

SUPPLEMENTARY PROSPECTUS DATED 26 AUGUST 2011



The Royal Bank of Scotland plc

(incorporated under the laws of Scotland with limited liability under the Companies Act 1948 to 1980, with registered number SC090312)

€15 billion

Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments of interest and principal by

RBS Covered Bonds Limited Liability Partnership

(a limited liability partnership incorporated in England and Wales)

This Supplement (the “**Supplement**”) to the Prospectus dated 14 June 2011 published in relation to the Programme (as defined below) (the “**Prospectus**”), which comprises a base prospectus for the purposes of the Prospectus Directive, 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 €15 billion global covered bond programme (the “**Programme**”) established by The Royal Bank of Scotland plc (the “**Issuer**” or “**RBS**”). Terms defined in the Prospectus 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.

The Issuer and the LLP each accept responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the LLP (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.

Purpose of this Supplement

The purpose of this Supplement is to incorporate by reference into the Prospectus, the Interim Results 2011 (as defined below) and the Press Release (as defined below). Following publication of the RBSG Interim Results 2011 (as defined below), the RBS Registration Document (as defined below) has been republished which replaces the Previous RBS Registration Document (as defined below), and the purpose of this Supplement is also to incorporate by reference the RBS Registration Document into the Prospectus. In particular, the RBS Registration Document contains updated information in respect of (a) the most recently published interim financial information of The Royal Bank of Scotland Group plc (“**RBSG**”), (b) the risk factors relevant to RBS, (c) the business and organisation of the Issuer Group, (d) RBSG’s major shareholder, the HM Treasury, and the Asset Protection Scheme and (e) litigation and regulatory proceedings in relation to the Issuer Group.

As a consequence of the above changes, the purpose of this Supplement is also to disincorporate certain information incorporated by reference into the Prospectus as described below.

The purpose of this Supplement is also to update the risk factors and the General Information and Recent Developments sections of the Prospectus, each as described below.

An additional purpose of this Supplement is to amend certain defined terms used in the Prospectus, so that those definitions can be read in light of the changes made by this Supplement.

Disincorporation of Information by Reference into the Prospectus

By virtue of this Supplement, the following information shall no longer be incorporated by reference into the Prospectus:

- (a) the registration document of the Issuer dated 25 February 2011, which was approved by the Financial Services Authority (the “**FSA**”) and published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 25 February 2011 which (subject to certain exclusions) is incorporated by reference into the Prospectus pursuant to paragraph (a) on page 9 of the Prospectus (the “**Previous RBS Registration Document**”);
- (b) the unaudited Interim Management Statement Q1 2011 of RBSG, which was published via the RNS on 6 May 2011 and which is incorporated by reference into the Prospectus pursuant to paragraph (b) on page 9 of the Prospectus; and
- (c) the following sections of the Shareholder Circular published by RBSG on 27 November 2009:
 - (i) “Appendix 2 to the Letter from the Chairman of RBS – Principal Terms and Conditions of the APS” on pages 46 to 75 of the Shareholder Circular and which is incorporated by reference into the Prospectus pursuant to paragraph (g)(iii) on page 12 of the Prospectus; and
 - (ii) “Annex 3 – Scheme Principles” on pages 177 to 181 of the Shareholder Circular and which is incorporated by reference into the Prospectus pursuant to paragraph (g)(viii) on page 12 of the Prospectus.

Those parts of the documents incorporated by reference into the Prospectus which, by virtue of this Supplement, are no longer incorporated into the Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in the Prospectus or incorporated by reference into the Prospectus.

Incorporation of Information by Reference into the Prospectus

By virtue of this Supplement, 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 Prospectus:

- (a) the unaudited Interim Results 2011 as at and for the six months ended 30 June 2011 of RBSG, which were published via the RNS on 5 August 2011 (the “**RBSG Interim Results 2011**”);
- (b) the unaudited Interim Results 2011 as at and for the six months ended 30 June 2011 of RBS, which were published via the RNS on 26 August 2011 (the “**RBS Interim Results 2011**” and together with the RBSG Interim Results 2011, the “**Interim Results 2011**”);
- (c) the registration document of RBS dated 5 August 2011, which was approved by the FSA and published via the RNS on 5 August 2011 (the “**RBS Registration Document**”) excluding:
 - (i) the fourth paragraph on page 1 which discusses ratings;

- (ii) each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 59; and
- (iii) the paragraph on page 60 headed “Material Contracts”; and
- (d) the press release headed “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by RBSG via the RNS on 22 July 2011 (the “**Press Release**”).

Those parts of the documents above not specifically incorporated by reference into the Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in the Prospectus.

Risk Factors

By virtue of this Supplement, the following section of the first paragraph under the heading “UK Banking Act 2009” on page 43 of the Prospectus shall be deleted to reflect updated information following publication of the RBS Registration Document:

*“If an instrument or order were to be made under the Banking Act 2009 (the **Banking Act**) in respect of the Issuer, such instrument or order may (amongst other things) affect the ability of RBS (including in its capacities as Issuer, Seller, Servicer Account Bank and Interest Rate Swap Provider) to satisfy its obligations under the Transaction Documents and/or result in (i) the stabilisation options referred to in the risk factor headed “RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009” on pages 7 and 9 of the RBS Registration Document, which is incorporated by reference into this Prospectus, being exercised and/or (ii) modifications to the Terms and Conditions of the Bonds and/or the Transaction Documents which may, among other things, have tax implications.”*

and replaced with the following:

*“If an instrument or order were to be made under the Banking Act 2009 (the **Banking Act**) in respect of the Issuer, such instrument or order may (amongst other things) affect the ability of RBS (including in its capacities as Issuer, Seller, Servicer Account Bank and Interest Rate Swap Provider) to satisfy its obligations under the Transaction Documents and/or result in (i) the stabilisation options referred to in the risk factors headed “RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009” and “Various actions may be taken under the Banking Act in relation to any securities issued by RBS without the consent of the holders thereof” on pages 3 and 4 of the RBS Registration Document, which is incorporated by reference into this Prospectus, being exercised and/or (ii) modifications to the Terms and Conditions of the Bonds and/or the Transaction Documents which may, among other things, have tax implications.”*

General Information and Recent Developments

By virtue of this Supplement, the following paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 249 of the Prospectus shall be deemed to be deleted from the Prospectus:

“Save in relation to any potential financial liability, which may prove to be material, relating to past sales of Payment Protection Insurance (as described in the section headed “Investigations – Payment Protection Insurance” on page 41 of the RBS Registration

Document as amended by paragraph (a)(i) of the section of the Prospectus titled "Documents Incorporated by Reference"):

- (a) *there has been no significant change in the trading or financial position of the Issuer or the Issuer and its subsidiaries (the Issuer Group) taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published); and*
- (b) *there has been no material adverse change in the prospectus of the Issuer Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Issuer Group was prepared)."*

and replaced with the following:

*"There has been no significant change in the financial position of the Issuer or the Issuer and its subsidiaries (the **Issuer Group**), taken as a whole since 30 June 2011 (the end of the last financial period for which either audited financial information or interim financial information has been published).*

Save in relation to matters referred to on page 22 of the RBS Interim Results 2011, relating to Payment Protection Insurance, which the Issuer Group has made provisions for therein, there has been no material adverse change in the prospects of the Issuer Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Issuer Group was prepared)."

By virtue of this Supplement, the following paragraph shall be inserted after the first paragraph under the heading "Assets, Owners' Equity and Capital Ratios: The Royal Bank of Scotland plc" on page 250 of the Prospectus to reflect updated financial information published in the RBS Interim Results 2011 as at 30 June 2011:

"The Issuer Group had total assets of £1,299.7 billion and owners' equity of £56.9 billion at 30 June 2011. As at 30 June 2011, the Issuer Group's capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 10.6 per cent."

By virtue of this Supplement, the following paragraph on page 250 of the Prospectus shall be deemed to be deleted to reflect updated information following publication of the RBS Registration Document:

"Other than as set out in the section entitled "Litigation" on pages 37 to 39 (excluding the sub-headings "World Online International N.V." and "Summary of other disputes, legal proceedings and litigation") of the RBS Registration Document, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Prospectus, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer and its subsidiaries taken as a whole."

and replaced with the following:

"Other than as set out in the sections entitled "Litigation" and "Investigations" on pages 33 to 43 (excluding the sub-heading "Summary of other disputes, legal proceedings and litigation") of the RBS Registration Document, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Prospectus, which may have, or have had in the recent

past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.”

By virtue of this Supplement, each of the paragraphs under the following headings in the Prospectus shall be deemed to be deleted from the Prospectus:

- (a) “Proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc” on page 249 of the Prospectus; and
- (b) “Large Exposure Regime” on pages 249 and 250 of the Prospectus.

(together the “**Relevant Paragraphs**”). Each of the Relevant Paragraphs are superseded by the relevant disclosure contained within the RBS Registration Document.

Defined Terms Used in the Prospectus

Pages 9 and 286 of the Prospectus contain a definition of the “*RBS Registration Document*”. By virtue of this Supplement, this definition shall be deemed to refer to the RBS Registration Document (as defined herein).

A copy of any or all of the information which is incorporated by reference into the Prospectus can be obtained from the website of the Issuer at <http://www.rbs.com> and from the London Stock Exchange plc’s website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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

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

Save as disclosed in this Supplement or in any document incorporated by reference into the Prospectus by virtue of this Supplement, 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.

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