

## SUPPLEMENTARY PROSPECTUS DATED 14 AUGUST 2015



### **The Royal Bank of Scotland Group plc**

*(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC045551)*

### **The Royal Bank of Scotland plc**

*(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)*

**£90,000,000,000**

### **Euro Medium Term Note Programme**

This Supplement (the “**1<sup>st</sup> Supplementary Prospectus**”) to the Prospectus dated 2 April 2015 (the “**Prospectus**”), which comprises a base prospectus for the purpose of Directive 2003/71/EC (as amended), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and has been prepared in connection with the £90,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by The Royal Bank of Scotland Group plc (“**RBSG**”) and The Royal Bank of Scotland plc (“**RBS**”) (each, an “**Issuer**” and together, the “**Issuers**”). Terms defined in the Prospectus have the same meaning when used in this 1<sup>st</sup> Supplementary Prospectus.

This 1<sup>st</sup> Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein.

Each Issuer accepts responsibility for the information contained in this 1<sup>st</sup> Supplementary Prospectus. To the best of the knowledge of each Issuer (each having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Purpose of the Supplementary Prospectus**

The purpose of this 1<sup>st</sup> Supplementary Prospectus is to:

- (a) incorporate by reference into the Prospectus:
  - (i) the RBSG Interim Results 2015 (as defined below); and
  - (ii) certain sections of the 2014 Annual Report and Accounts of RBS (as defined below);
- (b) update the expected ratings by Fitch Ratings Limited (“**Fitch**”) (or in respect of RBS acting through its Australian Branch, Fitch Australia Pty Ltd) of Notes issued by RBSG and RBS. This update is necessary following an announcement by Fitch on 19 May 2015 of revisions to those ratings;
- (c) update the expected ratings by Moody’s Investors Service Limited (“**Moody’s**”) of Notes issued by RBSG and RBS. This update is necessary following an announcement by Moody’s on 29 May 2015 of revisions to those ratings;

- (d) update the expected ratings by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") of Notes issued by RBS. This update is necessary following an announcement by S&P on 9 June 2015 of revisions to those ratings;
- (e) following publication of the RBSG Interim Results 2015, update the statement of no significant change and no material adverse change for RBSG;
- (f) following publication of the 2014 Annual Report and Accounts of RBS, update the statement of no significant change and no material adverse change for RBS; and
- (g) update certain information relating to litigation and investigations.

### **Incorporation of Information by Reference**

By virtue of this 1<sup>st</sup> Supplementary Prospectus, Part 1 and Part 2 of the unaudited Interim Results 2015 of RBSG (the "**RBSG Interim Results 2015**"), which was published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 30 July 2015, which has been (1) previously published and (2) filed with the Financial Conduct Authority (the "**FCA**"), shall be incorporated in, and form part of, the Prospectus.

By virtue of this 1<sup>st</sup> Supplementary Prospectus, the annual report and accounts of RBS (including the audited consolidated annual financial statements of RBS, together with the audit report thereon) for the financial year ended 31 December 2014 (excluding the sections headed "Financial review – Risk factors" on pages 7 to 9 and "Additional information – Risk factors" on pages 288 to 307), which were published via the RNS on 28 April 2015 and which have been (1) previously published and (2) filed with the FCA (the "**2014 Annual Report and Accounts of RBS**"), shall be incorporated in, and form part of, the Prospectus. The 2014 Annual Report and Accounts of RBS shall be included within the definition of "RBS Information" on page 2 of the Prospectus.

A copy of any or all of the information which is incorporated by reference in the Prospectus can be obtained from the website of RBSG at <http://www.rbs.com> and from the London Stock Exchange plc's website at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

If a document which is incorporated by reference in the Prospectus by virtue of this 1<sup>st</sup> Supplementary Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Prospectus except where such information or other documents are specifically incorporated by reference in, or attached to, the Prospectus by virtue of this 1<sup>st</sup> Supplementary Prospectus.

It should be noted that, except as set forth above, no other portion of the above documents is incorporated by reference into the Prospectus. In addition, where sections of any of the above documents which are incorporated by reference into the Prospectus cross-reference other sections of the same document, such cross-referenced information shall not form part of the Prospectus, unless otherwise incorporated by reference herein. Those parts of the documents incorporated by reference which are not specifically incorporated by reference in this 1<sup>st</sup> Supplementary Prospectus are either not relevant for prospective investors or the information is included elsewhere in the Prospectus.

### Ratings Information - Fitch

Fitch is expected to rate Notes issued by RBSG as follows:

	Previous	Current
<b>Senior Notes – Maturity of one year or more</b>	A	BBB+
<b>Senior Notes – Maturity of less than one year</b>	F1	F2

Fitch (or in respect of RBS acting through its Australian Branch, Fitch Australia Pty Ltd) is expected to rate Notes issued by RBS as follows:

	Previous	Current
<b>Senior Notes – Maturity of one year or more</b>	A	BBB+
<b>Senior Notes – Maturity of less than one year</b>	F1	F2

As defined by Fitch, a “BBB” rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. As defined by Fitch, the addition of a plus (+) or a minus (-) denotes relative status within major rating categories.

As defined by Fitch, an “F2” rating indicates that the Issuer has good intrinsic capacity for timely payment of financial commitments.

### Ratings Information – Moody’s

Moody’s is expected to rate Notes issued by RBSG as follows:

	Previous	Current
<b>Senior Notes – Maturity of one year or more</b>	Baa2	Ba1
<b>Senior Notes – Maturity of less than one year</b>	P-2	Not Prime

Moody’s is expected to rate Notes issued by RBS as follows:

	Previous	Current
<b>Senior Notes – Maturity of one year or more</b>	Baa1	A3

As defined by Moody’s, a “Ba” rating means the obligations of the Issuer under the relevant notes issued by it are judged to be speculative and are subject to substantial credit risk. As defined by Moody’s, the addition of “1” indicates that the obligation ranks in the higher-end of its generic rating category.

As defined by Moody's, a "Not Prime" rating means that the Issuer does not fall within any of the "Prime" (being "P-1", "P-2" or "P-3") rating categories.

As defined by Moody's, an "A" rating means that the obligations of the Issuer are judged to be upper-medium grade and are subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of that generic rating category.

#### **Ratings Information – S&P**

S&P is expected to rate Notes issued by RBS as follows:

	<b>Previous</b>	<b>Current</b>
<b>Senior Notes – Maturity of one year or more</b>	A-	BBB+

As defined by S&P, a "BBB" rating means the obligations of the Issuer under the relevant notes issued by it are judged to exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitments on the obligation. As defined by S&P, the addition of a plus (+) or minus (-) denotes relative standing within major rating categories.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Definitions of Ratings and Other Forms of Opinion — December 2014" published by Fitch (available at [www.fitchratings.com](http://www.fitchratings.com)), from the publication entitled "Rating Symbols and Definitions — March 2015" published by Moody's (available at [www.moody.com](http://www.moody.com)) and from the publication entitled "Standard & Poor's Ratings Definitions — November 2014" published by S&P (available at [www.standardandpoors.com](http://www.standardandpoors.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 1<sup>st</sup> Supplementary Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBSG and RBS are aware and are able to ascertain from information published by Fitch, Moody's and S&P referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

#### **Statement of No Significant Change and No Material Adverse Change– RBSG**

Save in relation to matters referred to in the RBSG Interim Results 2015 relating to the partial disposal by RBSG of its investment in Citizens Financial Group ("CFG") thereby reducing its interest in CFG to 20.9% and the resulting deconsolidation of CFG from the Group for accounting purposes, there has been no significant change in the trading or financial position of the Group taken as a whole since 30 June 2015 (the end of the last financial period for which the latest unaudited interim financial information of the Group has been published).

Save in relation to matters referred to in the RBSG Interim Results 2015 relating to the partial disposal by RBSG of its investment in CFG thereby reducing its interest in CFG to 20.9% and the resulting deconsolidation of CFG from the Group for accounting purposes, there has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2014 (the date of the last published audited financial information of the Group).

## **Statement of No Significant Change and No Material Adverse Change – RBS**

Save (i) as set out below and (ii) in relation to matters referred to in the RBSG Interim Results 2015 relating to the partial disposal by RBSG of its investment in CFG thereby reducing its interest in CFG to 20.9% and the resulting deconsolidation of CFG from the Group for accounting purposes, there has been no significant change in the trading or financial position of the Issuer Group taken as a whole since 31 December 2014 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

As disclosed in the RBSG Interim Results 2015, RBSG reported an attributable loss of £153 million for the six months ended 30 June 2015, which included restructuring costs of £1,503 million and £1,315 million of litigation and conduct charges.

As at 30 June 2015, RBSG owners' equity decreased by £1,182 million from £57,246 million as at 31 December 2014 to £56,064 million as at 30 June 2015. Comparing the six months ended 30 June 2015 to the six months ended 30 June 2014, consolidated total income decreased by £1,293 million from £8,549 million to £7,256 million, and consolidated operating profit before tax decreased by £1,933 million from £2,226 million to £293 million.

Save in relation to matters referred to in the RBSG Interim Results 2015 relating to the partial disposal by RBSG of its investment in CFG thereby reducing its interest in CFG to 20.9% and the resulting deconsolidation of CFG from the Group for accounting purposes, there has been no material adverse change in the prospects of the Issuer Group taken as a whole since 31 December 2014 (the date of the last published audited financial information of the Issuer Group).

## **Litigation and Investigations**

Save as set out in the section entitled "Litigation, investigations and reviews" on pages 100 to 120 of the RBSG Interim Results 2015, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which RBSG or RBS is aware) during the 12 months prior to the date of this Supplementary Prospectus, which may have or have had in the recent past, significant effects on the financial position or profitability of RBSG, RBS, the Issuer Group and/or the Group taken as a whole.

## **Other Information**

To the extent that there is any inconsistency between any statement in or incorporated by reference in the Prospectus by virtue of this 1<sup>st</sup> Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in or incorporated by reference in the Prospectus by virtue of this 1<sup>st</sup> Supplementary Prospectus will prevail.

Save as disclosed in this 1<sup>st</sup> Supplementary Prospectus or in any document incorporated by reference in the Prospectus by virtue of this 1<sup>st</sup> Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

The hyperlinks included in this 1<sup>st</sup> Supplementary Prospectus are included for information purposes only and the websites and their content are not incorporated into, and do not form part of, the 1<sup>st</sup> Supplementary Prospectus or the Prospectus.