

SUPPLEMENTARY PROSPECTUS DATED 10 MAY 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, 8 March 2011, 18 March 2011, 1 April 2011 and 19 April 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:

- (a) incorporate by reference into the Prospectus the RBSG Interim Management Statement (as defined below);
- (b) for the purposes of being incorporated by reference into the Prospectus, amend the statement of no significant change and no material adverse change contained in the registration document of RBSG dated 25 February 2011 (which was published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 25 February 2011 and which is incorporated by reference into the Prospectus pursuant to the supplementary prospectus dated 25 February 2011) (the “**RBSG Registration Document**”);

- (c) for the purposes of being incorporated by reference into the Prospectus, amend the statement of no significant change and no material adverse change contained in the registration document of RBS dated 25 February 2011 (which was published via the RNS on 25 February 2011 and which is incorporated by reference into the Prospectus pursuant to the supplementary prospectus dated 25 February 2011) (the “**RBS Registration Document**”);
- (d) amend the existing disclosure set out in the RBSG Registration Document and RBS Registration Document relating to payment protection insurance, as set out under the heading “Investigations: Payment Protection Insurance” below; and
- (e) amend a defined term used in the Prospectus.

Incorporation of Information by Reference into the Prospectus

By virtue of this Supplement, the unaudited Interim Management Statement Q1 2011 of RBSG (the “**RBSG Interim Management Statement**”) which was published via the RNS on 6 May 2011 and which has 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).

Investigations: Payment Protection Insurance

By virtue of this Supplement, the third paragraph under the section headed “Payment Protection Insurance” on pages 41 and 42 of the RBSG Registration Document and on page 42 of 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:

“Following unsuccessful negotiations with the industry, the Financial Services Authority (the “**FSA**”) issued consultation papers on PPI complaint handling and redress in September 2009 and again in March 2010. The FSA published its final policy statement on 10 August 2010 and instructed firms to implement the measures contained in it by 1 December 2010. The new rules impose significant changes with respect to the handling of misselling PPI complaints. On 8 October 2010, the British Bankers’ Association (the “**BBA**”) filed an application for judicial review of the FSA’s policy statement and of related guidance issued by the Financial Ombudsman Service (the “**FOS**”). The application was heard in January 2011. On 20 April 2011, the High Court issued a judgment in favour of the FSA and the FOS. The BBA announced on 9 May 2011 that it would not appeal that judgment and the Group supports this position. On 9 May 2011, the Group announced that, although the costs of PPI redress and its administration are subject to a degree of uncertainty, the Group will record an additional provision of £850 million in the second quarter of 2011. To date, the Group has paid compensation to customers of approximately £100 million and the Group has an existing provision of approximately £100 million.

The Group is currently discussing with the FSA how the FSA’s policy statement should be implemented and what its requirements are. As part of these discussions, the Group will review its PPI complaint handling processes to ensure that redress is offered to any customers identified as having suffered detriment.”

Significant Change and Material Adverse Change: The Royal Bank of Scotland Group plc

By virtue of this Supplement, each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 62 of the RBSG Registration Document shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be deleted and the following paragraph shall be incorporated into the Prospectus:

“Save in relation to the matters referred to in the section headed “Investigations: Payment Protection Insurance” in the supplement to this Prospectus dated 10 May 2011, which relates to past sales of Payment Protection Insurance, which was published via the Regulatory News Service of the London Stock Exchange plc on 10 May 2011):

- (a) there has been no significant change in the trading or financial position of RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**Group**”) taken as a whole since 31 March 2011 (the end of the last financial period for which either audited financial information or interim financial information of the Group has been published);
- (b) 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)”.

Significant Change and Material Adverse Change: The Royal Bank of Scotland plc

By virtue of this Supplement, each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 61 of the RBS Registration Document shall, for the purposes of being incorporated by reference into the Prospectus, be deemed to be deleted and the following paragraph shall be incorporated into the Prospectus:

“Save in relation to the matters referred to in the section headed “Investigations: Payment Protection Insurance” in the supplement to this Prospectus dated 10 May 2011, which relates to past sales of Payment Protection Insurance, which was published via the Regulatory News Service of the London Stock Exchange plc on 10 May 2011):

- (a) there has been no significant change in the trading or financial position of RBS and its subsidiaries consolidated in accordance with International Financial Reporting Standards (the “**RBS 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 of the RBS Group has been published); and
- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).

Defined Term 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 all the information contained in this Supplement and incorporated by reference into the Prospectus by virtue of this Supplement, as set out under the headings “Incorporation of Information by Reference into the Prospectus”, “Investigations: Payment Protection Insurance”, “Significant Change and Material Adverse Change: The Royal Bank of Scotland Group plc” and “Significant Change and Material Adverse Change: The Royal Bank of Scotland plc” 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 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.