

**SUPPLEMENTARY OFFERING MEMORANDUM DATED MARCH 18, 2009**



**The Royal Bank of Scotland Group plc**

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

**as Issuer and Guarantor**

**The Royal Bank of Scotland plc**

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

**as Issuer**

**U.S.\$35,000,000,000 Medium-Term Note Program  
Due Six Months or More From Date of Issue**

This Supplement (the “Supplement”) to the Offering Memorandum (the “Offering Memorandum”) dated June 27, 2008, which comprises, except as set out therein, a base prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “FSMA”) and is prepared in connection with the U.S.\$35,000,000,000 Medium-Term Note Program (the “Program”) established by The Royal Bank of Scotland Group plc (“RBSG” or the “Guarantor”) and The Royal Bank of Scotland plc (“RBS”) (each, an “Issuer” and together, the “Issuers”). Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum and the documents incorporated by reference therein. This Supplement should also be read and construed in conjunction with the Supplementary Offering Memoranda dated September 29, 2008, December 1, 2008, December 24, 2008 and January 22, 2009 which have been previously published and have been approved by the Financial Services Authority (the “FSA”) and filed with it and which form part of the Offering Memorandum.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuers and the Guarantor (each having 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.

*Financial results for the year ended December 31, 2008*

On March 9, 2009, RBSG published its Annual Report and Accounts 2008. A copy of such Annual Report and Accounts has been filed with the FSA and, by virtue of this Supplement, the following sections of such Annual Report and Accounts are incorporated in, and form part of, the Offering Memorandum:

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(including restated comparative information for 2007)	
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*Disincorporation of Information Incorporated by Reference in the Offering Memorandum*

The following information incorporated by reference in the Offering Memorandum shall, by virtue of this Supplement, no longer be so incorporated:

- (a) the RBSG Interim Information;
- (b) those sections of the Placing and Open Offer Prospectus which are incorporated by reference in the Offering Memorandum;
- (c) the following section of the document dated November 4, 2008 which comprised a circular prepared for the purposes of the General Meeting of RBSG held on November 20, 2008: paragraph 7 (HM Treasury's Intentions) of the Appendix to the Letter from the Chairman of RBS on page 12; and
- (d) the Trading Update.

*Incorporation of Information by Reference in the Offering Memorandum*

The following documents, which have been (1) previously published and (2) approved by the FSA or filed with it shall be deemed to be incorporated in, and form part of, the Offering Memorandum:

- (a) the press release headed “RBS Group intended participation in HM Treasury asset protection scheme and additional capital raising” dated February 26, 2009 issued by RBSG;
- (b) the following sections of the prospectus published on March 16, 2009 (the “**March 2009 Placing and Open Offer Prospectus**”) in connection with RBSG’s placing and open offer of 16,909,716,385 ordinary shares, which comprises a prospectus prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the FSMA:
  - (i) the following sections in “Risk Factors” on pages 12 to 25: the first two paragraphs, the section “Risks Related to RBS” save for the risk factor entitled “The Company may face the risk of full nationalisation and under such circumstances Shareholders may lose the full value of their Shares”, and the risk factor in the section “Risks relating to the New Shares and the Placing and Open Offer” entitled “Subject to certain terms and conditions, any New Shares not subscribed for in the Placing and Open Offer by existing RBS Shareholders and new placees will be taken up by HM Treasury, which will therefore increase its already significant shareholding in the Group. This, and the increase in RBS’ share capital, may lead to adverse tax consequences for RBS. HM Treasury may take actions that are not in the interests of minority shareholders”;
  - (ii) “Placing and Open Offer Statistics” on page 26;
  - (iii) “Expected Timetable of Principal Events” on page 27;
  - (iv) “Important Information” on pages 28 to 31;
  - (v) Part I (Letter From the Chairman of RBS) on pages 35 to 39;
  - (vi) Appendix to the Letter From the Chairman of RBS on pages 40 to 49 excluding Part A paragraph 10 (Overseas Shareholders) on page 46, Part A paragraph 11 (UK and US Taxation) on page 46 and Part A paragraph 12 (Action to be taken in respect of the Open Offer) on pages 46 to 47;
  - (vii) paragraphs 1 (Introduction), 2 (The Open Offer) and 3 (Conditions and further terms of the Open Offer) of Part III (Terms and Conditions of the Open Offer) on pages 57 to 59;
  - (viii) Part IV (Information on RBS) on pages 85 to 88;
  - (ix) Part V (Overview of Business Performance and Operating and Financial Review of RBS) on pages 89 to 93;
  - (x) paragraph A “Unaudited pro forma proportional Core Tier 1 capital ratio as at 31 December 2008” of Part VI (Unaudited Pro Forma Financial Information) on page 94;
  - (xi) Part IX (Additional Information) on pages 105 to 150, excluding paragraphs 1 (Responsibility) on page 105; 4 (Memorandum of Association and Articles of Association) on pages 109 to 114; 5 (Mandatory takeover bids, squeeze-out and sell-out rules) on page 114; 15 (Environmental issues) on page 138; 19 (Other contingencies) on page 148; 22 (No significant change) on page 148; and 23 (Consents) on pages 148 to 149; and
  - (xii) Part XI (Definitions) on pages 153 to 161;
- (c) the following sections of RBSG’s Annual Report and Accounts 2007:

Section	Page Numbers
Business review	4 to 90
Report of the Directors	94 to 98
Corporate governance	99 to 104
Directors’ remuneration report	105 to 114
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and

- (d) the sections entitled “Plans and Proposals for ABN AMRO” on pages 42 to 48 and “Information on the Consortium and Shareholders’ Agreement” on pages 74 to 77 of the listing particulars published by RBSG on July 20, 2007.

#### *Disclosure*

The Prospectus Directive contains certain requirements for disclosure in relation to an issuer of debt securities. Those requirements are complied with by virtue of the information included in this Supplement or incorporated by reference in the Offering Memorandum by virtue of this Supplement.

#### *No Significant Change and Material Adverse Change*

By virtue of this Supplement, the following paragraphs entitled “No Significant Change” and “Material Adverse Change” in the Offering Memorandum shall be deleted:

“Save (i) for the continued market deterioration, credit market write-downs and increase in risk weighted assets as outlined in the paragraph entitled “Introduction” starting on page 40 of the Placing and Open Offer Prospectus which is incorporated by reference herein and the credit market write-downs in “Credit Market Exposures” on pages 43 to 46 of the Placing and Open Offer Prospectus which is incorporated by reference herein; (ii) as disclosed in the Trading Update which is incorporated by reference herein; and (iii) in respect of downgrades by Standard & Poor’s, Moody’s and Fitch of the ratings assigned to the securities issued by RBS and RBSG (the current ratings of such securities being set out under “Ratings Information” in this Offering Memorandum), there has been no significant change in the trading or financial position of the Group and RBS and its subsidiaries taken as a whole since June 30, 2008 (the date to which the latest published financial information of each of the Group and RBS and its subsidiaries was prepared).”

“Save (i) as regards the continued market deterioration, credit market write-downs and increase in risk weighted assets as outlined in the paragraph entitled “Introduction” starting on page 40 of the Placing and Open Offer Prospectus which is incorporated by reference herein and the credit market write-downs in “Credit Market Exposures” on pages 43 to 46 of the Placing and Open Offer Prospectus which is incorporated by reference herein; (ii) the results of the Group in the first six months of 2008 as disclosed on pages 63 to 80 of the RBSG Interim Information, which is incorporated by reference herein, and in the pro forma financial information set out on pages 94 to 98 and 103 of the Placing and Open Offer Prospectus which is incorporated by reference herein; (iii) as disclosed in the Trading Update which is incorporated by reference herein; and (iv) in respect of downgrades by Standard & Poor’s, Moody’s and Fitch of the ratings assigned to the securities issued by RBS and RBSG (the current ratings of such securities being set out under “Ratings Information” in this Offering Memorandum), there has been no material adverse change in the prospects of the Group and RBS and its subsidiaries taken as a whole since December 31,

2007 (the date to which the latest audited published financial information of each of the Group and RBS and its subsidiaries taken as a whole was prepared).”

and replaced with the following:

“As outlined in the first paragraph under “Part I – Letter from the Chairman – Background to the Placing and Open Offer” on page 36 of the March 2009 Placing and Open Offer Prospectus which is incorporated by reference herein, the statement regarding current trading and outlook for 2009 under “Part I – Letter from the Chairman – Trading and Outlook” on pages 38 to 39 of the March 2009 Placing and Open Offer Prospectus which is incorporated by reference herein, and the second paragraph of “Part V – Overview of Business Performance and Operating and Financial Review of RBS – Capital resources and liquidity management” on page 92 of the March 2009 Placing and Open Offer Prospectus which is incorporated by reference herein, the Group continues to be, and expects to continue to be, affected by market uncertainty and credit market write-downs, including further write-downs in respect of monoline exposures.

However, there has been (i) no significant change in the trading or financial position of the Group and RBS and its subsidiaries taken as a whole and (ii) no material adverse change in the prospects of the Group and RBS and its subsidiaries taken as a whole, in each case since December 31, 2008 (the date to which the latest audited published financial information of each of the Group and RBS and its subsidiaries taken as a whole was prepared).”

#### *Risk Factors*

The risk factor entitled “HM Treasury has wide-ranging powers under the UK Banking (Special Provisions) Act 2008 and the Banking Bill 2008” shall be deleted from the Offering Memorandum. The following risk factor shall be included in the Offering Memorandum:

***“Either Issuer may face the risk of full nationalisation due to risks under the Banking Act 2009 (the “Banking Act”).***

Under the Banking Act, substantial powers have been granted to HM Treasury, the Bank of England and the FSA as part of the Special Resolution Regime to stabilise banks that are in financial difficulties. The Special Resolution Regime gives the authorities three stabilisation options: private sector transfer of all or part of the business of a UK-incorporated institution with permission to accept deposits (a “relevant entity”); transfer of all or part of the business of the relevant entity to a “bridge bank” established by the Bank of England; and temporary public ownership (nationalisation) of the relevant entity or its UK-incorporated holding company.

The purpose of the stabilising options is to address the situation where all or part of the business of the relevant entity has encountered, or is likely to encounter, financial difficulties. Accordingly, the stabilisation options may only be exercised if the FSA is satisfied that a relevant entity such as RBSG’s banking subsidiaries, including RBS and NatWest, (i) is failing, or is likely to fail, to satisfy the threshold conditions set out in Schedule 6 to the FSMA and (ii) having regard to timing and other relevant circumstances it is not reasonably likely that action will be taken that will enable the relevant entity to satisfy those threshold conditions. The threshold conditions are conditions which an FSA-authorized institution must satisfy in order to retain its FSA authorisation. They are relatively wide-ranging and deal with most aspects of a relevant entity’s business, including, but not limited to, minimum capital resource requirements. It is therefore possible that the FSA may exercise one of the stabilisation options before a relevant entity is in severe difficulties and before an application for insolvency or an administration order could be made.

The stabilisation options may be exercised by means of powers to transfer property, rights or liabilities of a relevant entity and shares and other securities issued by a relevant entity. HM

Treasury may also take the parent company of a relevant entity (such as RBSG) into temporary public ownership provided that certain conditions set out in Section 82 of the Banking Act are met. Temporary public ownership is effected by way of a share transfer order and can be actioned irrespective of the financial condition of the parent company.

If HM Treasury makes the decision to take RBSG or RBS into temporary public ownership, it may take various actions in relation to securities (including the Notes) issued by RBSG or RBS including:

- to transfer the Notes free from any contractual or legislative restrictions on transfer;
- to transfer the Notes free from any trust, liability, or encumbrance;
- to extinguish rights to acquire securities in the Issuers;
- to delist the Notes;
- to convert Notes into another form or class (for example, into equity securities);
- to disapply any termination or acceleration rights or events of default under the terms of the Notes which would be triggered by the transfer; or
- where property is held on trust, to remove or alter the terms of such trust.

Where HM Treasury has made a share transfer order in respect of securities issued by the holding company of a relevant entity, HM Treasury may make an order providing for the property, rights or liabilities of the holding company or of any relevant entity in the holding company group to be transferred.

Accordingly, there can be no assurance that the taking of any such actions would not adversely affect the rights of Noteholders and/or adversely affect the price or value of their investment or that the ability of the relevant Issuer to satisfy its obligations under the Programme Agreement, the Agency Agreement, the Trust Deed and the Notes would be unaffected. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes provided for in the Banking Act. For the purposes of determining an amount of compensation, an independent valuer must disregard actual or potential financial assistance provided by the Bank of England or HM Treasury. There can be no assurance that Noteholders would thereby recover compensation promptly and/or equal to any loss actually incurred.

If either Issuer were made subject to the Special Resolution Regime and a partial transfer of its business was effected, the nature and mix of the assets and liabilities not transferred (which may include the Notes) may adversely affect its financial condition or creditworthiness and increase the risk that RBSG or RBS may eventually become subject to administration or insolvency proceedings.

While it was in force, the UK Government took action under the Banking (Special Provisions) Act 2008 in respect of a number of UK financial institutions, including in extreme circumstances, full and part nationalisation. There have been concerns in the market in recent months regarding the risks of such nationalisation in relation to RBSG, RBS and other UK banks. If economic conditions in the UK or globally continue to deteriorate, or the events described in the other risk factors set out in this Offering Memorandum occur to such an extent that they have a materially adverse impact on the financial condition, perceived or actual credit quality, results of operations or business of any of the relevant entities in the Group, the UK Government may decide to take similar action in relation to the Issuers under the Banking Act. Given the extent of HM Treasury's and the Bank of England's powers under the Banking Act, it is difficult to predict what effect such

actions might have on the Group and any securities issued by it. However, potential impacts may include full nationalisation of the Issuers and the total loss of value in the Notes.”

#### *Credit Guarantee Scheme*

On December 15, 2008, the UK Government issued a market notice including proposals to enhance the Scheme. These proposals include changes to the annual fee payable by participants in the Scheme and to make the Guarantee available in respect of Notes issued in Yen, Australian dollars, Canadian dollars and Swiss francs. The European Union approved the changes for state aid purposes on December 23, 2008 and the changes became effective in early 2009.

On January 19, 2009, the UK Government announced that it was extending the drawdown window of the Scheme from April 9, 2009 to December 31, 2009, subject to state aid approval.

A copy of any or all of the information which is incorporated by reference in the Offering Memorandum can be obtained from the website of RBSG at [www.rbs.com](http://www.rbs.com) and from the London Stock Exchange plc's website at [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/).

If the documents which are incorporated by reference in the Offering Memorandum 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 Offering Memorandum for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Offering Memorandum by virtue of this Supplement.

To the extent that there is any inconsistency between any statement in or incorporated by reference in the Offering Memorandum by virtue of this Supplement and any other statement in or incorporated by reference in the Offering Memorandum, the statements in or incorporated by reference in the Offering Memorandum by virtue of this Supplement will prevail.

Save as disclosed in this Supplement or in any document incorporated by reference in the Offering Memorandum by virtue of this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

Investors should be aware of their rights under Section 87Q(4) of the FSMA.