

SUPPLEMENTARY PROSPECTUS DATED 5 AUGUST 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)

£90,000,000,000

Euro Medium Term Note Programme

This Supplement (the “**Supplement**”) to the Prospectus (the “**Prospectus**”) dated 7 June 2011, which comprises a 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 £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. This Supplement should also be read and construed in conjunction with the supplementary prospectus dated 14 June 2011 (the “**Previous Supplement**”).

RBSG accepts responsibility for the information contained in this Supplement other than the RBS Registration Document (as defined below). To the best of the knowledge of RBSG (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.

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Purpose of this Supplement

The purpose of this Supplement is to incorporate by reference into the Prospectus the unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011, which were published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 5 August 2011 (the “**RBSG Interim Results 2011**”). Following the publication of 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 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, the HM Treasury, and the Asset Protection Scheme and (e) litigation and regulatory proceedings in relation to the Group.

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

Disincorporation of Information Incorporated by Reference into the Prospectus

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

- (a) the registration document of RBSG dated 25 February 2011, which was approved by the Financial Services Authority (the "**FSA**") and published via the RNS on 25 February 2011 and which is incorporated by reference into the Prospectus pursuant to paragraph (c) on page 36 of the Prospectus (the "**Previous RBSG Registration Document**");
- (b) the registration document of RBS dated 25 February 2011, which was approved by the FSA and published via the RNS on 25 February 2011 and which is incorporated by reference into the Prospectus pursuant to paragraph (d) on page 36 of the Prospectus (together with the Previous RBSG Registration Document, the "**Previous Registration Documents**");
- (c) the unaudited Interim Management Statement Q1 2011 of RBSG, which was published via the RNS on 6 May 2011 and which is incorporated by reference into the Prospectus pursuant to paragraph (e) on page 36 of the Prospectus;
- (d) the following sections of the Shareholder Circular published by RBSG on 27 November 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 Prospectus pursuant to paragraph (j)(iii) on page 38 of the Prospectus; and
 - (ii) "Annex 3 — Scheme Principles" on pages 177 to 181 of the Shareholder Circular and which is incorporated by reference into the Prospectus pursuant to paragraph (j)(viii) on page 38 of the Prospectus.

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

Incorporation of Information by Reference into the 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 Prospectus:

- (a) the RBSG Interim Results 2011;
- (b) the registration document of RBSG dated 5 August 2011, which was approved by the FSA and published via the RNS on 5 August 2011 (the "**RBSG Registration Document**");

- (c) the registration document of RBS dated 5 August 2011, which was approved by the FSA and published via the RNS on 5 August 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 22 July 2011.

Summary of the Programme

By virtue of this Supplement, the fourth paragraph under the heading “Issuers” on page 7 of the Prospectus shall be amended by deleting “83 per cent.” and inserting “82 per cent.” to reflect a change in the current economic interest that Her Majesty’s Treasury has in RBSG.

By virtue of this Supplement, the following paragraph shall be inserted after the fifth paragraph under the heading “Issuers” on page 7 of the 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 at 30th June 2011. As at 30th June 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.”

Summary of the Programme: Risk Factors

By virtue of this Supplement, the following risk factor shall be inserted immediately after the risk factor “RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009” on page 8 of the Prospectus:

- “• 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”.

By virtue of this Supplement, the following risk factor shall be inserted immediately after the risk factor “The Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B Shares) which may impair the Group’s ability to raise new Tier 1 capital” on page 8 of the Prospectus:

- “• The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group”.

General Information and Recent Developments

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

- (a) “Significant Change and Material Adverse Change” on pages 244 and 245 of the Prospectus;
- (b) “Investigations: Payment Protection Insurance” on page 245 of the 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 245 of the 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.

Defined Terms Used in the Prospectus

Page 2 of the Prospectus contains a definition of “*RBS Information*”. By virtue of this Supplement, the RBS Registration Document shall be deemed to be included within the definition of “*RBS Information*”.

Page 2 of the Prospectus contains a definition of “*RBSG Information*”. By virtue of this Supplement, the RBSG Registration Document shall be deemed to be included within the definition of “*RBSG Information*”.

Page 36 of the 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, (ii) the RBS Registration Document and (iii) both the RBSG Registration Document and the RBS Registration Document, respectively.

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 www.rbs.com and from the London Stock Exchange plc’s website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

If the documents which are incorporated by reference in the 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 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, the statements in or incorporated by reference in the 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 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 Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

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