
LaunchPAD Programme

Supplementary Prospectus dated 17 March 2014

**TENTH 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” and “RBS”)*

The Royal Bank of Scotland plc

LaunchPAD Programme

(the “Programme”)

- 1** This supplement dated 17 March 2014 (this “**Supplement**”) constitutes the tenth 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 27 February 2014, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) its preliminary unaudited Annual Results for the year ended 31 December 2013 (the “**2013 Preliminary Annual Results of RBSG**”).
- 7 On 7 March 2014, the Issuer published via RNS, its Registration Document dated 7 March 2014 (the “**Registration Document**”).
- 8 On 13 March 2014, Moody’s Investors Service Limited (“**Moody’s**”) announced revisions to its expected ratings of RBS.
- 9 By virtue of this Supplement, the following documents or sections of a document, as the case may be, shall be deemed to be incorporated in, and form part of, the Base Prospectus:
 - 9.1 the 2013 Preliminary Annual Results of RBSG; and
 - 9.2 the Registration Document, excluding the following provisions set out in the section entitled “Introduction” beginning on page 1 therein:
 - 9.2.1 the last sentence of the fourth paragraph of such section, which begins with the words “Moody’s Investors Service Limited”;
 - 9.2.2 the seventh paragraph of such section, which begins with the words “As defined by Moody’s”; and
 - 9.2.3 limb (ii) of the eighth paragraph of such section, which begins with the words “the publication entitled “Rating Symbols and Definitions – September 2013”.
- 10 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference into the Base Prospectus, by virtue of this Supplement) of the 2013 Preliminary Annual Results of RBSG and the Registration Document:
 - 10.1 the sub-section entitled “B.4b Known trends with respect to the Issuer” in the section entitled “Summary” shall be deleted in its entirety and replaced by the section set out in Schedule 1;
 - 10.2 the paragraphs headed “No material adverse change in prospects” and “Significant change in financial or trading position” in the sub-section entitled “B.12 Selected historical key financial information of the Issuer” shall be deleted in their entirety and replaced by the paragraphs set out in Schedule 2;
 - 10.3 the sub-section entitled “B.15 Issuer’s principal activities” in the section entitled “Summary” shall be deleted in its entirety and replaced by the section set out in Schedule 3;
 - 10.4 the sub-section entitled “D.2 Key risks specific to the Issuer” in the section entitled “Summary ” shall be deleted in its entirety and replaced by the section set out in Schedule 4;
 - 10.5 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
 - 10.5.1 the registration document of the Issuer dated 12 March 2013, which was published via RNS on 13 March 2013;

- 10.5.2 the unaudited Interim Management Statement Q1 2013 of RBSG, which was published via RNS on 3 May 2013;
 - 10.5.3 the press release entitled “RBS announces planned management changes”, which was published by RBSG via RNS on 9 May 2013;
 - 10.5.4 the press release entitled “Stephen Hester to Leave RBS”, which was published by RBSG via RNS on 12 June 2013;
 - 10.5.5 the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013, which were published via RNS on 2 August 2013;
 - 10.5.6 the press release entitled “Ross McEwan appointed as RBS Group Chief Executive”, which was published by RBSG via RNS on 2 August 2013;
 - 10.5.7 the unaudited “Interim Management Statement Q3 2013” of RBSG for the third quarter ended 30 September 2013, which was published via RNS on 1 November 2013;
 - 10.5.8 the risk factor deemed to be inserted by virtue of paragraph 8.2(b) of the fifth supplement to the Base Prospectus, dated 5 November 2013;
 - 10.5.9 the press release entitled “RBS reaches settlement with SEC on RMBS securitisation”, which was published by RBSG via RNS on 7 November 2013;
 - 10.5.10 the press release entitled “RBS reaches settlement with the European Commission”, which was published by RBSG via RNS on 4 December 2013;
 - 10.5.11 the press release entitled “RBS Confirms Bostock to resign as Group Finance Director”, which was published by RBSG via RNS on 11 December 2013; and
 - 10.5.12 the press release entitled “RBS reaches settlement with US Authorities regarding OFAC compliance”, which was published by RBSG via RNS on 11 December 2013;
 - 10.6 all provisions set out in the sub-section entitled “Recent Developments” under the section entitled “General Information” prior to the date of this Supplement, shall be deleted in their entirety; and
 - 10.7 the paragraphs under the heading “No Significant Change and No Material Adverse Change” in the sections of the Base Prospectus entitled (i) “General Information” and (ii) the annex headed “Swiss Annex” to the section of the Base Prospectus headed “Form of Final Terms”, shall be deleted in their entirety and replaced in each case with the paragraphs set out in Schedule 5.
- 11** By virtue of paragraphs 9 and 10.5 of this Supplement, the documents or sections of a document, as the case may be, (which shall exclude, for the avoidance of doubt, any terms and conditions incorporated from previous base prospectuses or supplements thereto) listed in the section of the Base Prospectus headed “Documents Incorporated by Reference” shall be deleted in their entirety and replaced with the documents set out in Schedule 6.
- 12** For the purposes of the amendments contemplated by paragraphs 10.2 and 10.7 above, where reference is made in the amended and restated text (as set out in Schedules 2 and 5) to provisions disclosed in the 2013 Preliminary Annual Results of RBSG, attention is drawn, in particular, to the following provisions of the 2013 Preliminary Annual Results of RBSG:
- 12.1.1 the opening paragraph of the section entitled “Highlights” on page 1;
 - 12.1.2 the paragraph entitled “Legacy conduct issues” in the section entitled “Highlights” on page 3;

- 12.1.3 the section entitled “Analysis of results” on pages 27 to 36;
- 12.1.4 Note 3 to the Statutory results (entitled “Analysis of income, expenses and impairment losses”) on pages 95 to 100;
- 12.1.5 Note 5 to the Statutory results (entitled “Loan impairment provisions”) on page 101;
- 12.1.6 Note 13 to the Statutory results (entitled “Litigation, investigations and reviews”) on pages 118 to 134;
- 12.1.7 Note 14 to the Statutory results (entitled “Other developments”) on pages 134 to 135; and
- 12.1.8 Appendix 1 (entitled “RBS Capital Resolution (“RCR”)).
- 13** By virtue of this Supplement, the paragraphs set out in Schedule 7, which reflect the revised ratings arising out of the developments described in paragraph 8 above and an explanation of those ratings, shall be inserted in the sub-section entitled “Recent Developments” under the section entitled “General Information”.
- 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> 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.
- 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 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.
- 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 plc

Schedule 1

<p>B.4b</p>	<p>Known trends with respect to the Issuer:</p>	<p>Key broad trends which affect the businesses and performance of the Issuer, the Group and the RBS Group (each as defined in B.5 below):</p> <p>The RBS Group’s ability to implement its new strategic plan and achieve its capital goals depends on the success of its efforts to refocus on its core strengths and the timely divestment of RBS Citizens. The RBS Group has undertaken since 2009 an extensive restructuring, including the disposal of non-core assets as well as businesses as part of the State Aid restructuring plan approved by the EC. The RBS Group recently created RBS Capital Resolution Group (RCR) to manage the run down of problem assets with a clear aspiration to remove such assets from the balance sheet in three years. The ability to dispose of assets and businesses and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain challenging, and there is no assurance that the RBS Group will be able to sell or run down (as applicable) those remaining businesses it is seeking to exit or asset portfolios either on favourable economic terms to the RBS Group or at all. The RBS Group has also taken steps to strengthen its capital position and established medium term targets which will require the timely divestment of RBS Citizens to achieve. Since the end of Q3 2013, the RBS Group has been conducting a review of its activities which has resulted in additional changes to the RBS Group’s strategic goals. It is now intended to further simplify and downsize the RBS Group with an increased focus on service to its customers. As part of simplifying the RBS Group, the current divisional structure will be replaced by three new customer segments, covering Personal & Business, Commercial & Private Banking and Corporate & Institutional Banking. As part of this reorganisation of the business, the intention will be to remain in businesses where the RBS Group can be number one for its customers. For those businesses where that is not the case, the RBS Group will either fix, close or dispose of such businesses. This reorganisation, together with investment in technology and more efficient support functions are intended to deliver significant improvements in the RBS Group’s Return on Equity and costs: income ratio in the longer term.</p> <p>The level of structural change required to implement the RBS Group’s strategic and capital goals together with other regulatory requirements such as ring fencing are likely to be disruptive and increase operational risks for the RBS Group. There is no assurance that the RBS Group will be able to successfully implement its new strategy on which its capital plan depends or achieve its goals within the time frames contemplated or at all. Despite the improved outlook for the global economy over the near to medium-term, actual or perceived difficult global economic conditions and increased competition, particularly in the UK, create challenging economic and market conditions and a difficult operating environment for the RBS Group’s businesses. The Group has material exposure to borrowers in a number of sectors, particularly shipping. This sector has experienced falling revenues and declining asset values. If global economic growth remains subdued, losses in these sectors may increase unexpectedly.. All of these factors, together with additional uncertainty relating to the recovery of the Eurozone economy where the RBS Group has significant exposure and the risk of a return of volatile financial markets, in part due to the monetary policies and measures carried out by central banks, contributed to continued pressure on revenues, margins and return on equity across the financial sector, and have adversely affected and will</p>
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	<p>continue to adversely affect the RBS Group’s businesses, earnings, financial condition and prospects.</p> <p>Although the outcome of the referendum on Scottish independence is uncertain, subject to any mitigating factors, the uncertainties resulting from an affirmative vote in favour of independence would be likely to significantly impact the RBS Group’s credit ratings and could also impact the fiscal, monetary, legal and regulatory landscape to which the RBS Group is subject. Were Scotland to become independent, it may also affect Scotland’s status in the EU. The occurrence of any of the impacts above could significantly impact the RBS Group’s costs and would have a material adverse effect on the RBS Group’s business, financial condition, results of operations, and prospects.</p> <p>The RBS Group is subject to substantial regulation and oversight, and any significant regulatory or legal developments such as those which have occurred over the past several years could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition. Certain regulatory measures introduced in the UK and in Europe relating to ring-fencing of bank activities may affect the Group’s borrowing costs, may impact product offerings and the viability of certain business models and require significant restructuring with the possible transfer of a large number of customers between legal entities.</p> <p>The RBS Group is subject to a number of regulatory initiatives which may adversely affect its business, including the UK Government’s adoption of the Financial Services (Banking Reform) Act 2013, the US Federal Reserve’s new rules for applying US capital, liquidity and enhanced prudential standards to certain of the RBS Group’s US operations and ongoing reforms in the European Union with respect to capital requirements, stability and resolution of financial institutions, including CRD IV and other currently debated proposals such as the Resolution and Recovery Directive (RRD).</p> <p>The RBS Group’s ability to meet its obligations including its funding commitments depends on the RBS Group’s ability to access sources of liquidity and funding. The inability to access liquidity and funding due to market conditions or otherwise or to do so at a reasonable cost due to increased regulatory constraints, could adversely affect the Group’s financial condition and results of operations. Furthermore, the RBS Group’s borrowing costs and its access to the debt capital markets and other sources of liquidity depend significantly on its and the UK Government’s credit ratings which would be likely to be negatively impacted by political events, such as an affirmative outcome of the referendum for the independence of Scotland.</p> <p>The RBS Group’s business performance, financial condition and capital and liquidity ratios could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements, including those arising out of Basel III implementation (globally or by European, UK or US authorities) as well as structural changes that may result from the implementation of ring-fencing under the Financial Services (Banking Reform) Act 2013 or proposed changes of the US Federal Reserve with respect to the RBS Group’s US operations. The Group’s ability to reach its target capital ratios in the medium term will turn on a number of factors including a significant downsizing of the Group in part through the sale of RBS Citizens.</p> <p>The RBS Group is, and may be, subject to litigation and regulatory and governmental investigations that may impact its business, reputation, results of operations and financial condition. For example, the RBS Group is involved in ongoing class action</p>
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	<p>litigation, investigations into foreign exchange trading and rate setting activities, continuing LIBOR related litigation and investigations, securitisation and securities related litigation, and anti-money laundering, sanctions, mis-selling and compliance related investigations, in addition to a number of other matters. Although the RBS Group settled a number of legal proceedings and regulatory investigations during 2013, the RBS Group is expected to continue to have a material exposure to legacy litigation and regulatory matter proceedings in the medium term. Material additional provisions were required by the RBS Group in 2013 to cover various claims and conduct related matters affecting RBS Group companies. The RBS Group also expects greater regulatory and governmental scrutiny for the foreseeable future particularly as it relates to compliance with new and existing laws and regulations such as corporate governance, employee compensation, conduct of business, anti-money laundering and anti-terrorism laws and regulations, as well as the provisions of applicable sanctions programmes and the impact of the increasing focus on conduct risk and customer outcomes.</p> <p>The RBS Group is highly dependent on its information technology systems and has been and will continue to be subject to cyber attacks which expose the RBS Group to fraudulent activity and loss of customer data or other sensitive information. Failures of the RBS Group's information technology systems could, among other things, hinder its ability to service its clients which could result in long-term damage to the RBS Group's business and brand.</p> <p>RBSG or any of its UK bank subsidiaries may face the risk of full nationalisation or other resolution procedures, including recapitalisation of RBSG or any of its UK bank subsidiaries through bail-in which has been introduced by the Financial Services (Banking Reform) Act 2013 and will come into force on a date stipulated by HM Treasury. These various actions could be taken by or on behalf of the UK Government, including actions in relation to any securities issued and new or existing contractual arrangements and transfers of part or all of the RBS Group's businesses.</p> <p>As a result of the UK Government's majority shareholding in RBSG it may be able to exercise a significant degree of influence over the RBS Group including on dividend policy, the election of directors or appointment of senior management or limiting the RBS Group's operations. The offer or sale by the UK Government of all or a portion of its shareholding in RBSG could affect the market price of the equity shares and other securities.</p> <p>The actual or perceived failure or worsening credit of the RBS Group's counterparties or borrowers, including sovereigns in the Eurozone, and depressed asset valuations resulting from poor market conditions have led the RBS Group to realise and recognise significant impairment charges and write-downs which have adversely affected the RBS Group and could continue to adversely affect the RBS Group if, due to a deterioration in economic and financial market conditions or continuing weak economic growth, it were to recognise or realise further write-downs or impairment charges.</p> <p>Recent developments in regulatory or tax legislation and any further significant developments could have an effect on how the Group conducts its business and on its results of operations and financial condition, and the recoverability of certain deferred tax assets recognised by the Group is subject to uncertainty.</p> <p>The RBS Group is required to make contributions to its pension schemes and to</p>
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		<p>compensation schemes in respect of certain financial institutions, either of which, independently or in conjunction with additional or increased contribution requirements may have an adverse impact on the Group's results of operations, cash flow and financial condition.</p> <p>The RBS Group has a number of major projects underway, the successful conclusion of which is essential if it is to meet new regulatory and strategic requirements. These new requirements affect its organisational structure, its business strategies, its information technology systems, its operational processes and its product offerings. Given the number, scale and complexity of these projects, the RBS Group may not complete them successfully, or at all. If the RBS Group does not complete these projects successfully, the interests of customers may be affected, necessitating customer redress. The RBS Group may also incur regulatory fines, lose market share and suffer damage to its reputation.</p> <p>The RBS Group is undergoing significant organisational change, the result of a need to implement new business strategies and respond to a changing external environment. The pace of change, coupled with the associated uncertainty may cause experienced staff members to leave the RBS Group and prospective staff members not to join. If it cannot retain or attract the necessary staff members, the RBS Group may be unable to implement its business strategies or meet regulatory requirements on time, or at all. It may also experience control failures. The Group's reputation may suffer as a result.</p>
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Schedule 2

	No material adverse change in prospects:	Save for regulatory and redress provisions and impairments and other losses related to the establishment of RCR (each as disclosed in the 2013 Preliminary Annual Results of RBSG), there has been no significant change in the financial position of the Group taken as a whole since 30 June 2013.
	Significant change in financial or trading position:	Save for regulatory and redress provisions and impairments and other losses related to the establishment of RCR (each as disclosed in the 2013 Preliminary Annual Results of RBSG), there has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2012.

Schedule 3

B.15	Issuer's principal activities:	<p>The Group's activities during 2013 were organised on a divisional basis as follows:</p> <ul style="list-style-type: none"> • Retail and Commercial: <ul style="list-style-type: none"> ○ <i>UK Retail</i>: a comprehensive range of banking products and related financial services to the personal market in the United Kingdom ○ <i>UK Corporate</i>: banking, finance and risk management services to the corporate and small and medium-size enterprise (SME) sector in the United Kingdom ○ <i>Wealth</i>: private banking and investment services ○ <i>International Banking</i>: financing, transaction services and risk management ○ <i>Ulster Bank</i>: a comprehensive range of financial services through both its retail and corporate banking divisions ○ <i>US Retail and Commercial</i>: financial services primarily through the Citizens and Charter One brands • Markets: an origination, sales and trading business across debt finance, fixed income and currencies • Central Functions: comprises Group and corporate functions, such as treasury, finance, risk management, compliance, legal, communications and human resources • Non-Core: managed separately assets that the Group intends to run off or dispose of • Business Services: supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services. <p>An internal 'bad bank', RCR, became fully operational on 1 January 2014. In order to release capital, RCR was created to manage down a pool of approximately £38 billion of assets with particularly high long-term capital intensity, credit risk and/or potentially volatile outcomes in stressed environments. Whilst RCR is of a similar size to the Non-Core division, the assets have been selected on a different basis and no direct comparisons can be drawn.</p> <p>In November 2013, the Group announced that it was undertaking a comprehensive business review of its customer-facing business, IT and operations and organisational and decision making structures. The aim of the review was to improve the Group's performance and effectiveness in serving its customers, shareholders and wider stakeholders. The Group announced the results of its Strategic review in February 2014, resulting in a decision to realign into three businesses: Personal & Business Banking, Commercial & Private Banking and Corporate & Institutional Banking. In addition, the Group will be rationalising and simplifying its systems, based on a target architecture with improved resilience.</p>
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Schedule 4

D.2	Key risks specific to the Issuer	<p>The Issuer could fail or otherwise be unable to make the payments owing under the Securities. If that happens, you will not have the protection of any deposit insurance scheme and your Securities will not be secured, and you may lose some or up to all of your money. As part of a leading global financial services group the Issuer is subject to a number of key risks of the RBS Group:</p> <ul style="list-style-type: none"> ○ 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 plans to refocus on its core strengths and the timely divestment of RBS Citizens ○ The RBS Group is subject to political risks ○ The RBS Group is subject to a number of legal, regulatory and governmental actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBS Group's operating results or reputation ○ The RBS 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 ○ Operational risks are inherent in the RBS Group's businesses ○ The RBS Group operates in markets that are highly competitive and its business and results of operations may be adversely affected ○ The RBS Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions ○ The RBS Group has significant exposure to a weakening of the nascent economic recovery in Europe ○ The RBS Group and its UK bank subsidiaries are subject to the provisions of the Banking Act 2009, as amended by the Banking Reform Act 2013, which includes special resolution powers including nationalisation and bail-in ○ The RBS Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan ○ HM Treasury (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the RBS Group and any proposed offer or sale of its interests may affect the price of securities issued by the RBS Group ○ The RBS Group is subject to other global risks ○ The RBS 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 RBS 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 RBS Group's ability to meet its obligations including its funding commitments depends on the RBS Group's ability to access sources of liquidity and funding ○ The regulatory capital treatment of certain deferred tax assets recognised by
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		<p>the RBS Group depends on there being no adverse changes to regulatory requirements</p> <ul style="list-style-type: none"> ○ Each of the RBS Group’s businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the RBS Group’s key regulators has had and is likely to continue to have a material adverse effect on how the RBS Group conducts its business and on its results of operations and financial condition ○ The RBS Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking’s final report on competition and structural reforms in the UK banking industry has been substantially adopted by the UK Government through the passage of the Banking Reform Act 2013. In addition, other proposals to ring fence certain business activities and the US Federal Reserve’s proposal for applying US capital, liquidity and enhanced prudential standards to certain of the RBS Group’s US operations together with the UK reforms could require structural changes to the RBS Group’s business. Any of these changes could have a material adverse effect on the RBS Group. ○ The RBS Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the RBS Group, including the write off, write-down or conversion of the RBS Group's securities ○ The RBS Group's operations are highly dependent on its information technology systems ○ The RBS Group's operations have inherent reputational risk ○ The RBS Group may suffer losses due to employee misconduct ○ The RBS 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 RBS 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 financial performance of the RBS Group has been, and continues to be, materially affected by counterparty credit quality and deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments ○ 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 RBS Group's business and results of operations ○ The value or effectiveness of any credit protection that the RBS Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties ○ In the United Kingdom and in other jurisdictions, the RBS 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
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		<ul style="list-style-type: none"> ○ 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 RBS Group's results could be adversely affected in the event of goodwill impairment ○ The recoverability of certain deferred tax assets recognised by the RBS Group depends on the RBS Group's ability to generate sufficient future taxable profits ○ RBS has reached agreement with BNP Paribas S.A. (“BNP Paribas”) for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include the Securities) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and/or that any transferee may be a company incorporated in a different jurisdiction might affect (either positively or negatively) the value of such Securities and/or the holders of such Securities.
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Schedule 5

No Significant Change and No Material Adverse Change

Save for regulatory and redress provisions and impairments and other losses related to the establishment of RCR (each as disclosed in the 2013 Preliminary Annual Results of RBSG), there has been no significant change in the financial position of the Group taken as a whole since 30 June 2013 (the end of the last financial period for which the latest unaudited interim financial information has been published).

Save for regulatory and redress provisions and impairments and other losses related to the establishment of RCR, (each as disclosed in the 2013 Preliminary Annual Results of RBSG), there has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2012 (the last date to which the latest audited published financial information of the Group was prepared).

Schedule 6

1. the registration document of the Issuer dated 7 March 2014, which was published via the Regulatory News Service of the London Stock Exchange plc (“RNS”) on 7 March 2014, excluding the following provisions set out in the section entitled “Introduction” beginning on page 1 therein:
 - (i) the last sentence of the fourth paragraph of such section, which begins with the words “Moody’s Investors Service Limited”;
 - (ii) the seventh paragraph of such section, which begins with the words “As defined by Moody’s”; and
 - (iii) limb (ii) of the eighth paragraph of such section, which begins with the words “the publication entitled “Rating Symbols and Definitions – September 2013””;
2. the Annual Report and Accounts of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed “Financial Review - Risk Factors” on page 7 and “Additional Information – Risk Factors” on pages 323 to 335) which was published via RNS on 5 April 2013;
3. the Annual Report and Accounts of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed “Financial Review - Risk Factors” on page 6 and “Additional Information – Risk Factors” on pages 283 to 296) which was published via RNS on 26 March 2012;
4. the unaudited Interim Results 2013 of RBS for the six months ended 30 June 2013 published via RNS on 30 August 2013;
5. the preliminary unaudited Annual Results 2013 of RBSG for the year ended 31 December 2013, which were published via RNS on 27 February 2014;
6. the following sections of the 2012 Annual Report and Accounts of RBSG, which were published via RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet as at 31 December 2012 on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – 2012 Financial Results on page 2;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;

- (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293;
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors' remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344;
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of directors' responsibilities
 - (xxiii) Financial Summary on pages 488 to 497;
 - (xxiv) Exchange rates on page 498;
 - (xxv) Economic and monetary environment on page 499;
 - (xxvi) Supervision on page 500;
 - (xxvii) Description of property and equipment on page 501;
 - (xxviii) Major shareholders on page 501;
 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
7. the following sections of the 2011 Annual Report and Accounts of RBSG, which were published via RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;

- (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 20;
 - (xv) Divisional review on pages 21 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
8. The press release entitled "Disposal of its Structured Retail Investor Products and Equity Derivatives Business", which was published by RBSG via RNS on 19 February 2014.

Schedule 7

Ratings Information

Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "Baa1"; senior notes issued by RBS with a maturity of less than one year "P-2"; 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, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations 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 the publication entitled "Rating Symbols and Definitions — September 2013" published by Moody's (available at www.moodys.com).

The information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as RBS is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.