LaunchPAD Programme

Supplementary Prospectus dated 11 July 2012

SECOND SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CREDIT LINKED NOTES

The Royal Bank of Scotland plc
(*incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312*)
(the "**Issuer**" and "**RBS**")

The Royal Bank of Scotland plc

Credit Linked Notes

LaunchPAD Programme

(the "**Programme**")

1 This supplement dated 11 July 2012 (this "**Supplement**") constitutes the second supplement to the base prospectus dated 22 May 2012 in relation to the Issuer's LaunchPAD Programme for the issuance of Credit Linked Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**") on 22 May 2012 (the "**Base Prospectus**").

2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the "**Prospectus Directive**") by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).

3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6 Further to the announcement dated 18 June 2012, The Royal Bank of Scotland Group plc, RBS, RBS Holdings N.V., The Royal Bank of Scotland N.V. and RBS II B.V. have decided that, as a result of technology issues which have affected the Group in the UK and Ireland, it would be prudent to defer the implementation of the Dutch Scheme which was scheduled to take place on 9 July 2012. The Financial Services Authority has been advised of the delay and has no objections. De Nederlandsche Bank is aware of the delay. The Issuer will produce a supplement to their disclosure once the new effective date for the Dutch Scheme has been set, which is subject to regulatory and court approvals.

7 By virtue of this Supplement, the following shall be inserted at the end of the sub-section entitled "Recent Developments" in the section entitled "General Information" in the Base Prospectus:

> "*FSA agreement in relation to interest rate swap products for SMEs*
>
> On 29 June 2012, RBS announced that it, in common with a number of other UK banks, had reached an agreement with the Financial Services Authority on an approach to the mis-selling issues surrounding interest rate swap products for SMEs. The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, RBS has agreed to provide direct and immediate redress. RBS is currently not able to reliably estimate the financial impact of this agreement.".

8 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on http://markets.rbs.com/bparchive or http://markets.rbs.com/launchpad and can be obtained from the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +33 131 523 3636.

9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus, the statements referred to in (a) above will prevail.

10 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland plc