

SUPPLEMENTARY PROSPECTUS DATED 9 AUGUST 2010



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 10 June 2010, which comprises, except as set out therein in relation to Guaranteed Notes (as defined in the Prospectus), a base prospectus, 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**”).

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and the documents incorporated by reference therein.

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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Disincorporation of Information by Reference into the Prospectus

The registration documents of RBSG and RBS dated 10 June 2010, which were approved by the Financial Services Authority (the “**FSA**”) and published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 10 June 2010 and which are incorporated by reference into the Prospectus pursuant to paragraphs (c) and (d) on page 31 of the Prospectus shall, by virtue of this Supplement, no longer be incorporated into the Prospectus.

The RBSG Interim Management Statement Q1 2010 published via the RNS on 7 May 2010 and which is incorporated by reference into the Prospectus pursuant to paragraph (i) on page 32 of the Prospectus shall, by virtue of this Supplement, no longer be incorporated into the Prospectus.

Incorporation of Information by Reference into the Prospectus

The documents set out below 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 (other than for the purposes of the Guaranteed Notes):

- (a) the registration document of RBSG dated 9 August 2010, which was published via the RNS on 9 August 2010 (the “**RBSG Registration Document**”);
- (b) the registration document of RBS dated 9 August 2010, which was published via the RNS on 9 August 2010 (the “**RBS Registration Document**”); and
- (c) the RBSG Interim Results 2010 of RBSG for the six months ended 30 June 2010, which were published via the RNS on 6 August 2010 (the “**RBSG Interim Results**”).

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the RBSG Interim Results (the “**Unaudited Pro Forma Financial Information**”) which is incorporated by reference into the Prospectus by virtue of this Supplement has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the Group’s actual financial position or results as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

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*”.

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Page 31 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.

Page 32 of the Prospectus contains a definition of “*Disclosure relating to the Issuers*”. As set out therein, the Disclosure relating to the Issuers is not incorporated by reference into the Prospectus for the purposes of issues of Guaranteed Notes. By virtue of this Supplement:

- (a) all the information contained in this Supplement and incorporated by reference into the Prospectus by virtue of this Supplement shall be deemed to be included within the definition of “*Disclosure relating to the Issuers*”; and
- (b) all the information that, by virtue of this Supplement, is no longer incorporated into the Prospectus, as set out under the heading “*Disincorporation of Information by Reference into the Prospectus*” above shall be deemed to be removed from the definition of “*Disclosure relating to the Issuers*”.

Summary of the Programme

By virtue of this Supplement, the following paragraphs on page 7 of the Prospectus:

“RBSG is a public limited company incorporated in Scotland. RBSG is the holding company of a large global banking and financial services group. RBSG and subsidiaries (together, the “Group”), operate in the UK, the USA and internationally through its two principal subsidiaries, RBS and NatWest.

Her Majesty’s Treasury (“HM Treasury”) currently holds 68.4 per cent. of the issued ordinary share capital of RBSG. On 22nd December 2009, RBSG issued £25.5 billion of B Shares to HM Treasury. The issue of the £25.5 billion of B Shares to HM Treasury on 22nd December 2009 increased HM Treasury’s economic interest in RBSG to 84.4 per cent. but this was reduced to 83.2 per cent. following completion of a conversion of a series of preference shares into ordinary shares on 31st March 2010.

The Group had total assets of £1,696.5 billion and owners’ equity of £77.7 billion at 31st December 2009. The Group’s capital ratios at that date, which included the equity minority interest of the State of the Netherlands and Banco Santander in RBS Holdings N.V., were a total capital ratio of 16.1 per cent., a Core Tier 1 capital ratio of 11.0 per cent. and Tier 1 capital ratio of 14.1 per cent.”.

shall be deemed to be deleted and replaced with the following paragraphs:

“RBSG is a public limited company incorporated in Scotland and is the holding company of a large global banking and financial services group. RBSG and its subsidiary and associated undertakings (together, the “Group”), operate in the UK, the USA and internationally through its three principal subsidiaries, RBS, NatWest and The Royal Bank of Scotland N.V.

Her Majesty’s Treasury (“HM Treasury”) currently holds approximately 68 per cent. of the issued ordinary share capital of RBSG. On 22nd December 2009, RBSG issued £25.5 billion of B Shares to HM Treasury. The issue of the £25.5 billion of B Shares to HM Treasury on 22nd December 2009 increased HM Treasury’s economic interest in RBSG to approximately 84 per cent. but this was reduced to approximately 83 per cent. following the completion of a conversion of a series of preference shares into ordinary shares on 31st March 2010.

The Group had total assets of £1,582.1 billion and owners’ equity of £76.8 billion as at 30th June 2010. The Group’s capital ratios at that date were a total capital ratio of 13.9 per cent., a Core Tier 1 capital ratio of 10.5 per cent. and a Tier 1 capital ratio of 12.8 per cent.”.

Risk Factors

By virtue of this Supplement, the paragraph under the heading “Risk Factors relating to the Issuers” on page 15 of the Prospectus shall be deemed to be deleted and replaced with the following paragraph:

“Prospective investors should consider the sections entitled “Risk Factors” at pages 3 to 37 in the RBSG Registration Document and at pages 3 to 37 in the RBS Registration Document which are incorporated by reference into this Prospectus pursuant to a supplementary prospectus published via the Regulatory News Service of the London Stock Exchange plc on 9 August 2010.”

A copy of any or all of the information which is incorporated by reference in the Prospectus can be obtained from the London Stock Exchange plc's website at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

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 this Supplement or in any document incorporated by reference in the Prospectus by virtue of 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.