

SUPPLEMENTARY PROSPECTUS DATED 7 AUGUST 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 (this “**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 and the Previous Supplements (as defined below) 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 30 March 2012, 11 May 2012, 26 June 2012 and 10 July 2012 (the “**July Supplement**”) (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 into the Prospectus the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012, which were published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 3 August 2012 (the “**RBSG Interim Results 2012**”);
- (ii) following publication of the RBSG Interim Results 2012, update the statement of no significant change of RBSG;

- (iii) update certain information relating to the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to RBS; and
- (iv) (a) update certain information relating to the ongoing LIBOR litigation and investigations; and
(b) provide information in relation to a recent technology incident affecting the Group.

Incorporation of Information by Reference into the Prospectus

By virtue of this Supplement the RBSG Interim Results 2012 which have been (1) previously published and (2) approved by the FSA or filed with it, shall be incorporated in, and form part of, the Prospectus.

Statement of No Significant Change – RBSG

There has been no significant change in the trading or financial position of the Group taken as a whole since 30 June 2012 (the end of the last financial period for which audited financial information or interim financial information of the Group has been published).

Proposals – Dutch Scheme

Further to the announcement made on 4 July 2012 that the implementation of the Dutch Scheme would be deferred, RBSG, RBS, RBS Holdings N.V., The Royal Bank of Scotland N.V. and RBS II B.V. have announced that the Dutch Scheme is now expected to be implemented on 10 September 2012, subject (among other matters) to regulatory approvals and the approval of the Court of Session in Scotland. The Issuers will produce a supplement to their disclosure if there is a change to this date.

Litigation and Investigations

Save as set out (i) in the sections entitled “Litigation” and “Investigations, reviews and proceedings” on pages 35 to 45 of each of the Registration Documents; (ii) in the paragraph under the heading “FSA agreement in relation to interest rate swap products for SMEs” on page 2 of the July Supplement; and (iii) below, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which RBSG or RBS is aware) during the 12 months prior to the date of this Supplement, which may have, or have had in the recent past, significant effects on the financial position or profitability of RBSG, RBS, the Issuer Group and/or the Group taken as a whole.

Litigation – London Interbank Offered Rate (LIBOR)

Certain members of the Group have been named as defendants in a number of class actions and individual claims filed in the US with respect to the setting of LIBOR. It is possible that further claims may be threatened or brought in the US or elsewhere relating to the setting of interest rates or interest rate-related trading.

Investigations

LIBOR

The Group continues to co-operate fully with investigations by various governmental and regulatory authorities into its submissions, communications and procedures relating to the setting of LIBOR and other interest rates. The relevant authorities include, amongst others, the US Commodity Futures Trading Commission, the US Department of Justice (Fraud Division), the FSA and the Japanese Financial Services Agency. The Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The Group is also under investigation by competition authorities in a number of jurisdictions, including the European Commission, Department of Justice (Antitrust Division) and Canadian Competition Bureau, stemming from the actions of certain individuals in the setting of LIBOR and other interest rates, as well as interest rate-related trading. The Group is also co-operating fully with these investigations.

It is not possible to reliably measure what effect these investigations, any regulatory findings and any related developments may have on the Group, including the timing and amount of fines or settlements.

Technology incident

On 19 June 2012, the Group was affected by a technology incident, as a result of which the processing of certain customer accounts and payments were subject to considerable delay. The cause of the incident is being investigated by independent external counsel with the assistance of third party advisers, who have been instructed to carry out an independent review. The Group has agreed to reimburse customers for any loss suffered as a result of the incident and has made a provision of £125 million in the RBSG Interim Results 2012 for this matter. Additional costs may arise once all redress and business disruption items are clear and a further update will be given in the third quarter.

The incident, the Group's handling of the incident and the systems and controls surrounding the processes affected, are the subject of regulatory enquiries (both from the UK and Ireland) and the Group could become a party to litigation. In particular, the Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

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 LSE'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.

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 or the Previous Supplements, 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 or 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 or any documents incorporated by reference 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.