

SUPPLEMENTARY OFFERING MEMORANDUM DATED JANUARY 22, 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 and December 24, 2008 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.

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 "The Royal Bank of Scotland Group plc announces disposal of equity stake in Bank of China" dated January 14, 2009 issued by RBSG;
- (b) the press release headed "The Royal Bank of Scotland Group plc – Appointment of Deputy Chairman and Chairman-designate" dated January 16, 2009 issued by RBSG; and
- (c) the press release headed "The Royal Bank of Scotland Group plc – Trading Update and Capital Restructuring" dated January 19, 2009 issued by RBSG (the "Trading Update").

Ratings Information

The first two paragraphs of “Ratings Information” in the Offering Memorandum (as supplemented to the date hereof):

“Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “A”; senior notes issued by RBSG with a maturity of less than one year “A-1”; dated subordinated notes issued by RBSG “A-”; and both undated tier 2 and tier 1 notes issued by RBSG “BBB”. Fitch Ratings Limited (“Fitch”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “AA-”; senior notes issued by RBSG with a maturity of less than one year “F1+”; and dated subordinated notes, undated tier 2 notes and tier 1 notes issued by RBSG “A+”. Moody’s Investors Service Limited (“Moody’s”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “Aa2”; dated subordinated notes issued by RBSG “Aa3”; undated tier 2 notes issued by RBSG “Aa3”; tier 1 notes issued by RBSG “A1” and senior notes issued by RBSG with a maturity of less than one year “P-1”. Tier 3 notes issued by RBSG will be rated on a case-by-case basis.

“Standard & Poor’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A+”; senior notes issued by RBS with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS “A”; and undated tier 2 notes issued by RBS “BBB+”. Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more “AA-”; senior notes issued by RBS with a maturity of less than one year “F1+”; and both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS “A+”. Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “Aa1”; both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS “Aa2”; and senior notes issued by RBS with a maturity of less than one year “P-1”. Tier 3 notes issued by RBS will be rated on a case-by-case basis.”;

shall be deleted and replaced with the following:

“Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “A”; senior notes issued by RBSG with a maturity of less than one year “A-1”; dated subordinated notes issued by RBSG “A-”; and both undated tier 2 and tier 1 notes issued by RBSG “BB”. Fitch Ratings Limited (“Fitch”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “AA-”; senior notes issued by RBSG with a maturity of less than one year “F1+”; dated subordinated notes issued by RBSG “A+”; undated tier 2 notes issued by RBSG “BB”; and tier 1 notes issued by RBSG “BB-”. Moody’s Investors Service Limited (“Moody’s”) is expected to rate: senior notes issued by RBSG with a maturity of one year or more “A1”; both dated subordinated notes issued by RBSG and undated tier 2 notes issued by RBSG “A2”; tier 1 notes issued by RBSG “A3” and senior notes issued by RBSG with a maturity of less than one year “P-1”. Tier 3 notes issued by RBSG will be rated on a case-by-case basis.

“Standard & Poor’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A+”; senior notes issued by RBS with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS “A”; and undated tier 2 notes issued by RBS “BB+”. Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more “AA-”; senior notes issued by RBS with a maturity of less than one year “F1+”; dated subordinated notes issued by RBS “A+”; undated tier 2 notes issued by RBS “BB”; and tier 1 notes issued by RBS “BB-”. Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “Aa3”; both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS

“A1”; and senior notes issued by RBS with a maturity of less than one year “P-1”. Tier 3 notes issued by RBS will be rated on a case-by-case basis.”

The following wording shall be added prior to the last sentence in the third paragraph of “Ratings Information”:

“A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued may be impaired by major ongoing uncertainties or exposure to adverse business, financial, or economic conditions.”

The following wording shall be added after the second sentence in the fourth paragraph of “Ratings Information”:

“A “BB” rating indicates that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow the Issuer to meet its financial commitments.”

Disincorporation of Information Incorporated by Reference in the Offering Memorandum

Paragraph 22 (No significant change) of Part XI (Additional Information) of the Placing and Open Offer Prospectus which is incorporated by reference in the Offering Memorandum shall, by virtue of this Supplement, no longer be so incorporated.

No Significant Change

By virtue of this Supplement, the following paragraph shall be included in the Offering Memorandum:

“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).”

Material Adverse Change

The following paragraph entitled “Material Adverse Change” in the Offering Memorandum:

“Save as regards (i) the continued market deterioration, credit market write-downs and increase in risk weighted assets as outlined in the paragraph entitled “Introduction” on page 40 of the Placing and Open Offer Prospectus which is incorporated by reference herein, the increased market volatility, further slowing of income growth and rising impairments (both recorded and yet to be determined) as outlined in the paragraph entitled “Outlook” on page 42 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; and (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 105 of the Placing and Open Offer Prospectus which is incorporated by reference herein 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).”

shall be deleted and replaced with the following:

“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).”

Risk Factors

The following risk factor shall be included in the Offering Memorandum:

“HM Treasury has wide-ranging powers under the UK Banking (Special Provisions) Act 2008 and the Banking Bill 2008.

Under the Banking (Special Provisions) Act 2008, HM Treasury has been given certain powers in relation to authorised UK deposit-taking institutions and their UK subsidiary undertakings, such as RBS. These powers last until February 21, 2009 and are capable of having retrospective effect. The powers conferred on HM Treasury are wide-ranging and include the ability, in limited circumstances, to take various confiscatory, appropriative and similar measures in relation to property, rights and liabilities of an authorised UK deposit-taking institution. Given the extent of HM Treasury’s powers, were such powers to be exercised in relation to RBS in the future it is difficult to predict what effect their exercise might have on the relevant Issuer and securities issued by it.

On October 7, 2008, the Banking Bill 2008 (the “**Banking Bill**”) was published which, if enacted, would in large part implement on a permanent basis the temporary power granted to HM Treasury under the Banking (Special Provisions) Act 2008. The Banking Bill, if enacted in its current form, would provide the Bank of England with two stabilisation options in respect of UK-incorporated deposit-taking institutions (such as RBS) which are (i) private sale and (ii) transfer to a government owned “bridge bank”. There is a third stabilisation option which entails HM Treasury being given the option to implement a temporary nationalisation of an institution. Were such powers to be exercised in relation to RBS in the future it is difficult to determine to what extent the enactment of the Banking Bill and any exercise of any powers granted thereunder might impact the relevant Issuer and securities issued by it.”

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 and from the London Stock Exchange plc’s website at 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.