

SUPPLEMENTARY OFFERING MEMORANDUM DATED 25 APRIL 2013



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

Pages 1 to 120 inclusive of the offering memorandum dated 22 March 2013 (the “**Offering Memorandum**”) comprise a base prospectus for the purpose of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) (the “**Prospectus**”) in respect of notes to be admitted to the Official List of the UK Listing Authority and to be admitted to trading on the London Stock Exchange’s regulated market (“**Notes**” or “**PD Notes**”). Pages 121 to 195 inclusive of the Offering Memorandum comprise an offering circular (the “**Offering Circular**”). The Offering Circular has been prepared by the Issuers (as defined below) in connection with the issuance of notes other than PD Notes (“**Non PD Notes**” and, together with the PD Notes, the “**Programme Notes**”). The Offering Circular has not been reviewed or approved by the UK Listing Authority and does not constitute a prospectus for the purpose of the Prospectus Directive.

Supplementary Prospectus

Pages 1 to 4 inclusive of this supplement (the “**Supplementary Prospectus**”) constitute a supplementary prospectus for the purposes of the Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and have been 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 have the same meaning when used in this Supplementary Prospectus.

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein.

Each Issuer accepts responsibility for the information contained in this Supplementary Prospectus. 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 the Supplementary Prospectus

The purpose of the Supplementary Prospectus is to:

- (a) incorporate by reference into the Prospectus certain sections of (i) the 2012 Annual Report and Accounts of RBSG (as defined below) and (ii) the 2012 Annual Report and Accounts of RBS (as defined below);
- (b) following publication of the 2012 Annual Report and Accounts of RBSG and the 2012 Annual Report and Accounts of RBS, update the statements of no significant change and no material adverse change;
- (c) update certain disclosure reflecting the fact that following the grant of a direction by the Prudential Regulation Authority, RBS is no longer in breach of certain current rules relevant to intra-group exposures and no longer operating within the scope of an FSA-agreed remediation plan;
- (d) update certain information relating to the Group's ownership of Direct Line Group ("**DLG**") following a further disposal of DLG shares by the Group; and
- (e) update certain information relating to RBS' assets, owners' equity and capital ratios following the publication of the 2012 Annual Report and Accounts of RBS.

Incorporation of Information by Reference

By virtue of this Supplementary Prospectus, the following sections of the 2012 annual report and accounts of RBSG, which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 27 March 2013 and which have been (1) previously published and (2) filed with the Financial Conduct Authority (the "**FCA**") (the "**2012 Annual Report and Accounts of RBSG**"), shall be incorporated in, and form part of, the Prospectus:

- (i) Independent auditor's report on page 352;
- (ii) Consolidated income statement on page 353;
- (iii) Consolidated statement of comprehensive income on page 354;
- (iv) Consolidated balance sheet as at 31 December 2012 on page 355;
- (v) Consolidated statement of changes in equity on pages 356 to 358;
- (vi) Consolidated cash flow statement on page 359;
- (vii) Accounting policies on pages 360 to 372;
- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman's statement on page 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293;
- (xvii) Corporate governance on pages 303 to 308;

- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

By virtue of this Supplementary Prospectus, the annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial review – Risk factors" on page 7 and "Additional information – Risk factors" pages 323 to 335), which was published via the RNS on 5 April 2013 and which have been (1) previously published and (2) filed with the FCA (the "**2012 Annual Report and Accounts of RBS**"), shall be incorporated in, and form part of, the Prospectus. The 2012 Annual Report and Accounts of RBS shall be included within the definition of "RBS Information" on page 2 of the Prospectus.

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

If the document which is incorporated by reference in the Prospectus by virtue of this Supplementary Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Prospectus except where such information or other documents are specifically incorporated by reference in, or attached to, the Prospectus by virtue of this Supplementary Prospectus.

It should be noted that, except as set forth above, no other portion of the above documents is incorporated by reference into the Prospectus. In addition, where sections of any of the above documents which are incorporated by reference into the Prospectus cross-reference other sections of the same document, such cross-referenced information shall not form part of the Prospectus, unless otherwise incorporated by reference herein. Those parts of the documents incorporated by reference which are not specifically incorporated by reference in this Supplementary Prospectus are either not relevant for prospective investors or the information is included elsewhere in the Prospectus.

Statement of No Significant Change and No Material Adverse Change – RBSG

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Group has been published).

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2012 (the date of the last published audited financial information of the Group).

Statement of No Significant Change and No Material Adverse Change – RBS

There has been no significant change in the trading or financial position of the Issuer Group taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer Group taken as a whole since 31 December 2012 (the date of the last published audited financial information of the Issuer Group).

Large Exposure Regime

Following the grant of a direction by the Prudential Regulation Authority, RBS is no longer in breach of certain current rules relevant to intra-group exposures and no longer operating within the scope of an FSA-agreed remediation plan.

Direct Line Group – Further Share Sale

On 13 March 2013, the Group announced a further sale of DLG ordinary shares held by the Group, reducing the Group's ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

Assets, owners' equity and capital ratios

The Issuer Group had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the Issuer Group's capital ratios were a total capital ratio of 15.4 per cent., a Core Tier 1 capital ratio of 9.5 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Other Information

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

Save as disclosed in this Supplementary Prospectus or in any document incorporated by reference in the Prospectus by virtue of this Supplementary Prospectus, 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 hyperlinks included in this Supplementary Prospectus are included for information purposes only and the websites and their content are not incorporated into, and do not form part of, the Supplementary Prospectus or the Prospectus.

Supplementary Offering Circular

Pages 5 to 6 inclusive of this supplement (the “**Supplementary Offering Circular**”) constitute a supplement to the Offering Circular and have been prepared in connection with the Programme established by RBSG and RBS. Terms defined in the Offering Circular have the same meaning when used in this Supplementary Offering Circular.

NEITHER THE OFFERING CIRCULAR NOR THIS SUPPLEMENTARY OFFERING CIRCULAR HAVE BEEN REVIEWED OR APPROVED BY THE UK LISTING AUTHORITY AND THE OFFERING CIRCULAR DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF DIRECTIVE 2003/71/EC, AS AMENDED (THE “PROSPECTUS DIRECTIVE”).

This Supplementary Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular and the documents incorporated by reference therein. This Supplementary Offering Circular is to be read in conjunction with the following sections of the Supplementary Prospectus (as amended herein):

- Incorporation of Information by Reference;
- Statement of No Significant Change and No Material Adverse Change – RBSG;
- Statement of No Significant Change and No Material Adverse Change – RBS;
- Large Exposure Regime;
- Direct Line Group – Further Share Sale; and
- Assets, owners’ equity and capital ratios,

each of which will be deemed to be incorporated by reference herein, save that references to “Prospectus” shall be deemed to be to the “Offering Circular”, references to “Supplementary Prospectus” shall be deemed to be to the “Supplementary Offering Circular” and the reference to the definition of “RBS Information” on page 3 of the Supplementary Prospectus shall be to the term “RBS Information” as defined on page 123 of the Offering Circular.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and quotation for any Non PD Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Non PD Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Supplementary Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Non PD Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Non PD Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuers, their respective subsidiaries, the Programme or the Non PD Notes.

Each Issuer accepts responsibility for the information contained in this Supplementary Offering Circular. 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.

To the extent that there is any inconsistency between any statement in or incorporated by reference in the Offering Circular by virtue of this Supplementary Offering Circular and any other statement in or incorporated by reference in the Offering Circular, the statements in or

incorporated by reference in the Offering Circular by virtue of this Supplementary Offering Circular will prevail.

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

The hyperlinks included in this Supplementary Offering Circular are included for information purposes only and the websites and their content are not incorporated into, and do not form part of, the Supplementary Offering Circular or the Offering Circular.