

## SUPPLEMENTARY PROSPECTUS DATED 18 MARCH 2011



### **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 (the “**Supplement**”) to the Prospectus (the “**Prospectus**”) dated 10 June 2010, which comprises, except as set out therein in relation to Guaranteed Notes, 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 £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 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 9 August 2010, 27 August 2010, 5 November 2010, 31 December 2010, 25 February 2011 and 8 March 2011 (together, 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 (i) incorporate by reference certain sections of the 2010 annual report and accounts of RBSG (“**the 2010 Annual Report and Accounts of RBSG**”), which were published on 17 March 2011; (ii) amend the statement of no material adverse change; (iii) update the disclosure on material contracts such that it refers solely to the relevant pages of the 2010 Annual Report and Accounts of RBSG; and (iv) update the ratings expected to be given by Standard & Poor’s Credit Market Services Europe Limited.

#### ***Disincorporation of Information by Reference into the Prospectus***

By virtue of this Supplement, the unaudited annual results of RBSG for the year ended 31 December 2010, which were published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 24 February 2011 and which were incorporated by reference into the

Prospectus pursuant to the supplementary prospectus dated 25 February 2011, shall no longer be incorporated by reference into the Prospectus.

The 2008 annual report and accounts of RBSG were published via the RNS on 9 March 2009. By virtue of this Supplement, the sections of the 2008 annual report and accounts of RBSG that were incorporated by reference into the Prospectus pursuant to paragraph (h) on page 31 of the Prospectus shall no longer be incorporated into the Prospectus.

### ***Material Contracts***

By virtue of this Supplement, the paragraphs under the heading “Material Contracts” on pages 63 to 64 of the registration document dated 25 February 2011 of RBSG (which was published via the RNS on 25 February 2011) (the “**RBSG registration document**”) shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be deleted and replaced with the following paragraph:

“RBSG and its subsidiaries are party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 Annual Report and Accounts of RBSG.”

By virtue of this Supplement, the paragraphs under the heading “Material Contracts” on pages 61 to 63 of the registration document dated 25 February 2011 of RBS (which was published via the RNS on 25 February 2011) (the “**RBS registration document**”) shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be deleted and replaced with the following paragraph:

“RBS and its subsidiaries are party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 Annual Report and Accounts of RBSG.”

### ***No Material Adverse Change: The Royal Bank of Scotland Group plc***

By virtue of this supplement, the second paragraph under the heading “No Significant Change and No Material Adverse Change” on page 62 of the RBSG registration document which states that:

“There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2009 (the last date to which the latest audited published financial information of the Group was prepared).”

shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be deleted and replaced with the following paragraph:

“There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”

### ***Ratings***

By virtue of this Supplement, the references to “BBB-” and to “BB-” in the fourth paragraph on page 1 of the RBSG registration document shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be replaced by “BBB” and “BB” respectively.

By virtue of this Supplement, the references to “BBB” and to “BB” in the fourth paragraph on page 1 of the RBS registration document shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be replaced by “BBB+” and “BB+” respectively.

### ***Incorporation of Information by Reference into the Prospectus***

By virtue of this Supplement, the following sections of the 2010 Annual Report and Accounts of RBSG, 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 (other than for the purposes of the Guaranteed Notes)

- (i) Independent auditors' report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 21 to 41;
- (xv) Business review on pages 50 to 224;
- (xvi) Report of the Directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial Summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;

(xxviii) Material contracts on pages 399 to 404; and

(xxix) Glossary of terms on pages 434 to 439.

**Defined Terms Used in the Prospectus**

Page 32 of the Prospectus contains a definition of “*Disclosure relating to the Issuers*”. As set out therein, the Disclosure relating to the Issuers is not incorporated by reference into the Prospectus for the purposes of issues of Guaranteed Notes. By virtue of this Supplement,

- (a) all the information that, by virtue of this Supplement, is no longer incorporated into the Prospectus, as set out under the heading “Disincorporation of Information by Reference into the Prospectus” above, shall be deemed to be removed from the definition of “Disclosure relating to the Issuers”; and
- (b) all the information contained in this Supplement and incorporated by reference into the Prospectus by virtue of this Supplement shall be deemed to be included within the definition of “Disclosure relating to the Issuers”.

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 [www.rbs.com](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 in 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 in the Prospectus by virtue of this Supplement 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 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 and 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.