

SUPPLEMENTARY PROSPECTUS DATED 25 FEBRUARY 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 10 June 2010, which comprises, except as set out therein in relation to Guaranteed Notes, a base prospectus for the purposes of the Prospectus Directive, 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 prospectuses dated 9 August 2010, 27 August 2010, 5 November 2010 and 31 December 2010 (together, the “**Previous Supplements**”) and the documents incorporated by reference therein which have been previously published and have been approved by the Financial Services Authority (the “**FSA**”) and filed with it and which form part of the Prospectus.

Each Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer (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 incorporate by reference into the Prospectus the unaudited annual results of RBSG for the year ended 31 December 2010, which were published via the Regulatory News Service of the London Stock Exchange plc (the “**RNS**”) on 24 February 2011 (the “**RBSG 2010 Annual Results**”) and the registration document of RBSG dated 25 February 2011 (the “**RBSG Registration Document**”) and the registration document of RBS dated 25 February 2011 (the “**RBS Registration Document**”), each of which were published via the RNS on 25 February 2011 following the publication of the RBSG 2010 Annual Results. In addition, where disclosure that is included in the RBSG 2010 Annual Results, the RBSG Registration Document and/or the RBS Registration Document has a corresponding entry under the headings “*Summary of the Programme: Issuers*” and “*Summary of the Programme: Risk Factors*” below, this Supplement also amends those sections of the Summary section of the Prospectus, as described below.

Disincorporation of Information by Reference into the Prospectus

By virtue of this Supplement, the following information shall no longer be incorporated by reference into the Prospectus:

- (a) the registration documents of RBSG and RBS dated 9 August 2010, which were approved by the FSA and published via the RNS on 9 August 2010 and which were incorporated by reference into the Prospectus pursuant to the supplementary prospectus dated 9 August 2010 (as amended by the supplementary prospectuses dated 27 August 2010, 5 November 2010 and 31 December 2010);
- (b) 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 and which were incorporated by reference into the Prospectus pursuant to the supplementary prospectus dated 9 August 2010;
- (c) the Interim Management Statement Q3 2010 for the third quarter ended 30 September 2010 of RBSG, which was published via the RNS on 5 November 2010 and which was incorporated by reference into the Prospectus pursuant to the supplementary prospectus dated 5 November 2010; and
- (d) the section of the Shareholder Circular titled "Part II – Capital Resources and Liquidity Management" on pages 89 to 94 published by RBSG on 27 November 2009, which was incorporated by reference into the Prospectus pursuant to paragraph (j)(vi) on page 32 of 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 (other than for the purposes of the Guaranteed Notes):

- (a) the RBSG 2010 Annual Results;
- (b) the RBSG Registration Document; and
- (c) the RBS Registration Document.

Summary of the Programme: Issuers

The following two paragraphs of "Summary of the Programme — Issuers" on page 7 of the Prospectus (as deemed to be replaced by the supplementary prospectus dated 9 August 2010)

"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."

shall be deleted and replaced with the following two paragraphs:

"The United Kingdom Government 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. This increased HM Treasury's economic interest in RBSG to approximately 84 per cent. which was reduced to approximately 83 per cent. following completion of conversions of certain preference shares into ordinary shares of RBSG on 31st March 2010 and 31st December 2010.

The Group had total assets of £1,453.6 billion and owners' equity of £75.1 billion as at 31 December 2010."

Summary of the Programme: Risk Factors

The paragraphs that are set out in column (1) of the Schedule to this Supplement that are set out under the heading "Summary of the Programme — Risk Factors — (i) risk factors relating to the Issuers including:" on pages 8 to 11 of the Prospectus shall be deleted and replaced with the corresponding paragraphs set out in column (2) of the Schedule to this Supplement.

Defined Terms Used in the Prospectus

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 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*"; and
- (b) 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*".

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

SCHEDULE

Risk Factors

(1) Risk Factor set out in the “Summary” section of the Prospectus	(2) Amended Risk Factor
The special resolution regime (the “ SRR ”) may be triggered prior to the insolvency of RBS or RBSG	The special resolution regime (the “ SRR ”) may be triggered prior to the insolvency of RBSG or RBS or their United Kingdom bank subsidiaries
Various actions may be taken in relation to any securities issued by RBSG or RBS without the consent of the holders thereof	Various actions may be taken in relation to any securities issued by RBSG, RBS or NatWest without the consent of the holders thereof
The Group was required to obtain State Aid approval, for the aid given to the Group by HM Treasury and for the Group’s State Aid restructuring plan, from the European Commission. The Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan. The State Aid restructuring plan includes a prohibition on the making of discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B Shares) for a two-year period commencing no later than 30th April 2010, which may impair the Group’s ability to raise new Tier 1 capital through the issuance of Ordinary Shares and other securities	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
The Group’s ability to implement its strategic plan depends on the success of the Group’s refocus on its core strengths and its balance sheet reduction programme arising out of its previously announced non-core restructuring plan and the State Aid restructuring plan	The Group’s ability to implement its strategic plan depends on the success of the Group’s refocus on its core strengths and its balance sheet reduction programme
The extensive organisational restructuring may adversely affect the Group’s business, results of operations and financial condition	(Risk Factor deleted)
Governmental support schemes may be subject to cancellation, change or withdrawal or may fail to be renewed, which may have a negative impact on the availability of funding in the markets in which the Group operates	(Risk Factor deleted)
The financial performance of the Group has been and will be affected by borrower credit quality	The financial performance of the Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations, including as a result of prevailing economic and market

(1) Risk Factor set out in the “Summary” section of the Prospectus	(2) Amended Risk Factor
	conditions, and legal and regulatory developments
The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, affected by depressed asset valuations resulting from poor market conditions	The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions
Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business (as amended by the supplementary prospectus dated 5 November 2010)	Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations
The Group's borrowing costs and its access to the debt capital markets depend significantly on its and the United Kingdom Government's credit ratings	The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings
Each of the Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how the Group conducts its business and on its results of operations and financial condition	Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition
The Group's results have been and could be further adversely affected in the event of goodwill impairment	The Group's results have been and could be further materially adversely affected in the event of goodwill impairment
The Group's business and earnings may be affected by geopolitical conditions	The Group's business and earnings may be adversely affected by geopolitical conditions
The extensive governance, asset management and information requirements under the Scheme Conditions and any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the APS and may have an adverse impact on the Group	The extensive governance, asset management and information requirements under the Scheme Conditions and any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the APS and may have an adverse impact on the Group