

## SUPPLEMENTARY PROSPECTUS DATED 30 MARCH 2012



### **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 24 February 2012, which comprises a base prospectus for the purposes of the Directive 2003/71/EC, 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.

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 certain sections of (i) the 2011 Annual Report and Accounts of RBSG (as defined below) and (ii) the 2011 Annual Report and Accounts of RBS (as defined below);
- (b) following publication of the 2011 Annual Report and Accounts of RBSG and the 2011 Annual Report and Accounts of RBS, update the statements of no significant change and no material adverse change;
- (c) update the market in respect of developments relating to the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. (“**RBS N.V.**”) to RBS originally announced on 19 April 2011; and
- (d) inform the market of RBS’ participation in the National Loan Guarantee Scheme.

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

By virtue of this Supplement, the following sections of the 2011 annual report and accounts of RBSG, which were published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 9 March 2012 and which have been (1) previously published and (2) approved by the Financial Services Authority (the “**FSA**”) or filed with it (the “**2011 Annual Report and Accounts of RBSG**”), shall be incorporated in, and form part of, the Prospectus:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading – Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;

(xxix) Material contracts on pages 445 to 450; and

(xxx) Glossary of terms on pages 476 to 483.

By virtue of this Supplement, 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 2011 (excluding the sections headed “Financial review – Risk factors” on page 6 and “Additional information – Risk factors” pages 283 to 296), which was published via the RNS on 26 March 2012 and which have been (1) previously published and (2) approved by the FSA or filed with it (the “**2011 Annual Report and Accounts of RBS**”), shall be incorporated in, and form part of, the Prospectus. The 2011 Annual Report and Accounts of RBS shall be included within the definition of “RBS Information” on page 2 of the Base 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 Supplement itself incorporates 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.

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 Supplement 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 2011 (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 2011 (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 2011 (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 2011 (the date of the last published audited financial information of the Issuer Group).

## Proposals – Dutch Scheme

On 26 March 2012, RBSG and RBS announced that (1) RBS N.V. (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the “**Proposals**”). Upon implementation of the Proposals, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain EMEA branches of RBS N.V.<sup>1</sup> (the “**Transferring Businesses**”) will be transferred to RBS. The Proposals will be implemented by the demerger of the Transferring Businesses into RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme (as defined below)) by way of a Dutch statutory demerger (the “**Demerger**”), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the “**Merger**” and, together with the Demerger, the “**Dutch Scheme**”). RBS and RBS N.V. have discussed the Dutch Scheme in detail with De Nederlandsche Bank and the Financial Services Authority. Implementation of the Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Dutch Scheme will take effect on 9 July 2012.

## National Loan Guarantee Scheme

On 20 March 2012, the Group agreed to participate in the National Loan Guarantee Scheme (the “**Scheme**”), pursuant to which The Commissioners of Her Majesty’s Treasury (“**HM Treasury**”) have agreed to unconditionally and irrevocably guarantee the due payment of all sums due and payable by the Group under any senior unsecured notes issued by the Group in accordance with the terms of the Scheme in respect of which HM Treasury issues a guarantee certificate. The Guarantor’s obligations in that respect are contained in the deed of guarantee dated 20 March 2012, the form of which is available at [www.dmo.gov.uk](http://www.dmo.gov.uk).

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 this Supplement or in any document incorporated by reference in 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.

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

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

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<sup>1</sup> Located in Austria, Belgium, the Czech Republic, Denmark, France, Germany, Greece, Italy, Poland, Slovakia, Spain, Sweden, Switzerland and the United Kingdom.