

Notification to Investors

Details of the Financial Services and Markets Act 2000 Part VII Scheme in respect of IPED securities issued, and IPED deposits accepted, by The Royal Bank of Scotland plc

Updated 7 December 2015

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On 19 February 2014, The Royal Bank of Scotland plc (**'RBS plc'**) announced that an agreement had been reached with BNP Paribas S.A. (**'BNP Paribas'**) for the disposal of certain assets and liabilities related to RBS plc's structured retail investor products and equity derivatives (**'IPED'**) business, as well as associated market-making activities (the **'Proposed Transaction'**), subject to competition approval.

It was announced that as part of the Proposed Transaction, where available, statutory transfer schemes would be used to effect a legal transfer of eligible transactions (including securities) to BNP Paribas or one of its affiliates. In particular, it was announced that RBS plc and BNP Paribas would work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the **'Part VII Scheme'**), which would be subject, amongst other matters, to court and regulatory approvals.

RBS plc and BNP Paribas presented a petition (the **'Petition'**) on 28 September 2015 to the Court of Session in Scotland (the **'Court'**) for an order sanctioning the Part VII Scheme. A preliminary hearing at the Court was held on 29 September 2015.

The Part VII Scheme was approved by the Court at a hearing held on 19 November 2015.

The Part VII Scheme took effect at 00:01 (GMT) on 7 December 2015 (the **'Effective Date'**). The assets and liabilities of RBS plc in respect of the IPED products and certain related agreements were transferred to BNP Paribas, acting through its London branch, at this time.

The role of the issuer of the IPED securities (along with certain related agreements) was subsequently transferred from BNP Paribas, acting through its London branch, to BNP Paribas Arbitrage Issuance B.V. (**'BNPP IBV'**), a wholly owned subsidiary of BNP Paribas, at 00:02 hrs (GMT) on the Effective Date. BNP Paribas has agreed to guarantee all the obligations of BNPP IBV arising in respect of the transferred IPED securities and such related agreements.

A set of 'frequently asked questions' in relation to the Part VII Scheme is available on our website at <http://investors.rbs.com/FSMA-transfer-IPED/>.

Attention is drawn to the regulatory news service announcement which was circulated as of the date of, and which is included with, this notification.

Updated: 7 December 2015

ANNEX – Regulatory News Service Announcement

Effective date of Financial Services and Markets Act 2000 Part VII Scheme in respect of IPED securities issued, and IPED deposits accepted, by The Royal Bank of Scotland plc

7 December 2015

On 19 November 2015, The Royal Bank of Scotland plc (**'RBS plc'**) announced that the Court of Session in Scotland (the **'Court'**) had pronounced an order under Part VII of the UK Financial Services and Markets Act 2000 sanctioning a banking business transfer scheme (the **'Part VII Scheme'**) between RBS plc and BNP Paribas S.A. (**'BNP Paribas'**) in respect of certain securities and deposits and certain assets and liabilities relating to them which form part of RBS plc's structured retail investor products and equity derivatives (**'IPED'**) business (the **'IPED Products'**).

RBS plc announces that the Part VII Scheme, as approved by the Court, took effect on 7 December 2015 (the **'Effective Date'**). The assets and liabilities of RBS plc in respect of the IPED Products and certain related agreements were transferred to BNP Paribas, acting through its London branch, at 00:01hrs (GMT).

Immediately after the transfer of the relevant IPED securities which form part of the IPED Products (the **'IPED Securities'**) and related agreements to BNP Paribas, acting through its London branch, the role of the issuer of those IPED Securities and such related agreements were transferred, also under the terms of the Part VII Scheme, to BNP Paribas Arbitrage Issuance B.V. (**'BNPP IBV'**) a wholly owned subsidiary of BNP Paribas. This transfer took effect at 00:02 hrs (GMT) on the Effective Date in recognition of BNPP IBV's function as an issuance vehicle of BNP Paribas. BNP Paribas has agreed to guarantee all the obligations of BNPP IBV arising in respect of the transferred IPED Securities and such related agreements.

Investors in securities issued by RBS plc and in respect of which BNPP IBV has become the issuer pursuant to the Part VII Scheme should note that certain third parties (including stock exchanges and clearing systems) are updating their websites and systems to reflect the change of issuer. This may not be implemented immediately from the Effective Date. Investors should refer to the website <http://investors.rbs.com/FSMA-transfer-IPED/> for information as to whether BNPP IBV has become the issuer of their securities from the Effective Date as a result of the Part VII Scheme. A set of 'frequently asked questions' in relation to the Part VII Scheme is also available on the website.

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Disclaimer

If you are in any doubt as to whether there is any tax or other impact on you as a result of the transfers of certain assets and liabilities relating to the structured retail investor products and equity derivatives business activities of RBS plc to BNP Paribas, (including the Part VII Scheme) or as a result of BNPP IBV becoming the issuer of the relevant IPED Securities, please discuss such matters with your advisers.

Cautionary Statement

The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.