Holder of Notes and may be subject to change in the future.

The following does not address any tax consequences of the Proposed Transfers, regarding which Holders of Notes should seek their own professional advice. It also does not address any tax consequences relating to Notes issued or raised by RBS.

Any Note which is transferred under the Proposed Transfers pursuant to the Part VII Scheme shall be referred to in this section as a "**Part VII Scheme Note**" and such Notes, "**Part VII Scheme Notes**".

As noted above in the section entitled "Summary - Proposed transfer of activities", if the Final Terms for an issue of Notes indicate that RBS is not expected to become the issuer of those Notes as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Notes and that RBS will not become the issuer of such Notes pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Notes that have been transferred pursuant to the Proposed Transfers, other than to the extent stated in relation to Part VII Scheme Notes.

2. EUROPEAN UNION SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), EU member states, subject to the following exceptions, are required to provide to the tax authorities of another EU member state details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other EU member state or to certain limited types of entities established in that other EU member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a

withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

3. THE NETHERLANDS

Where in this paragraph English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch law.

General

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current Netherlands tax law as applied in the Netherlands relating only to certain aspects of Netherlands taxation. This summary is intended as general information only for holders of Notes who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or RBS and holders of Notes of whom a certain related person holds a substantial interest in the Issuer or RBS. Generally speaking, a substantial interest arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of a company or of 5% or more of the issued capital of a certain class of shares of a company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in a company;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institution (*vrijgestelde fiscale beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

Where this summary refers to a holder of Notes such reference is restricted to a holder holding legal title to as well as an economic interest in such Notes.

Netherlands Withholding Tax

Notes issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Notes

Payments on these Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

Notes issued by the Issuer's London branch and Part VII Scheme Notes

Payments on these Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political or taxing authority thereof or therein.

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Notes issued by the Issuer (whether or not through its London branch), whether or not they are Part VII Scheme Notes (in each case, other than the repayment of amounts subscribed for the Notes), may generally be made without withholding on account of Netherlands taxation.

Netherlands Corporate and Individual Income Tax

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the end of the calendar year, insofar as it exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Netherlands Gift and Inheritance Tax

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at the time.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a gift within a twelve month period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Netherlands Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and United Kingdom HM Revenue & Customs ("**HMRC**") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring,

holding, exercising, not exercising or disposing of Notes and should not be relied upon by Holders or prospective Holders of Notes. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Notes and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Notes depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Notes will depend for each issue on the terms of the Notes, as specified in the Conditions of the Notes as amended and supplemented by the applicable Final Terms. Prospective Holders of Notes who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Holder of Notes should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

Withholding Tax

Notes issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Notes

Payments on these Notes may generally be made without withholding on account of United Kingdom income tax.

Notes issued by the Issuer's London branch and Part VII Scheme Notes

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

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer or RBS, as applicable, should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Notes provided that the payments are regarded as made under 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 the payments are made under options, futures or contracts for differences for the purposes of Part 7 of that Act, which are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If interest is payable on the Notes or if payments made in respect of the Notes were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer's London branch or RBS, as applicable, is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the “**ITA 2007**”), such payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's or RBS's business, as applicable, within the meaning of section 878 ITA 2007.

Payments of interest on or in respect of the Notes may also be made by the Issuer's London branch or RBS, as applicable, without deduction of or withholding for or on account of United Kingdom income tax if the Notes are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. The NYSE Euronext Amsterdam is a recognised stock exchange. The Notes will therefore satisfy this requirement if they are (a) officially listed in the Netherlands in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the NYSE Euronext Amsterdam, or (b) admitted to trading on another "recognised stock exchange" and officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable by the Issuer's London branch or RBS, as applicable, without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer's London branch or RBS, as applicable, carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on or in respect of the Notes 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 Notes is paid by a company and, at the time the payment is made, the Issuer's London branch or RBS, as applicable, reasonably believes (and any person by or through whom interest on the Notes 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 Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Notes 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 Holder of the Notes, HMRC can issue a notice to the Issuer's London branch or RBS, as applicable, to pay interest to the Holder of the Notes 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).

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Notes issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Notes may generally be made without withholding on account of United Kingdom income tax.

Any payments by the Guarantor in respect of interest on, or other amounts due under, Notes issued by the Issuer's London branch or which are Part VII Scheme Notes (in each case, other than the repayment of amounts subscribed for the Notes) may be subject to United Kingdom withholding tax, subject to the availability of any exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

Certain other United Kingdom tax considerations

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

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

UK Information Gathering Powers

Holders of the Notes 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 Holder of the Notes. 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 Notes 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 Holder of the Notes is resident for tax purposes.

Stamp Taxes

For the purposes of the following paragraphs, "**Exempt Loan Capital**" means any security which constitutes loan capital ("**Loan Capital**") for the purposes of section 78 of the Finance Act 1986 ("**FA 1986**") 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.

For the purposes of the following paragraphs, it has been assumed that the Notes do not constitute an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire any other stocks, shares or loan capital for the purposes of section 99(3) FA 1986.

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax (“**SDRT**”) or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Notes.

Stamp duty on the issue of Notes

In relation to Notes issued in bearer form which are denominated in sterling and which are not Loan Capital, a charge to United Kingdom stamp duty at 1.5 per cent. of the value of such Notes may arise. No stamp duty liability will arise on the issue of such Notes by the Issuer if issued outside the United Kingdom. However, in relation to Notes of that kind originally issued by the Issuer outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Notes a stamp duty liability at 1.5 per cent. of the value of such Notes may arise. Furthermore, an instrument issuing a Note which has the characteristics of an option or any instrument granting such a Note may technically be subject to United Kingdom stamp duty at a rate of up to 4 per cent. of the consideration paid for the Note.

Stamp duty on the transfer of Notes

Other than as described above, no United Kingdom stamp duty should be required to be paid on transfers of Notes on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Note on sale of the Note may technically be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Notes if the Notes are not Exempt Loan Capital.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty for example, if the Note to which it relates is issued by the Issuer and is not a Part VII Scheme Note, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be registered or used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that such an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

SDRT on the transfer of Notes to a Clearance Service

No SDRT should be payable in respect of a Note issued by the Issuer and which is not a Part VII Scheme Note in relation to the transfer of such a Note 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**”).

The analysis in the above paragraph is likely to apply to the transfer of a Note to a Clearance Service where no election has been made under which the alternative system of charge as provided for in section 97A FA 1986 (a “**s97A Election**”) applies in respect of the Note where such Note was issued by the Issuer and is a Part VII Scheme Note, although this is not free from doubt. Were the analysis in the above paragraph not to apply to a transfer of such a Note to a Clearance Service where no s97A Election applies in respect of the Note, SDRT at a rate of 1.5 per cent. may be payable on such a transfer if *the Note is not Exempt Loan Capital*.

SDRT on the transfer of Notes held outside a Clearance Service or held within a Clearance Service where a s97A Election applies in respect of the Note

In the case of Notes issued by the Issuer which are not Part VII Scheme Notes and which are held outside a Clearance Service or held within a Clearance Service where a s97A Election applies in respect of the Note, no SDRT should be payable in relation to any agreement to transfer such a Note.

Provided the Notes are not registered in a register kept in the United Kingdom, the analysis in the above paragraph is likely to apply to the transfer of a Note issued by the Issuer which is a Part VII Scheme Note and which is held outside a Clearance Service or held within a Clearance Service where a s97A Election applies in respect of the Note, although this is not free from doubt. Were the analysis in the above paragraph not to apply to a transfer of such a Note, SDRT may be payable at a rate of 0.5 per cent. of the consideration given under any agreement to transfer such Notes (unless the transfer is to 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.) if the Note is not Exempt Loan Capital.

Were the Note (whether or not it is a Part VII Scheme Note) to be registered in a register kept in the United Kingdom, SDRT may be payable in relation to an agreement to transfer such a Note at a rate of 0.5 per cent. of the consideration given if the Note is not Exempt Loan Capital.

SCHEDULE 4

GENERAL INFORMATION

PART A: IN RELATION TO RBS N.V.

Incorporation and Offices

Both RBS Holdings and RBS N.V. are public limited liability companies incorporated under Dutch law on 30 May 1990 and 7 February 1825 respectively. RBS Holdings is registered with the Trade Register in Amsterdam under no. 33220369. RBS N.V. is registered with the Trade Register in Amsterdam under no. 33002587. RBS Holdings and RBS N.V. have their registered offices in Amsterdam, The Netherlands and their office address is Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam. The mailing address for RBS Holdings and RBS N.V. in the Netherlands is Post Office Box 12925, 1100 AX Amsterdam. RBS Holdings and RBS N.V.'s telephone number is (31) 20 464 9999.

Authorisation

The establishment of the LaunchPAD Programme for Credit Linked Notes and the issue of Notes under this Base Prospectus has been duly authorised by (i) a resolution of the Issuer's Managing Board dated 30 March 2010; (ii) resolutions of the Supervisory Board of RBS Holdings N.V. and the Issuer dated 1 April 2010; and (iii) a decision of the Asset and Liability Management Committee dated 17 December 2010.

Listing

Application will be made to Euronext Amsterdam for Notes issued up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam. Certain Notes issued under this Base Prospectus may not be listed. For so long as the Notes are listed on Euronext Amsterdam there will be a paying agent in The Netherlands. The Royal Bank of Scotland N.V. has been appointed as the initial paying agent in The Netherlands.

Proposed Transfers

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the "Proposed Transfers"), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the "**Part VII**

Scheme”). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Notes under the Programme to indicate whether or not RBS is expected to become the issuer of those Notes as a result of the Part VII Scheme (subject to the relevant Notes not having been redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Notes indicate that RBS is not expected to become the issuer of those Notes as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Notes and that RBS will not become the issuer of such Notes pursuant to the Proposed Transfers generally.

If the Final Terms of an issue of Notes indicate that RBS is or is not expected to become the issuer of such Notes as a result of the Part VII Scheme, investors should not place any reliance on such indication when making an investment decision or for any other purpose, and investors should be aware that changes to the proposals for the Proposed Transfers (including, without limitation, to the identity of the securities in respect of which RBS may become the issuer, the eventual manner in which the change of issuer is proposed to be effected and to the timing for such change) may be made if required, or if determined by RBS N.V. or RBS (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in the Final Terms or this Base Prospectus should be taken as (or is) a representation that RBS will become, or RBS N.V. will remain, the issuer of any of the Notes, whether in the manner described in this Base Prospectus, in accordance with the timing set out in this Base Prospectus, or at all. If prospective purchasers are in any doubt as to whether there is any tax or other impact on them as a result of the Proposed Transfers, they should discuss such matters with their advisers.

Guarantee

RBS Holdings owns 100 per cent. of RBS N.V.’s shares and is jointly and severally liable for all liabilities in respect of the Notes pursuant to a declaration under Article 2:403 of the Dutch Civil Code, which liability of RBS Holdings in relation to any Notes that are transferred as a result of the Part VII Scheme will not be affected by such transfer (to the extent RBS Holdings would, but for such transfer, have otherwise been liable for the same).

Documents Available

During the validity of this Base Prospectus, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent:

- (a) an English translation of the Certificate of Incorporation and the most recent Articles of Association of the Issuer;
- (b) the audited financial statements of RBS Holdings for the financial years ended 31 December 2009 and 31 December 2010 and the most recently available published interim financial statements of RBS Holdings (in English), in each case together with any audit reports prepared in connection therewith;
- (c) a copy of the Registration Document;
- (d) a copy of this Base Prospectus; and

- (e) each Final Terms provided, however, that any Final Terms relating to Notes 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 Noteholders who have submitted proof to the Issuer or the Principal Agent, which proof must be satisfactory for the Issuer or the Principal Agent, as the case may be, of their Notes holdings and their identity.

Investors are advised to read the available documents specified immediately above, which contain additional information, including information about the financial condition and the business situation of the Issuer and the Group.

Notices

Notices with regard to the Notes will, for so long as any Notes are listed on Euronext Amsterdam and Euronext Amsterdam so requires, be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscurant*) and in one daily newspaper of wide circulation in The Netherlands (which is expected to be *Het Financieele Dagblad* or *De Telegraaf*). Notices will also be published in accordance with the rules of any other exchange on which the Notes are listed and of any Relevant Clearing System where applicable.

All notices under the General Conditions and/or the Product Conditions shall either: (i) be published on the Issuer's website <http://markets.rbs.com/EN/Showpage.aspx?pageID=4> (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon the day following such delivery. 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.

Clearing and settlement systems

The Notes may be accepted for clearance through Clearstream AG, Euroclear Netherlands, Euroclear, Clearstream, Luxembourg and SIS SegInterSettle. The appropriate WKN, Fondscode, Common Code, International Notes Identification Number and Valoren for each Series allocated by Clearstream AG, Euroclear Netherlands, Euroclear, Clearstream, Luxembourg and SIS SegInterSettle, and any other relevant security code allocated to any Series of Notes by any other relevant clearing system, will be specified in the applicable Final Terms. If the Notes are to be cleared through an additional or alternative clearing system the appropriate additional or alternative information will be specified in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Information on the Offering of the Notes

(a) Offer Process

For a short period prior to the Launch Date specified in the applicable Final Terms, the Notes of the relevant Series may be offered by the Issuer for subscription to prospective investors but the Issuer reserves the right to close

subscription early. The Issuer anticipates that it will deliver the Final Terms in respect of each Series of the Notes which are either (i) to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or (ii) offered to the public in The Netherlands in circumstances which require the publication of a prospectus to Euronext Amsterdam prior to the Launch Date specified in the Final Terms. On or about the Launch Date, the Issuer will, pursuant to its agreement with Euronext Amsterdam, offer to buy or sell the Notes of any Series to be admitted to trading and listed on Euronext Amsterdam. Any such trading will be on an as, if and when issued basis until the Issue Date specified in the applicable Final Terms. The Issuer expects that each such Series of the Notes will be admitted to trading on Euronext Amsterdam with effect from the Launch Date stated in the applicable Final Terms. Except in the case of dematerialised Notes, the Notes will be in global form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions.

(b) Description of the Application and Payment Process for a Prospective Investor

Applications for Notes may be made by a prospective investor through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a "**Selling Agent**") which has a relationship with the Issuer governing the sale of the Notes. Pursuant to anti-money laundering regulations, a prospective investor who is not an existing client of a Selling Agent may be required by their Selling Agent of choice to complete an anti-money laundering form and to provide further evidence of identification in advance of applying for any Notes.

Each prospective investor should ascertain from its Selling Agent of choice when that Selling Agent will require receipt of cleared funds from its clients in respect of applications for Notes and the manner in which payment should be made to the Selling Agent. Each Selling Agent may impose different arrangements relating to the purchase of Notes and prospective investors should contact the Selling Agents directly for information concerning such arrangements. Applicants for Notes who arrange to purchase the Notes through a Selling Agent should note that in doing so they are assuming the credit risk of the relevant Selling Agent and that such arrangements will be subject to the applicable conditions of the relevant Selling Agent.

(c) Conditions to Which the Offer is Subject

The offer in respect of a particular Series of Notes is subject to the Conditions as set out in this Base Prospectus the applicable Final Terms and any document incorporated by reference (see "Document Incorporated by Reference").

(d) Minimum/Maximum Application Amount

Investors are required to subscribe for a minimum of one (1) Note and thereafter in multiples of one (1) Note unless otherwise specified in the applicable Final Terms in respect of the relevant Series Notes. There is no maximum subscription amount unless otherwise stated in the applicable Final Terms in respect of the relevant Series Notes.

(e) Scale-back and Cancellation

The Issuer reserves the right, prior to the Issue Date, in its absolute discretion to:

1. decline in whole or in part an application for Notes such that a prospective investor for Notes may, in certain circumstances, not be issued the number of (or any) Notes for which it has applied ("**Scale-back**"); or

2. withdraw, cancel or modify the offer of the Notes ("**Cancellation**").

The Issuer may Scale-back or Cancel the Notes without notice and will notify prospective investors of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Notes are not issued, no subscription monies shall be payable by prospective investors to the Issuer (either directly or indirectly through a Selling Agent) in respect of the Notes. Prospective investors 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 prospective investors 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.

(f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public

A prospective investor submitting an offer to purchase Notes will be notified of the acceptance or otherwise of such application on or prior to the Issue Date.

(g) Categories of Investors to which Notes are Offered

The Notes will be offered to both retail and qualified investors.

(h) Expenses and Taxes

Any expenses are described in the relevant Product Conditions and Final Terms for the relevant Series and will be deducted from amounts payable in respect of the Notes accordingly. For further information on taxes, please refer to the section entitled "Taxation".

(i) Responsibility Statement

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information..

PART B: IN RELATION TO RBS

Ratings

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 is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA-"; 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 is expected to rate: senior notes issued by RBS with a maturity of one year or more "Aa3"; 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.

See pages 1 and 2 of the RBS Registration Document, which is incorporated by reference into this Base Prospectus, for an explanation of the credit ratings referred to above.

The credit ratings included or referred to in this Base Prospectus (to the extent they relate to this Part B) will be treated for the purposes of the CRA Regulation as having been issued by Standard & Poor's, Fitch and Moody's upon registration pursuant to the CRA Regulation. Each of Standard & Poor's, Fitch and Moody's are established in the European Union and has applied to be registered under Regulation (EC) No. 1060/2009 on Credit Rating Agencies, although the result of such applications has not yet been determined.

Recent Developments

Material Contracts

The RBS Group is party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011.

Investigations: Payment Protection Insurance

The registration document of RBS dated 25 February 2011 published via the Regulatory News Service of the London Stock Exchange plc on 25 February 2011 contains disclosure relating to Payment Protection Insurance on page 42 under the heading "Payment Protection Insurance" and the following paragraphs shall replace the third paragraph in that section:

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 misselling 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 RBSG Group supports this position. On 9 May 2011, the RBSG Group announced that, although the costs of PPI redress and its administration are subject to a degree of uncertainty, the RBSG Group will record an additional provision of £850 million in the second quarter of 2011. To date, the RBSG Group has paid compensation to customers of approximately £100 million and the RBSG Group has an existing provision of approximately £100 million.

The RBSG 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 RBSG Group will review its PPI complaint handling processes to ensure that redress is offered to any customers identified as having suffered detriment.

Significant Change and Material Adverse Change

Save in relation to the matters referred to in the section headed "Investigations: Payment Protection Insurance" above, which relates to past sales of Payment Protection Insurance:

- (a) there has been no significant change in the trading or 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).

Assets, Owners' Equity and Capital Ratios

The RBS Group had total assets of £1,307.3 billion and owners' equity of £57.0 billion as at 31 December 2010. As at 31 December 2010, the RBS Group's capital ratios 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.

Large Exposure Regime

On 1 July 2011, RBS 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 per cent. owned by RBSG will be classified as a Connected Counterparty. RBS N.V., which is currently approximately 98 per cent. indirectly owned by RBSG, will therefore be classified as a Connected Counterparty, which will result in a breach by RBS of the amended rules under the large exposure regime described above.

The Proposed Transfers (as described above) are, subject to certain conditions, 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 RBS over time to become compliant with the changes to the large exposure regime.

RBS does not expect this to have a material adverse effect on the RBSG Group.