

## SUPPLEMENTARY OFFERING MEMORANDUM DATED 7 OCTOBER 2013



### **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**

Pages 1 to 120 inclusive of the offering memorandum dated 22 March 2013 (the “**Offering Memorandum**”) comprise a base prospectus for the purpose of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) (the “**Prospectus**”) in respect of notes to be admitted to the Official List of the UK Listing Authority and to be admitted to trading on the London Stock Exchange’s regulated market (“**Notes**” or “**PD Notes**”). Pages 121 to 195 inclusive of the Offering Memorandum comprise an offering circular (the “**Offering Circular**”). The Offering Circular has been prepared by the Issuers (as defined below) in connection with the issuance of notes other than PD Notes (“**Non PD Notes**” and, together with the PD Notes, the “**Programme Notes**”). The Offering Circular has not been reviewed or approved by the UK Listing Authority and does not constitute a prospectus for the purpose of the Prospectus Directive.

### **Supplementary Prospectus**

Pages 1 to 3 inclusive of this supplement (the “**6<sup>th</sup> Supplementary Prospectus**”) constitute a supplementary prospectus for the purposes of the Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and have 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 6<sup>th</sup> Supplementary Prospectus.

This 6<sup>th</sup> Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein. This 6<sup>th</sup> Supplementary Prospectus should also be read and construed in conjunction with the supplementary prospectuses dated 25 April 2013, 16 May 2013, 2 July 2013, 9 August 2013 and 5 September 2013 (the “**Previous Supplementary Prospectuses**”) and the documents incorporated by reference therein which have been previously published and have been approved by the Financial Conduct Authority (the “**FCA**”) and filed with it and which form part of the Prospectus.

Each Issuer accepts responsibility for the information contained in this 6<sup>th</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 6<sup>th</sup> Supplementary Prospectus is to update certain information relating to the agreement reached by RBSG with the Investors (as defined below) for a £600 million pre-IPO investment in RBSG's Williams & Glyn's business.

## **RBSG strikes pre-IPO deal for Williams & Glyn's**

RBSG has agreed a £600 million pre-IPO investment in its Williams & Glyn's business (formerly known as "Project Rainbow") - which centres around 314 branches in the UK - with a consortium of investors led by global financial services specialists Corsair Capital and Centerbridge Partners.

In addition to Corsair and Centerbridge, the consortium includes the Church Commissioners for England and RIT Capital Partners plc (together, the "**Investors**").

As a condition of the State Aid received by RBSG, the Group was required to divest 308 RBS branches in England and Wales and 6 NatWest branches in Scotland, with the associated retail and SME customers, direct SME customers and a portfolio of mid-corporate customers. The business serves nearly 1.7 million customers, currently employs around 4,500 people and in the future will employ approximately 6,000 people. It has a broad national footprint and a £19.7 billion loan book, funded by £22.2 billion in customer deposits.

RBSG will work with HM Treasury and the European Commission to agree an extension to the timetable for the disposal of Williams & Glyn's in due course.

Following completion of the operational and legal separation of the business into a standalone bank to be branded Williams & Glyn's, an exercise that is already well underway, RBSG will pursue an Initial Public Offering ("**IPO**"). The pre-IPO investment announced on 27 September 2013 takes the form of a £600 million bond to be issued by RBSG, which will be exchangeable for a significant minority interest in Williams & Glyn's at the time of its IPO. The bond will convert into Williams & Glyn's shares at the IPO price, subject to a minimum ownership level which will be linked to the tangible book value of Williams & Glyn's prior to the IPO, and in any case no more than a stake of 49%. To the extent the maximum ownership level is reached, the bond will be partially redeemed in cash such that the Investors will receive a total value of £600 million of cash and shares at the IPO price. At the IPO, subject to RBSG's consent, the Investors will have the option to acquire up to 10 per cent. additionally at the IPO price, subject to their pro forma ownership being no more than 49 per cent in aggregate.

The subscription for the bond will be satisfied by way of a cash payment from the Investors. RBSG's Markets division is providing a £270 million secured financing package to the Investors for the investment.

The transaction is subject to necessary regulatory closing conditions including approvals from the European Commission in relation to the timing for satisfaction of RBSG's related State Aid commitments.

## **Other Information**

To the extent that there is any inconsistency between any statement in the Prospectus by virtue of this 6<sup>th</sup> Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus or the Previous Supplementary Prospectuses, the statements in the Prospectus by virtue of this 6<sup>th</sup> Supplementary Prospectus will prevail.

Save as disclosed in the Previous Supplementary Prospectuses and this 6<sup>th</sup> Supplementary Prospectus or in any document incorporated by reference in the Prospectus by virtue of the Previous Supplementary Prospectuses, 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.

## Supplementary Offering Circular

Page 4 of this supplement (the “**6<sup>th</sup> Supplementary Offering Circular**”) constitutes a supplement to the Offering Circular and has been prepared in connection with the Programme established by RBSG and RBS. Terms defined in the Offering Circular have the same meaning when used in this 6<sup>th</sup> Supplementary Offering Circular.

**NEITHER THE OFFERING CIRCULAR NOR THIS SUPPLEMENTARY OFFERING CIRCULAR HAVE BEEN REVIEWED OR APPROVED BY THE UK LISTING AUTHORITY AND THE OFFERING CIRCULAR DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF DIRECTIVE 2003/71/EC, AS AMENDED (THE “PROSPECTUS DIRECTIVE”).**

This 6<sup>th</sup> Supplementary Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular and the documents incorporated by reference therein. This 6<sup>th</sup> Supplementary Offering Circular should also be read in conjunction with the supplementary offering circulars dated 25 April 2013, 16 May 2013, 2 July 2013, 9 August 2013 and 5 September 2013 (the “**Previous Supplementary Offering Circulars**”) and the documents incorporated by reference therein. This 6<sup>th</sup> Supplementary Offering Circular is to be read in conjunction with the following section of the 6<sup>th</sup> Supplementary Prospectus (as amended herein):

- RBSG strikes pre-IPO deal for Williams & Glyn’s,

which will be deemed to be incorporated by reference herein, save that references to “Prospectus” shall be deemed to be to the “Offering Circular” and references to “Supplementary Prospectus” shall be deemed to be to the “Supplementary Offering Circular”.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and quotation for any Non PD Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Non PD Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this 6<sup>th</sup> Supplementary Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Non PD Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Non PD Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuers, their respective subsidiaries, the Programme or the Non PD Notes.

Each Issuer accepts responsibility for the information contained in this 6<sup>th</sup> Supplementary Offering Circular. 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.

To the extent that there is any inconsistency between any statement in the Offering Circular by virtue of this 6<sup>th</sup> Supplementary Offering Circular and any other statement in or incorporated by reference in the Offering Circular or the Previous Supplementary Offering Circulars, the statements in the Offering Circular by virtue of this 6<sup>th</sup> Supplementary Offering Circular will prevail.

Save as disclosed in the Previous Supplementary Offering Circulars and this 6<sup>th</sup> Supplementary Offering Circular or in any document incorporated by reference in the Offering Circular by virtue of the Previous Supplementary Offering Circulars, no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular has arisen or been noted, as the case may be, since the publication of the Offering Circular.