

SUPPLEMENTARY PROSPECTUS DATED 26 JUNE 2012



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 (this “**Supplement**”) to the Prospectus (the “**Prospectus**”) dated 24 February 2012, which comprises a base prospectus for the purposes of the Directive 2003/71/EC, 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 £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 and the Previous Supplements (as defined below) have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein. This Supplement should also be read and construed in conjunction with the supplementary prospectuses dated 30 March 2012 and 11 May 2012 (the “**Previous Supplements**”) and the documents incorporated by reference therein 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 Prospectus.

Each Issuer accepts responsibility for the information contained in this Supplement. 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 this Supplement

The purpose of this Supplement is to update certain information relating to:

- (i) 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 21 June 2012 of revisions to those ratings and those of certain other global banks and securities firms, reflecting changes in the Moody’s rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment; and
- (ii) the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to RBS.

Ratings Information

Moody's is expected to rate notes issued by RBSG as follows:

	Previous	Current
Senior Notes – Maturity of one year or more	A3	Baa1

Moody's is expected to rate notes issued by RBS as follows:

	Previous	Current
Senior Notes – Maturity of one year or more	A2	A3
Senior Notes – Maturity of less than one year	P-1	P-2

The Group believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio as at 31 March 2012. The amount of collateral that may have to be posted by the Group following this downgrade by Moody's is estimated to be £9 billion as of 31 May 2012.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's:

- (i) the addition of a "1" indicates that the obligation ranks in the higher end of its generic rating category;
- (ii) the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category; and
- (iii) a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moodys.com). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as RBSG and RBS are aware and are able to ascertain from information published by Moody's, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

Proposals – Dutch Scheme

On 18 June 2012, the Court of Session in Scotland made an order, *inter alia*, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Dutch Scheme will take

effect on 9 July 2012 and the Issuers will produce a supplement to their disclosure if there is a change to this date.

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Prospectus or the Previous Supplements, the statements in this Supplement will prevail.

Save as disclosed in the Previous Supplements and this Supplement or in any document incorporated by reference in the Prospectus by virtue of the Previous Supplements, 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 hyperlink included in this Supplement is included for information purposes only and the website and its content are not incorporated into, and do not form part of, this Supplement or the Prospectus.

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