
LaunchPAD Programme

Supplementary Prospectus dated 28 March 2012

**FOURTH 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”)*

The Royal Bank of Scotland plc

Credit Linked Notes

LaunchPAD Programme

(the “Programme”)

- 1** This supplement dated 28 March 2012 (this “**Supplement**”) constitutes the fourth supplement to the base prospectus dated 18 November 2011 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 18 November 2011 (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 On 26 March 2012, the Issuer published via the Regulatory News Service of the London Stock Exchange plc (“RNS”) its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBS**”).
- 7 On 9 March 2012, The Royal Bank of Scotland Group plc (“RBSG”) published via RNS its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBSG**”).
- 8 By virtue of this Supplement, the 2011 Annual Report and Accounts of RBS (excluding the sections headed “Financial review — Risk factors” on page 6 and “Additional information — Risk factors” on pages 283 to 296) shall be deemed to be incorporated in, and form part of, the Base Prospectus.
- 9 By virtue of this Supplement, the following sections of the 2011 Annual Report and Accounts of RBSG shall be deemed to be incorporated in, and form part, of the Base Prospectus:
 - (i) Independent auditor’s report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman’s statement on page 9;
 - (xii) Group Chief Executive’s review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors’ remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors’ interests in shares on page 303;

- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

10 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference into the Base Prospectus, by virtue of this Supplement) of the 2011 Annual Report and Accounts of RBS and the 2011 Annual Report and Accounts of RBSG:

- 10.1 In the section entitled “Summary”, the fourth paragraph in the sub-section entitled “Issuer” shall be deleted in its entirety and replaced with the paragraph set out in Schedule 1.
- 10.2 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
 - 10.2.1 the unaudited annual results of RBSG for the year ended 31 December 2011, which were published via RNS on 23 February 2012;
 - 10.2.2 the unaudited Interim Results 2011 of the Issuer for the six months ended 30 June 2011, which were published via RNS on 26 August 2011;
 - 10.2.3 all sections previously incorporated by reference, of the 2009 annual report and accounts of the Issuer, which were published via RNS on 9 April 2010;
 - 10.2.4 all sections previously incorporated by reference, of the 2009 annual report and accounts of RBSG, which were published via RNS on 18 March 2010;
 - 10.2.5 the sub-section entitled “Assets, owners’ equity and capital ratios” in the section of the registration document of the Issuer dated 24 February 2012 (the “**Registration Document**”) entitled “Description of The Royal Bank of Scotland plc”; and
 - 10.2.6 the sub-section entitled “No Significant Change and No Material Adverse Change” in the section of the Registration Document entitled “General Information”;
- 10.3 the sub-section entitled “No Significant Change and No Material Adverse Change” in the section entitled “General Information” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 2; and
- 10.4 a new sub-section entitled “Recent Developments”, as set out in Schedule 3, shall be inserted immediately after the sub-section entitled “Listing” in the section entitled “General Information”.

11 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>, on the London Stock Exchange plc’s website at <http://www.londonstockexchange.com/news/market->

news/rns/rns.htm 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.

- 12** If the documents which are incorporated by reference in the Base 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 Base 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 Base Prospectus by virtue of this Supplement.
- 13** 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.
- 14** Save as disclosed in 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

Schedule 1

The Issuer Group had total assets of £1,432.8 billion and owners' equity of £61.7 billion as at 31 December 2011. The Issuer Group's capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Schedule 2

No Significant Change and No Material Adverse Change

There has been no significant change in the financial position of the Issuer Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer Group taken as a whole since 31 December 2011 (the date of the last published audited financial information of the Issuer Group).

Schedule 3

Recent Developments

Proposals – Dutch Scheme

On 26 March 2012, RBSG and RBS announced that (1) The Royal Bank of Scotland N.V. (“**RBS N.V.**”) (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the “**Proposals**”). Upon implementation of the Proposals, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain EMEA branches of RBS N.V. (the “**Transferring Businesses**”) will be transferred to RBS. The Proposals will be implemented by the demerger of the Transferring Businesses into RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme (as defined below)) by way of a Dutch statutory demerger (the “**Demerger**”), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the “**Merger**” and, together with the Demerger, the “**Dutch Scheme**”). RBS and RBS N.V. have discussed the Dutch Scheme in detail with De Nederlandsche Bank and the Financial Services Authority. Implementation of the Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Dutch Scheme will take effect on 9 July 2012.

Assets, Owners’ Equity and Capital Ratios

The Group had total assets of £1,507 billion and owners’ equity of £75 billion as at 31 December 2011. The Group’s capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The Issuer Group had total assets of £1,432.8 billion and owners’ equity of £61.7 billion as at 31 December 2011. The Issuer Group’s capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent