

SUPPLEMENTARY OFFERING MEMORANDUM DATED SEPTEMBER 21, 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 memorandums dated June 15, 2011, August 16, 2011 (the "**August 16 Supplemental Offering Memorandum**"), August 31, 2011 and September 9, 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 amend certain information relating to (i) the risk factors relating to possible structural reforms in the UK banking industry and (ii) investigations and regulatory proceedings/developments contained in the Registration Documents, which are incorporated by reference in the Offering Memorandum and the Base Prospectus by virtue of the August 16 Supplemental Offering Memorandum, each as described below.

Risk Factors

By virtue of this Supplement, the risk factor entitled "The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the Group." on pages 4 and 5 of

the RBSG Registration Document, and on page 5 of the RBS Registration Document, shall be deemed to be deleted and replaced, in each case, with the following risk factor:

"The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the Group."

The Independent Commission on Banking (the "ICB") was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system in order to promote, amongst other things, stability and competition. The ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the "Final Report") which sets out the ICB's views on possible reforms to improve stability and competition in UK banking. The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The Group will continue to participate in the debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could materially adversely affect the Group's structure, results of operations, financial condition and prospects."

Investigations

By virtue of this Supplement, the paragraph under the section entitled "Independent Commission on Banking" on pages 39 and 40 of the RBSG Registration Document, and on page 39 of the RBS Registration Document shall be deemed to be deleted and replaced, in each case, with the following:

"On 16 June 2010, HM Treasury published the terms of reference for the Government's Independent Commission on Banking ("ICB"). The ICB was mandated to formulate policy recommendations with a view to: (i) reducing systemic risk in the banking sector, exploring the risk posed by banks of different size, scale and function; (ii) mitigating moral hazard in the banking system; (iii) reducing the likelihood and impact of a bank's failure; and (iv) promoting competition in retail and investment banking with a view to ensuring that the needs of banks' customers are served efficiently and considering the extent to which large banks can gain competitive advantage from being perceived as "too big to fail".

Following an interim report published on 11 April 2011, the ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the "Final Report"). The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The Group will continue to participate in the debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could have a negative impact on the Group's consolidated net assets, operating results or cash flows in any particular period."

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 RBS at <http://www.rbs.com>.

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

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Offering Memorandum or the Base Prospectus or the Previous Supplements, the statements in this Supplement will prevail.

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