

## SUPPLEMENTARY OFFERING MEMORANDUM DATED AUGUST 16, 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)*

**\$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 7, 2011, which comprises, except as set out therein under the heading "*Documents Incorporated by Reference*" on pages 3 to 5 of the Offering Memorandum, a base prospectus (the "**Base Prospectus**") for the purposes of 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 \$35,000,000,000 Medium-Term Note 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**"). Terms defined in the Offering Memorandum and the Base Prospectus have the same meaning when used in this Supplement.

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. This Supplement should also be read and construed in conjunction with the supplementary offering memorandum dated June 15, 2011 (the "**Previous Supplement**").

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.

### **Purpose of this Supplement**

The purpose of this Supplement is to amend the "Overview of Terms" section of the Offering Memorandum and the Base Prospectus and to incorporate by reference into the Offering Memorandum and the Base Prospectus the Press Release (as defined below) and the unaudited financial information of RBSG as at and for the six months ended June 30, 2011 on Form 6-K filed with the United States Securities and Exchange Commission (the "**SEC**") on August 12, 2011 pursuant to the United States Securities Exchange Act of 1934, as amended (the "**RBSG Interim Results 2011**") (available online at [http://www.sec.gov/Archives/edgar/data/844150/000095010311003351/dp25751\\_6k.htm](http://www.sec.gov/Archives/edgar/data/844150/000095010311003351/dp25751_6k.htm)). In connection with the RBSG Interim Results 2011, each of the Registration Documents (as defined below) has been published, which replace the Previous Registration Documents (as defined below). The purpose of this Supplement is also to incorporate by reference the Registration Documents into the Offering Memorandum and the Base Prospectus, which contain updated information in respect

of each of the Issuers. In particular, the Registration Documents contain updated information in respect of (a) the most recently published interim financial information of RBSG, (b) the risk factors relevant to each of the Issuers, (c) the business and organisation of the Group, (d) RBSG's major shareholder, HM Treasury, and the Asset Protection Scheme, (e) litigation and regulatory proceedings in relation to the Group and (f) recent developments in relation to the Group.

The purpose of this Supplement is also to incorporate by reference into the Offering Memorandum, but not to incorporate by reference into the Base Prospectus, the Pro Forma Financials (as defined below).

As a consequence of the above changes, the purpose of this Supplement is also to disincorporate certain information incorporated by reference into the Offering Memorandum and the Base Prospectus as described below. The purpose of this Supplement is also to amend certain defined terms used in the Offering Memorandum and the Base Prospectus, so that those definitions can be read in light of the changes made by this Supplement.

The hyperlinks included in this Supplement is included for information purposes only.

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

By virtue of this Supplement, the following documents shall no longer be incorporated in, and form part of, the Offering Memorandum and the Base Prospectus:

- (a) the first quarter results of RBSG as at and for the three months ended March 31, 2011 on Form 6-K filed with the SEC on May 16, 2011 and which are 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;
- (b) the registration document of RBSG dated February 25, 2011, which was approved by the Financial Services Authority (the "**FSA**") and published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on February 25, 2011 and which (subject to certain exclusions) 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 (the "**Previous RBSG Registration Document**");
- (c) the registration document of RBS dated February 25, 2011, which was approved by the FSA and published via the RNS on February 25, 2011 and which (subject to certain exclusions) 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 (together with the Previous RBSG Registration Document, the "**Previous Registration Documents**");
- (d) the following sections of the Shareholder Circular published by RBSG on November 27, 2009:
  - (i) "Appendix 2 to the Letter from the Chairman of RBS — Principal Terms and Conditions of the APS" on pages 46 to 75 of the Shareholder Circular and which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (h)(iii) on page 4 of the Offering Memorandum and the Base Prospectus; and
  - (ii) "Annex 3 — Scheme Principles" on pages 177 to 181 of the Shareholder Circular and which is incorporated by reference into the Offering Memorandum and the Base Prospectus pursuant to paragraph (h)(viii) on page 4 of the Offering Memorandum and the Base Prospectus.

Those parts of the documents incorporated by reference into the Offering Memorandum and the Base Prospectus which, by virtue of this Supplement, are no longer incorporated in the Offering Memorandum and the Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in the Offering Memorandum and the Base Prospectus or incorporated by reference into the Offering Memorandum and the Base Prospectus.

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

By virtue of this Supplement, the following documents, 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 the Base Prospectus:

- (a) the RBSG Interim Results 2011;
- (b) the registration document of RBSG dated August 5, 2011 which was approved by the FSA and published via the RNS on August 5, 2011 (the “**RBSG Registration Document**”);
- (c) the registration document of RBS dated August 5, 2011 which was approved by the FSA and published via the RNS on August 5, 2011 (the “**RBS Registration Document**” and together with the RBSG Registration Document, the “**Registration Documents**”); and
- (d) the press release headed “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by RBSG via the RNS on July 22, 2011 (the “**Press Release**”).

### **Incorporation of Information by Reference into the Offering Memorandum**

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 12, 2011 (the “**Pro Forma Financials**”) ([http://www.sec.gov/Archives/edgar/data/844150/000095010311003352/dp25777\\_6k.htm](http://www.sec.gov/Archives/edgar/data/844150/000095010311003352/dp25777_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.

### **Overview of Terms**

By virtue of this Supplement, the fourth paragraph under the heading “The Issuers” on page 7 of the Offering Memorandum and the Base Prospectus shall be amended by inserting the following sentence at the end of that paragraph:

*“HM Treasury’s economic interest in RBSG was further reduced to approximately 82 per cent. following the issue of certain ordinary shares in satisfaction of awards granted under the Group’s annual bonus deferral plan.”*

By virtue of this Supplement, the following paragraph shall be inserted after the fifth paragraph under the heading “The Issuers” on page 7 of the Offering Memorandum and the Base Prospectus to reflect updated financial information published in the RBSG Interim Results 2011 as at 30 June 2011:

*“The Group had total assets of £1,446.0 billion and owners’ equity of £74.7 billion as at June 30, 2011. As at June 30, 2011, the Group’s capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.”*

## Recent Developments

By virtue of this Supplement, each of the paragraphs under the following headings in the Offering Memorandum and the Base Prospectus shall be deemed to be deleted from the Offering Memorandum and the Base Prospectus:

- (a) “Investigations: Payment Protection Insurance” on pages 77 and 78 of the Offering Memorandum and the Base Prospectus;
- (b) “Significant Change and Material Adverse Change” on page 78 of the Offering Memorandum and the Base Prospectus; and
- (c) “Proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc” on page 78 of the Offering Memorandum and the Base Prospectus,

(together the “**Relevant Paragraphs**”). Each of the Relevant Paragraphs are superseded by the relevant disclosure contained within the RBSG Registration Document and/or the RBS Registration Document, as applicable.

## 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 4 of the Offering Memorandum and Base Prospectus shall be deemed to be deleted from the Offering Memorandum and the Base Prospectus:

*“The Q1 2011 Results incorporated by reference herein are 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 2011 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 (as defined in this Supplement), respectively.

A copy of any or all of the information which is incorporated by reference in the Base Prospectus can be obtained from the website of RBSG at [www.rbs.com](http://www.rbs.com).

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 or the Previous Supplement, the statements in or incorporated by reference in the Offering Memorandum or the Base Prospectus by virtue of this Supplement will prevail.

Save as disclosed in the Previous Supplement and this Supplement or in any document incorporated by reference in the Base Prospectus by virtue of the Previous Supplement and 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.