LaunchPAD Programme

Supplementary Prospectus dated 14 October 2011

EIGHTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES

THE ROYAL BANK OF SCOTLAND N.V.
(*Incorporated in The Netherlands with its statutory seat in Amsterdam*)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the **Programme**)

1 This Supplement dated 14 October 2011 (this **Supplement**) constitutes the eighth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Open End Certificates approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).

2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).

3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same 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 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc. The RBS Registration Document, through a supplement dated 8 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 The following amendments are made to the Base Prospectus by virtue of this Supplement:

7.1 the final sentence of the section entitled "Proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc" on page 21 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011, which reads:

> "Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing."

shall no longer be incorporated by reference in the Base Prospectus;

7.2 in the section entitled "Summary – Proposed transfer of activities" the second paragraph shall be deleted in its entirety and replaced with the following:

> "It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is 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. This includes 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**"). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the "**Court**") had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.
>
> Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.";

7.3 in the section entitled "Summary – Risk Factors" the heading which reads

> "Part B: In relation to RBS"

shall be deleted in its entirety and replaced with the following:

> "Part B: In relation to RBS N.V. and RBS";

7.4 in the section entitled "Summary – Risk Factors – Part B: In relation to RBS" (prior to the amendment of such heading by virtue of this Supplement) the wording which reads:

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

shall be deleted in its entirety and replaced with the following:

"Certain factors may affect RBS N.V.'s ability as Issuer to fulfil its obligations under the Securities due to the Group's reliance on the RBSG Group. In addition, if RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i) in connection with the Proposed Transfers generally, then certain factors may affect RBS' ability to fulfil its obligations under the Securities. In each case, such factors include:";

7.5 in the section entitled "Summary – Risk Factors - Part B: In relation to RBS" (prior to the amendment of such heading by virtue of this Supplement), after the bullet point risk factor which reads:

"HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities."

the following shall be inserted as a bullet point risk factor:

"The RBSG Group's insurance businesses are subject to inherent risks involving claims.";

7.6 in the section entitled "Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under Securities issued" the wording which reads:

"As stated in the section entitled "General Information – Part A: General – Proposed Transfers", certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus."

shall be deleted in its entirety and replaced with the following:

"As stated in the section entitled "General Information – Part A: General – Proposed Transfers", certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.";

7.7 in the section entitled "Taxation – 1. General" the wording which reads:

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

Any Security 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 Security**"; and such Securities, "**Part VII Scheme Securities**".

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

shall be deleted in its entirety and replaced with the following:

"Save as expressly stated, the following does not address any tax consequences of any substitution of RBS as Issuer in place of RBS N.V. in respect of any Securities in accordance with General Condition 8(a)(i) (a "**Substitution**"), regarding which Holders of Securities

should seek their own professional advice. Holders and prospective Holders of Securities are also referred to the risk factor under the heading "The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V." which starts on page 5 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011 (which is incorporated by reference herein).

Any Security in respect of which RBS is substituted as Issuer in place of RBS N.V. pursuant to a Substitution shall be referred to in this section as a "**Substituted Security**"; and such Securities, "**Substituted Securities**". References in this section to "the Issuer" shall be to RBS N.V. as Issuer.

If Securities do not become Substituted Securities, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not otherwise become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers other than by way of a Substitution and does not address the tax treatment of Securities in the event that the Issuer is substituted otherwise than pursuant to a Substitution."

7.8 in the section entitled "Taxation – 3. The Netherlands – Withholding Tax" the heading which reads:

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

shall be deleted in its entirety and replaced with the following:

"*Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities*";

7.9 in the section entitled "Taxation – 3. The Netherlands – Withholding Tax" the heading which reads:

"*Securities issued by the Issuer's London branch and Part VII Scheme Securities*"

shall be deleted in its entirety and replaced with the following:

"*Securities issued by the Issuer's London branch and Substituted Securities*";

7.10 in the section entitled "Taxation – 3. The Netherlands – Withholding Tax – Payments by the Guarantor", the wording which reads:

"whether or not they are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities)"

shall be deleted in its entirety and replaced with the following:

"whether or not they are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities)";

7.11 in the section entitled "Taxation – 3. The Netherlands – Corporate and Individual Income Tax", the following shall be inserted as new sub-paragraph (c):

"(c) Substituted Securities

Although not free from doubt, a Substitution is, on the basis of certain Dutch case law, not expected to give rise to a charge to Dutch income tax or corporate income tax for Holders of Substituted Securities.";

7.12 the section entitled "Taxation – 4. United Kingdom" shall be deleted in its entirety and replaced with the section set out in Schedule 1 to this Supplement;

7.13 in the section entitled "Taxation – 5. United States of America", the wording in the second paragraph in such section which reads:

> "The U.S. federal income tax considerations discussed below will continue to apply to Part VII Scheme Securities."

shall be deleted in its entirety and replaced with the following:

> "The U.S. federal income tax considerations discussed below will continue to apply to Substituted Securities.";

7.14 the section set out in Schedule 3 to this Supplement shall be inserted as the final paragraph in the section entitled "Taxation – 5. United States of America";

7.15 in the section entitled "Taxation – 6. Switzerland", the wording in the second paragraph in such section which reads:

> "If RBS becomes the issuer of Securities as a result of the Part VII Scheme, the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed."

shall be deleted in its entirety and replaced with the following:

> "If RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i), the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed. Although not free from doubt, a Substitution, on the basis of current Federal Tax Administration practice, is not expected to give rise to a charge to Swiss stamp tax, Swiss withholding tax, Swiss income tax for private investors in Switzerland or EU savings tax, for Holders of Substituted Securities.";

7.16 in the section entitled "General Information – Part A: In Relation to RBS N.V. – Guarantee", the wording which reads:

> ", which liability of RBS Holdings in relation to any Securities 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)"

shall be deleted in its entirety;

7.17 in the section entitled "General Information – Part A: In Relation to RBS N.V. – Proposed Transfers", the second and third paragraphs in such section shall be deleted in their entirety and replaced with the wording set out in Schedule 2 to this Supplement;

7.18 in the section entitled "Final Terms", the paragraph numbering "(a)" prior to the word "Issuer:" shall be deleted;

7.19 the section entitled "Final Terms – (b) Proposed Transfer to The Royal Bank of Scotland plc[1]:" shall be deleted in its entirety;

7.20 in the section entitled "General Information – Part A: In Relation to RBS N.V. – Ratings", in the third paragraph of such section, the wording which reads:

> "Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "AA-"; senior notes issued by RBS N.V. with a maturity of less than one year "F1+"; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an "AA" rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an "F1" rating denotes an exceptionally strong credit feature."

shall be deleted in its entirety and replaced with the following:

> "Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "A"; senior notes issued by RBS N.V. with a maturity of less than one year "F1"; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an "A" rating indicates that the Issuer's capacity for payment of financial commitments on the relevant notes issued by it is considered strong but that this capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.";

7.21 in the fifth paragraph of the section entitled "General Information – Part A: In Relation to RBS N.V. – Ratings", the wording which reads:

> "(ii) the publication entitled "Rating Symbols and Definitions January 2011" published by Moody's (available at www.moodys.com)"

shall be deleted in its entirety and replaced with the following:

> "(ii) the publication entitled "Rating Symbols and Definitions – May 2011" published by Moody's (available at www.moodys.com)")";

7.22 the second sentence of the fourth paragraph on page 1 of the RBS Registration Document, within the section entitled "Introduction", which reads:

> "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+";"

shall no longer be incorporated by reference in the Base Prospectus;

7.23 the first and second sentences of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled "Introduction", which read:

"As defined by Fitch, an "AA" rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories."

shall no longer be incorporated by reference in the Base Prospectus;

7.24 the final sentence of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled "Introduction", which reads:

"As defined by Fitch, an addition of a plus (+) to an "F1" rating denotes an exceptionally strong credit feature."

shall no longer be incorporated by reference in the Base Prospectus;

7.25 the wording in the second paragraph on page 2 of the RBS Registration Document, within the section entitled "Introduction", which reads:

"(iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion – January 2011" published by Fitch (available at www.fitchratings.com).")"

shall no longer be incorporated by reference in the Base Prospectus;

7.26 the section entitled "General Information – Recent Developments - Ratings" shall be deleted in its entirety and replaced with the following:

"*Ratings*

Moody's is expected to rate: senior notes issued by RBS with a maturity of one year or more "A2"; senior notes issued by RBS with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "2" indicates that the obligation ranks mid-range in its generic rating category.

Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more "A"; senior notes issued by RBS with a maturity of less than one year "F1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

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

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Rating Symbols and Definitions – July 2011" published by Moody's (available at www.moodys.com) and (ii) the publication entitled "Definitions of Ratings and Other Forms of Opinion – September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the

sources identified above and, so far as the RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading."

8 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.

9 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.

10 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

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities 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 Securities and should not be relied upon by Holders or prospective Holders of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as amended and supplemented by the applicable Final Terms. For United Kingdom tax purposes, the term "Security" or "Securities" refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Holders of Securities 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 Securities should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities

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

Securities issued by the Issuer's London branch and Substituted Securities

Payments made in respect of these Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as interest, manufactured payments 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 Securities 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 payments made in respect of the Securities 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 Securities 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 Securities 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 Securities 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 Securities are and remain so listed, interest on the Securities 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 Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by 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 Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Securities, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of the Securities, HMRC can issue a notice to the Issuer's London branch or RBS, as applicable, to pay interest to the Holder of the Securities 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, Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities 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, Securities issued by the Issuer's London branch or which are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities) 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 Securities issued by the Issuer's London branch and (from the time of the Substitution) any Substituted Securities 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 Securities is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities 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 Securities.

If Holders of Securities are liable to United Kingdom tax by way of direct assessment, Holders of Securities 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.

Although not free from doubt, a Substitution is, on the basis of HMRC practice, not expected to give rise to a charge to United Kingdom tax on chargeable gains for Holders of Substituted Securities.

UK Information Gathering Powers

Holders of the Securities 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 Securities. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities 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.

Stamp duty on the issue of Securities

Subject to the following paragraph, no stamp duty will generally be payable in relation to the issue of Securities, including where such Securities are issued into CREST and including where any Substitution involves an issue of Securities by RBS.

In relation to Securities 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 Securities may arise, including where any Substitution involves an issue of Securities by RBS. No stamp duty liability will arise on the issue of such Securities by the Issuer if issued outside the United Kingdom. However, in relation to Securities 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 Security a stamp duty liability at 1.5 per cent. of the value of such Security may arise. Furthermore, an instrument issuing a Security which has the characteristics of an option or any instrument granting such a Security (including on any Substitution if this results the grant of an option by RBS) may technically be subject to United Kingdom stamp duty at a rate of up to 4 per cent. of the consideration for the Security (subject to the comments under the heading '*Payment of Stamp Duty*', below).

Stamp duty on the transfer of Securities

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

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

Payment of Stamp Duty

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 Security to which it relates is issued by the Issuer and is not registered on a register maintained in the United Kingdom, 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.

*Stamp duty reserve tax ("**SDRT**") on the issue or transfer of Securities to a Clearance Service*

No SDRT should be payable in relation to the issue of a Security by the Issuer or the transfer of such a Security which is not a Substituted Security 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**"), in each case, unless the Security is 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 shares which are paired with shares issued by a body corporate incorporated in the United Kingdom.

Except where an election has been made under which the alternative system of charge as provided for in section 97A FA 1986 (a "**s97A Election**") applies, SDRT at a rate of 1.5 per cent. may be payable in respect of a Security issued by the Issuer and which is not a Substituted Security on the issue or transfer of such a Security to a Clearance Service where it is 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 shares which are paired with shares issued by a body corporate incorporated in the United Kingdom.

Except where a s97A Election applies in respect of that Security, SDRT at a rate of 1.5 per cent. may be payable on a Substitution (if such Substitution results in an issue of Securities by RBS to a Clearance Service), or on a subsequent transfer to a Clearance Service of Substituted Securities, in each case, if such Substituted Securities (a) constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 and are not Exempt Loan Capital; or (b) are 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 stocks, shares or loan capital that are not Exempt Loan Capital.

The ECJ has found in C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs (Case C-569/07) that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to the Securities or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT on the issue of Securities into CREST

No SDRT will be payable in respect of the issue of Securities into CREST (including where any Substitution involves an issue of Securities by RBS into CREST), provided they are not issued to a Clearance Service or to a person issuing depositary receipts.

SDRT on the transfer of Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer a Security held within a Clearance Service provided that no s97A Election applies in respect of the Security.

SDRT on the transfer of Securities held outside a Clearance Service, held within CREST or held within a Clearance Service where a s97A Election applies in respect of the Security

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, no SDRT should be payable in relation to any agreement to transfer such a Security unless it is 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 either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, SDRT should generally be payable in relation to any agreement to transfer such a Security where it is 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 either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Were a Security which is not a Substituted Security to be registered in a register kept in the United Kingdom, for example, because this was required for the purposes of CREST, SDRT may be payable in relation to the transfer of such a Security within CREST or any agreement to transfer such a Security at a rate of 0.5 per cent. of the consideration given in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

In the case of Substituted Securities held outside a Clearance Service, Substituted Securities held within CREST or Substituted Securities held within a Clearance Service where a s97A Election has been made which applies to the Substituted Securities, SDRT may be payable in relation to the transfer of such a Substituted Security within CREST or any agreement to transfer such a Substituted Security if such Substituted Security (a) constitutes stock and/or loan capital for the purposes of section 99(3) FA 1986 and is not Exempt Loan Capital; or (b) is 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 stocks, shares or loan capital that are not Exempt Loan Capital. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Substituted Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

SCHEDULE 2

It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is 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. This includes 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**"). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the "**Court**") had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.

Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.

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 Securities. 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.

SCHEDULE 3

FATCA Withholding

On March 18, 2010, the Hiring Incentives to Restore Employment Act was enacted, containing provisions ("**FATCA**") similar to a prior Congressional bill, the Foreign Account Tax Compliance Act of 2009. FATCA imposes a withholding tax of 30% on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as a portion of certain payments by non-U.S. entities, to persons that fail to meet requirements under FATCA. This withholding tax may be imposed on (i) payments to the Issuer if it does not enter into and comply with an agreement with the IRS (an "**IRS Agreement**") to obtain and report information about the holders of Securities, or (ii) a portion of payments to holders or beneficial owners of Securities, if the Issuer does enter into an IRS Agreement and is unable to obtain the necessary information from those holders or beneficial owners. Withholding would be imposed from (x) January 1, 2014 in respect of certain U.S. source payments made on or after that date, (y) January 1, 2015 in respect of proceeds from the sale of certain assets that give rise to U.S. source payments and (z) January 1, 2015, at the earliest, in respect of "passthru payments". Withholding should not be required with respect to payments on Securities that are treated as debt for U.S. federal income tax purposes before January 1, 2015 and then only on such Securities issued after March 18, 2012.

The future application of FATCA to the Issuer and the holders of Securities is uncertain, and it is not clear at this time what actions, if any, will be required to minimize any adverse impact of FATCA on the Issuer and the holders of Securities.

If the Issuer or other relevant intermediary does enter into the IRS Agreement, and Securities are issued after March 18, 2012, then to the extent payments are not otherwise excluded from the FATCA regime, an investor that is not a financial institution may be required to provide the information described below or be subject to U.S. withholding tax on a portion of interest and principal on the Securities and the proceeds from their sale. Investors that (a) are financial institutions, or receive payments through a financial institution and (b) have not (or the relevant financial institution has not) entered an agreement with the IRS regarding compliance with (or otherwise established an exemption from) FATCA would also be subject to this U.S. withholding tax.

Each holder or beneficial owner of Securities may be required to provide satisfactory documentation (i) to establish that it is not a U.S. person and has no "substantial United States owners" (as defined in the Code), or (ii) if it is a U.S. person or a non-U.S. person that has substantial United States owners, that indicates the name, address and U.S. taxpayer identification number for each such U.S. person or owner. Each holder or beneficial owner of Securities that is required to provide such information and fails to do so will generally be subject to a U.S. withholding tax on any payments made to that person. A holder or beneficial owner of Securities who fails to provide the necessary information due to a non-U.S. law prohibiting the provision of this information must execute a valid waiver of the relevant non-U.S. law or dispose of the Securities or its interest therein within a reasonable time.

Furthermore, it is uncertain at this time how the reporting mechanism will operate. In particular, certain changes will likely have to occur with the operation of DTC, Euroclear, Clearstream, Luxembourg and other similar clearing systems. In particular, at this time it is not entirely clear whether the reporting obligations will apply to the Issuer, the relevant clearing system or the financial institution with which the beneficial owner has an account.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each holder of Securities should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.