

SUPPLEMENTARY OFFERING MEMORANDUM DATED APRIL 7, 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)

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 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 have the same meaning when used in this Supplement. Unless otherwise stated, references in this Supplement to the Offering Memorandum shall include the Base Prospectus.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum, the supplementary Offering Memorandum dated August 18, 2010, the supplementary Offering Memorandum dated September 24, 2010, the supplementary Offering Memorandum dated December 31, 2010 and the supplementary Offering Memorandum dated March 8, 2011 (together, the "**Previous Supplements**") 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.

Purpose of this Supplement

The purpose of this Supplement is to:

- (a) disincorporate the Annual Results Form 6-K (as defined below) which is incorporated by reference into the Offering Memorandum pursuant to the supplementary prospectus dated March 8, 2011 from being incorporated by reference into the Offering Memorandum;
- (b) incorporate by reference into the Offering Memorandum the Form 20-F (as defined below) and the audited 2010 Annual Results of RBS (as defined below) and incorporate by reference into

the Offering Memorandum but not the Base Prospectus the unaudited Pro Forma Financial Information Form 6-K (as defined below);

- (c) for the purposes of being incorporated by reference into the Offering Memorandum, remove the risk factor headed “*As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group’s operations*” set out in (i) the registration document of RBSG dated February 25, 2011, which was published via the RNS on February 25, 2011 and previously incorporated by reference into the Offering Memorandum pursuant to a supplementary Offering Memorandum dated March 8, 2011 (the “**RBSG Registration Document**”) and (ii) the registration document of RBS dated February 25, 2011, which was published via the RNS on February 25, 2011 and previously incorporated by reference into the Offering Memorandum pursuant to a supplementary Offering Memorandum dated March 8, 2011 (the “**RBS Registration Document**”) and, for the purposes of being incorporated by reference into the Offering Memorandum, to remove a related cross-reference within each of the RBSG Registration Document and the RBS Registration Document;
- (d) for the purposes of being incorporated by reference into the Offering Memorandum, amend the statement of no material adverse change contained in the RBSG Registration Document and amend the statement of no significant change contained in the RBS Registration Document;
- (e) for the purposes of being incorporated by reference into the Offering Memorandum, update certain information on RBS’ assets, owners’ equity and capital ratios currently set out in the RBS Registration Document;
- (f) provide additional disclosure in relation to the Deferred Prosecution Agreement entered into between The Royal Bank of Scotland N.V. and the United States Department of Justice, as set out under “Investigations — US dollar clearing activities” below; and
- (g) amend a term which is defined in the Offering Memorandum in order to reflect changes to the information incorporated by reference into the Offering Memorandum as a result of this Supplement.

Disincorporation of Information Incorporated by Reference into the Offering Memorandum

The unaudited annual results of RBSG on Form 6-K filed with the United States Securities and Exchange Commission (the “**SEC**”) on March 4, 2011 pursuant to the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (the “**Annual Results Form 6-K**”) shall, by virtue of this Supplement, no longer be incorporated into the Offering Memorandum.

Incorporation of Information by Reference into the Offering Memorandum

The audited annual report of RBSG on Form 20-F filed with the SEC on March 31, 2011 pursuant to the Exchange Act (the “**Form 20-F**”) (available at http://www.sec.gov/Archives/edgar/data/844150/000095010311001238/dp21779_20f.htm) and the unaudited annual results of RBS for the year ended December 31, 2010 (excluding the section headed “Risk Factors” on pages 31 to 61) which were published via the Regulatory News Service of the London Stock Exchange plc on March 31, 2011 (the “**2010 Annual Results of RBS**”) each of which have been (1) previously published and (2) approved by the Financial Services Authority (“**FSA**”) or filed with it, shall be deemed to be incorporated in, and form part of, the Offering Memorandum (other than for the purposes of the issuance of HM Treasury Guaranteed Notes).

Incorporation of Information by Reference into the Offering Memorandum but not the Base Prospectus

The report of RBSG on Form 6-K filed with the SEC on March 31, 2011 pursuant to the Exchange Act (the “**Pro Forma Financial Information Form 6-K**”) which contains certain unaudited pro forma

financial information of RBSG prepared in accordance with International Financial Reporting Standards, after giving effect to (i) the distribution of those ABN AMRO businesses attributable to Santander and the Dutch State and (ii) the divestment of certain businesses to meet the European Commission's State Aid requirements (as set out in the Pro Forma Financial Information Form 6-K) (available at http://www.sec.gov/Archives/edgar/data/844150/000095010311001239/dp21914_6k.htm) 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 Offering Memorandum (other than for the purposes of the issuance of HM Treasury Guaranteed Notes) but shall not be incorporated in, and shall not form part of, the Base Prospectus.

The hyperlinks included in this Supplement are included for information purposes only. For the avoidance of doubt, the contents of the website referred to above, other than the Form 20-F and the Pro Forma Financial Information Form 6-K, shall not be incorporated by reference into the Offering Memorandum, except where such contents are specifically incorporated by reference in the Offering Memorandum.

Registration Documents: Risk Factors

By virtue of this Supplement, the risk factor headed "*As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations*" on pages 17 and 18 of the RBSG Registration Document and on pages 17 and 18 of the RBS Registration Document shall, for the purposes of being incorporated by reference into the Offering Memorandum, be deemed to be deleted.

RBSG Registration Document: Description of The Royal Bank of Scotland Group plc

By virtue of this Supplement, the following sentences:

"As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations. For further details see the risk factor headed "*As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations*" in the section headed "Risk Factors" above."

on page 37 of the RBSG Registration Document in the section headed "Description of The Royal Bank of Scotland Group plc — Relationship with RBSG's major shareholder" shall, for the purposes of being incorporated by reference into the Offering Memorandum, be deemed to be deleted.

RBS Registration Document: Description of The Royal Bank of Scotland plc

By virtue of this Supplement, the following sentences:

"As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations. For further details see the risk factor headed "*As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group's operations*" in the section headed "Risk Factors" above."

on page 37 of the RBS Registration Document in the section headed "Description of The Royal Bank of Scotland plc — Relationship with RBSG's major shareholder" shall, for the purposes of being incorporated by reference into the Offering Memorandum, be deemed to be deleted.

No Material Adverse Change: The Royal Bank of Scotland Group plc

By virtue of this Supplement, the following paragraph shall, for the purposes of being incorporated by reference into the Offering Memorandum, be deemed to replace the second paragraph under the heading "No Significant Change and No Material Adverse Change" on page 62 of the RBSG Registration Document:

“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).”

No Significant Change: The Royal Bank of Scotland plc

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

“There has been no significant change in the trading or financial position of the Issuer 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 has been published).”

Assets, Owners’ Equity and Capital Ratios: The Royal Bank of Scotland plc

By virtue of this Supplement, the second paragraph under the heading “Assets, owners’ equity and capital ratios” on page 32 of the RBS Registration Document, which states that:

“The Issuer Group had total assets of £1,422 billion and shareholder’s equity of £58.1 billion as at 30 June 2010. As at 30 June 2010, the Issuer Group’s capital ratios were a total capital ratio of 14.0 per cent. a Core Tier 1 capital ratio of 8.5 per cent. and a Tier 1 capital ratio of 10.3 per cent.”

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

“The Issuer Group had total assets of £1,307.3 billion and owners’ equity of £57.0 billion as at 31 December 2010. As at 31 December 2010, the Issuer Group’s capital ratios were a total capital ratio of 13.6 per cent., a Core Tier 1 capital ratio of 8.4 per cent. and a Tier 1 capital ratio of 10.1 per cent.”

Investigations — US dollar clearing activities

The section headed “Description of The Royal Bank of Scotland Group plc — Investigations — US dollar clearing activities” on pages 43 and 44 of the RBSG Registration Document and the section headed “Description of The Royal Bank of Scotland plc — Investigations — US dollar clearing activities” on pages 43 and 44 of the RBS Registration Document set out details of the Deferred Prosecution Agreement (the “DPA”) entered into between The Royal Bank of Scotland N.V. (“**RBS N.V.**”) and the United States Department of Justice (the “**DoJ**”). The DPA relates to the previously disclosed criminal investigation into ABN AMRO Bank N.V.’s US dollar clearing activities, Office of Foreign Assets Control compliance procedures and Bank Secrecy Act compliance matters during the period from 1995 to the end of 2007.

On April 1, 2011, the Group announced via the RNS that on March 31, 2011, the DoJ and RBS N.V. filed a joint status report with the U.S. District Court notifying it that the parties would seek an extension of the duration of the DPA until December 31, 2011. The request states that RBS N.V. and the DoJ have agreed to seek the extension to allow RBS N.V. sufficient time to fulfil its obligations under the DPA.

Defined Term Used in the Offering Memorandum

Page 5 of the Offering Memorandum 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, as set out under the heading “Disincorporation of Information Incorporated by Reference into the Offering

Memorandum" 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

- (b) the information contained in this Supplement and incorporated by reference into the Offering Memorandum pursuant to this Supplement, as set out under the headings "*Incorporation of Information by Reference into the Offering Memorandum*" and "*Incorporation of Information by Reference into the Offering Memorandum but not 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.

If the document which is incorporated by reference in the Offering Memorandum 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 Offering Memorandum 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 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 by virtue of this Supplement and any other statement in or incorporated by reference in the Offering Memorandum, the statements in or incorporated by reference in the Prospectus by virtue of this Supplement will prevail.

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

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