
LaunchPAD Programme

Supplementary Prospectus dated 5 November 2013

**FIFTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD
PROGRAMME FOR THE ISSUANCE OF TURBOS**



THE ROYAL BANK OF SCOTLAND PLC

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

The Royal Bank of Scotland plc

LaunchPAD Programme

(the “Programme”)

- 1** This supplement dated 5 November 2013 (this “**Supplement**”) constitutes the fifth supplement to the base prospectus dated 24 May 2013 in relation to the Issuer’s LaunchPAD Programme for the issuance of Turbos approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 24 May 2013 (the “**Base Prospectus**”).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (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 meanings 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 1 November 2013, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc the unaudited Interim Management Statement Q3 2013 of RBSG (the “**RBSG Interim Management Statement**”).
- 7 By virtue of this Supplement, the RBSG Interim Management Statement shall be incorporated in, and form part of the Base Prospectus.
- 8 The following amendments are made to the Base Prospectus as a consequence of the publication of, and the incorporation by reference into the Base Prospectus of, the RBSG Interim Management Statement:
 - 8.1 in the section entitled “Summary – Section D – Risks”, the nineteenth bullet point key risk under Element D.2 (*Key risks specific to the Issuer*) which reads:

“The RBS Group's ability to implement its strategic plan depends on the success of the RBS Group's refocus on its core strengths and its balance sheet reduction programme”,

shall be deleted and replaced with the following:

“The RBS Group’s ability to implement its new strategic plan and achieve its capital goals depends on the success of the RBS Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position”; and
 - 8.2 (a) the risk factor entitled “The Group’s ability to implement its strategic plan depends on the success of the Group’s refocus on its core strengths and its balance sheet reduction programme” beginning on page 5 of the Issuer’s Registration Document dated 12 March 2013 shall no longer be incorporated by reference in the Base Prospectus; and (b) the risk factor set out in the Schedule to this Supplement shall be inserted in the Base Prospectus at the end of the section entitled “Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under the Securities”.
- 9 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> or <http://markets.rbs.com/launchpad> and can be obtained, 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.
- 10 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.
- 11 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement 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 plc

Schedule

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

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

During Q3 2013, the RBS Group has worked with HM Treasury as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the RBS Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the RBS Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

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

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

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

obtained in a timely manner, or at all. There is consequently a risk that the RBS Group may fail to complete such disposals within time frames envisaged by the RBS Group.

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

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