

SUPPLEMENTARY OFFERING MEMORANDUM DATED AUGUST 18, 2010



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)

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 10, 2010, which comprises, except as set out therein under the heading "Documents Incorporated by Reference" on pages 3 to 5 of the Offering Memorandum and except for the purposes of the issuance of HM Treasury Guaranteed Notes (as defined in the Offering Memorandum), a base prospectus (the "**Base Prospectus**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"). This Supplement 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**" and, in its capacity as guarantor, the "**Guarantor**") and The Royal Bank of Scotland plc ("**RBS**") (each, an "**Issuer**" and together, the "**Issuers**").

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

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) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been prepared primarily in order to update the Offering Memorandum and the Base Prospectus following the publication of RBSG's results for the half year ended June 30, 2010 and the re-publication by RBSG and RBS of their registration documents on August 9, 2010.

Disincorporation of Information Incorporated by Reference into the Offering Memorandum and Base Prospectus

The following documents which are incorporated into the Offering Memorandum and the Base Prospectus shall, by virtue of this Supplement, no longer be incorporated into the Offering Memorandum and the Base Prospectus:

- (a) the following pages from the 2009 Form 20-F of RBSG filed on April 27, 2010 which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (a) on page 3 of the Offering Memorandum and the Base Prospectus: page 23 (Key financials); page 24 (Summary consolidated income statement); pages 25 to 28, 32, 33, 35, 37, 38, 64, (Business review); pages 98 to 101 (credit risk – loan impairment); page 177

(Report of Independent Registered Public Accounting Firm); page 196 (Report of Independent Registered Public Accounting Firm); pages 197 to 309 (Financial statements); pages 311 and 312 (Financial summary); page 314 (Loan impairment provisions); page 317 (risk elements in lending and potential problem loans);

- (b) the first quarter results of RBSG on Form 6-K filed on May 14, 2010 which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (e) on page 4 of the Offering Memorandum and the Base Prospectus;
- (c) the registration document of RBSG dated June 10, 2010 which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (f) on page 4 of the Offering Memorandum and the Base Prospectus; and
- (d) the registration document of RBS dated June 10, 2010 which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (g) on page 4 of the Offering Memorandum and the Base Prospectus.

Incorporation of Information by Reference into the Offering Memorandum and the Base Prospectus

The documents set out below 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 and Base Prospectus:

- (a) the registration document of RBSG dated August 9, 2010, which was published via the RNS on August 9, 2010 (the **“RBSG Registration Document”**);
- (b) the registration document of RBS dated August 9, 2010, which was published via the RNS on August 9, 2010 (the **“RBS Registration Document”**);
- (c) the restated 2009 Form 20-F of RBSG filed on Form 6-K filed with the US Securities and Exchange Commission (the **“SEC”**) on August 13, 2010 (http://www.sec.gov/Archives/edgar/data/844150/000095010310002421/dp18477_6k.htm); and
- (d) the half year results of RBSG on Form 6-K filed with the SEC on August 13, 2010 (http://www.sec.gov/Archives/edgar/data/844150/000095010310002419/dp18861_6k.htm).

In addition, by virtue of this Supplement, the unaudited pro forma financial information of RBSG on Form 6-K filed with the SEC on August 13, 2010 (http://www.sec.gov/Archives/edgar/data/844150/000095010310002420/dp18873_6k.htm) (which shows the pro forma impact of the distribution of those ABN AMRO businesses attributable to Banco Santander, S.A. and the Dutch government and the divestment of certain businesses to meet the European Commission’s State Aid requirements) shall be deemed to be incorporated in, and form part of, the Offering Memorandum but shall not be incorporated by reference into, and shall not form part of, the Base Prospectus.

The documents set out in this section headed “Incorporation of Information by Reference into the Offering Memorandum and the Base Prospectus” shall not be incorporated into the Offering Memorandum or the Base Prospectus for the purposes of the issuance of HM Treasury Guaranteed Notes.

The hyperlinks included in this Supplement are included for information purposes only. For the avoidance of doubt, the contents of the websites referred to above, other than each specific Form

6-K referred to above, shall not be incorporated by reference into the Offering Memorandum and the Base Prospectus.

Amendment to the “Description of The Royal Bank of Scotland plc” Section of the RBS Registration Document

By virtue of this Supplement, the following sentence on page 38 of the RBS Registration Document which is incorporated by reference into the Offering Memorandum and the Base Prospectus:

“RBS is a public limited company incorporated in Scotland with registration number SC045551 and was incorporated under Scots law on 31 October 1984.”

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

“RBS is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984.”

Amendment to the “Documents Incorporated by Reference” Section of the Offering Memorandum and the Base Prospectus

By virtue of this Supplement, the following paragraph on page 5 of the Offering Memorandum and Base Prospectus shall be deemed to be deleted from the Offering Memorandum and the Base Prospectus:

“The Q1 2010 Results incorporated by reference herein is not intended to comply with all disclosure requirements required by IAS 34 and the reporting requirements of the Commission. Compliance with such requirements would require the inclusion of a statement of cash flows and certain other disclosures in the Q1 2010 Results.”

Defined Terms Used in the Offering Memorandum and the Base Prospectus

Page 4 of the Offering Memorandum and the Base Prospectus contains definitions of (i) the “RBSG Registration Document”, (ii) the “RBS Registration Document” and (iii) the “Registration Documents”. By virtue of this Supplement, those definitions shall be deemed to refer to (i) the RBSG Registration Document (as defined in this Supplement), (ii) the RBS Registration Document (as defined in this Supplement) and (iii) both the RBSG Registration Document and the RBS Registration Document (both as defined in this Supplement), respectively.

Page 5 of the Offering Memorandum and the Base Prospectus contains a definition of “Disclosure relating to the Issuers and the Guarantor.” By virtue of this Supplement:

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

Amendment to the “Overview of Terms” Section of the Offering Memorandum and the Base Prospectus

By virtue of this Supplement, the following paragraph on page 7 of the Offering Memorandum and Base Prospectus:

“RBS is a wholly-owned subsidiary of RBSG. RBSG is a public limited company incorporated in Scotland with registration number SC045551. RBSG was incorporated under Scots law on March 25, 1968. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, RBSG, together with its subsidiaries, operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, RBS and NatWest. Both RBS and NatWest are major United Kingdom clearing banks whose origins go back over 275 years. In the United States, the Group’s subsidiary Citizens is a large commercial banking organization. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.”

shall be deemed to be deleted and replaced with the following paragraph:

“RBS is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. RBS is a wholly-owned subsidiary of RBSG, which is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, RBS, NatWest and The Royal Bank of Scotland N.V. (“RBS N.V.”). Both RBS and NatWest are major United Kingdom clearing banks. RBS N.V. is a bank regulated by the Dutch Central Bank. In the United States, the Group’s subsidiary Citizens is a large commercial banking organization. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.”

A copy of any or all of the information which is incorporated by reference in the Base Prospectus can be obtained 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 documents which are incorporated by reference in the Offering Memorandum and the Base 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 Offering Memorandum and the Base 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 Offering Memorandum and the Base Prospectus 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 or the Base Prospectus by virtue of this Supplement and any other statement in or incorporated by reference in the Offering Memorandum or the Base Prospectus, the statements in or incorporated by reference in the Prospectus by virtue of this Supplement will prevail.

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

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