

ROYAL BANK OF SCOTLAND GROUP PLC
 Form 424B2
 September 12, 2012

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 Registration No. 333-162219

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.550% Senior Notes due September 18, 2015	\$2,000,000,000	\$229,200
Total	\$2,000,000,000	\$229,200

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended

PROSPECTUS SUPPLEMENT

(to prospectus dated September 30, 2009)

The Royal Bank of Scotland Group plc

\$2,000,000,000

2.550% Senior Notes due September 18, 2015

From and including the date of issuance, interest will be paid on the notes due September 18, 2015 (the "Senior Notes") on March 18 and September 18 of each year, beginning on March 18, 2013. The Senior Notes will bear interest at a rate of 2.550% per year.

The Senior Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

We may redeem the Senior Notes, in whole but not in part, at any time at 100% of their principal amount plus accrued interest upon the occurrence of certain tax events described in this prospectus supplement and the accompanying prospectus.

We intend to apply to list the Senior Notes on the New York Stock Exchange in accordance with its rules.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page S-3 and as incorporated by reference herein.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

		Proceeds to Us,
	Underwriting	Before
Price to Public	Discount	Expenses

Per Senior Note	99.943%	0.300%	99.643%
Total	\$1,998,860,000	\$6,000,000	\$1,992,860,000

The initial public offering price set forth above does not include accrued interest, if any. Interest on the Senior Notes will accrue from September 18, 2012 and must be paid by the purchaser if the Senior Notes are delivered thereafter.

We expect that the Senior Notes will be ready for delivery through the book-entry facilities of The Depository Trust Company and its participants on or about September 18, 2012.

Sole Bookrunner and Lead Manager
RBS

Senior Co-Managers

Citigroup

Wells Fargo Securities

Co-Managers

BMO Capital Markets

nabSecurities, LLC

BNY Mellon Capital Markets, LLC

RBC Capital Markets

CIBC

TD Securities

HSBC

UBS Investment Bank

Prospectus Supplement dated September 11, 2012

TABLE OF CONTENTS

	Page
Prospectus Supplement	
ABOUT THIS PROSPECTUS SUPPLEMENT	S-ii
INCORPORATION OF INFORMATION BY REFERENCE	S-ii
FORWARD-LOOKING STATEMENTS	S-iii
SUMMARY	S-1
RISK FACTORS RECENT DEVELOPMENTS	S-3
USE OF PROCEEDS	S-4
CAPITALIZATION OF THE GROUP	S-5
RATIO OF EARNINGS TO FIXED CHARGES	S-6
DESCRIPTION OF THE SENIOR NOTES	S-7
U.K. AND U.S. FEDERAL TAX CONSEQUENCES	S-9
UNDERWRITING/CONFLICTS OF INTEREST	S-12
LEGAL OPINIONS	S-14
EXPERTS	S-15
Prospectus	
About this Prospectus	1
Use of Proceeds	1
The Royal Bank of Scotland Group plc	1
Description of Debt Securities	2
Description of Dollar Preference Shares	15
Description of American Depositary Receipts	22
Plan of Distribution	26
Legal Opinions	27
Experts	27
Enforcement of Civil Liabilities	27

Where You Can Find More Information	28
Incorporation of Documents by Reference	28
Cautionary Statement on Forward-Looking Statements	29

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer to sell these securities in any state or jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein is accurate only as of their respective dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

In this prospectus supplement, we use the following terms:

- “we,” “us,” “our” and “RBSG” mean The Royal Bank of Scotland Group plc;
- “Group” means RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards;
 - “RBS plc” means The Royal Bank of Scotland plc;
 - “SEC” refers to the Securities and Exchange Commission;
 - “pounds,” “sterling,” “pence,” “£” and “p” refer to the currency of the United Kingdom;
 - “dollars” and “\$” refer to the currency of the United States; and
- “euro” and “€” refer to the currency of the member states of the European Union (“EU”) that have adopted the single currency in accordance with the treaty establishing the European Community, as amended.

INCORPORATION OF INFORMATION BY REFERENCE

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith, we file reports and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC on 1-800-SEC-0330 for further information about the Public Reference Room. The SEC’s website, at <http://www.sec.gov>, contains reports and other information in electronic form that we have filed. You may also request a copy of any filings referred to below (other than exhibits not specifically incorporated by reference) at no cost, by contacting us at RBS Gogarburn, P.O. Box 1000, Edinburgh EH12 1HQ, Scotland, telephone +44 131 626 0000.

The SEC allows us to incorporate by reference much of the information we file with them. This means:

- incorporated documents are considered part of this prospectus supplement;
- we can disclose important information to you by referring you to these documents; and
- information that we file with the SEC will automatically update and modify or supersede some of the information included or incorporated by reference into this prospectus supplement.

This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement or in any document previously incorporated by reference have been modified or superseded. The accompanying prospectus lists documents that are incorporated by reference into this prospectus supplement. We also incorporate by reference into this prospectus supplement and accompanying prospectus any future documents we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement until the offering contemplated in this prospectus supplement is completed. Reports on Form 6-K we may furnish to the SEC after the date of this prospectus supplement (or portions thereof) are incorporated by reference in this prospectus supplement only to the extent that the report expressly states that it (or such portions) is incorporated by reference in this prospectus supplement.

FORWARD-LOOKING STATEMENTS

From time to time, we may make statements, both written and oral, regarding our assumptions, projections, expectations, intentions or beliefs about future events. These statements constitute “forward-looking statements” for purposes of the Private Securities Litigation Reform Act of 1995. We caution that these statements may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by the forward-looking statements. You should read the sections entitled “Risk Factors” in this prospectus supplement, “Cautionary Statement on Forward-Looking Statements” in the accompanying prospectus and “Forward-Looking Statements” in our restated annual report for the year ended December 31, 2011 on Form 6-K filed with the SEC on August 10, 2012 (the “Restated 2011 Annual Report”) and our interim results for the half year ended June 30, 2012 on Form 6-K filed with the SEC on August 31, 2012, which are incorporated by reference herein.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, forward-looking events discussed in this prospectus supplement and the accompanying prospectus or any information incorporated by reference, might not occur.

SUMMARY

The following is a summary of this prospectus supplement and should be read as an introduction to, and in conjunction with, the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein, as a whole. Words and expressions defined in “Description of the Senior Notes” below shall have the same meanings in this summary.

General

Issuer	The Royal Bank of Scotland Group plc
Senior Notes	\$2,000,000,000 aggregate principal amount of 2.550% Senior Notes due September 18, 2015.
Issue Date	September 18, 2012.
Maturity	We will pay the Senior Notes at 100% of their principal amount plus accrued interest on September 18, 2015.
Interest Rate	The Senior Notes will bear interest at a rate of 2.550% per annum.
Interest Payment Dates	Every March 18 and September 18, commencing on March 18, 2013.
Regular Record Dates	March 1 and September 1 of each year immediately preceding the Interest Payment Dates on March 18 and September 18, respectively.
Ranking	The Senior Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.
Tax Redemption	In the event of tax law changes that require us to pay additional amounts and other limited circumstances as described under “Description of the Senior Notes—Tax Redemption” in this prospectus supplement and “Description of Debt Securities—Redemption” in the accompanying prospectus we may redeem all, but not less than all, of the Senior Notes prior to maturity at 100% of their principal amount plus accrued and unpaid interest.
Book-Entry Issuance, Settlement and Clearance	We will issue the Senior Notes in fully registered form in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The Senior Notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the Senior Notes through DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg, and DTC and its direct and indirect

participants will record your beneficial interest on their books. We will not issue certificated notes except as described in the accompanying prospectus. Settlement of the Senior Notes will occur through DTC in same day funds. For information on DTC's book-entry system, see "Description of Debt Securities—Form of Debt Securities; Book-Entry System" in the accompanying prospectus.

Conflicts of Interest

RBS Securities Inc. ("RBSSI"), an affiliate of RBSG, is a Financial Industry Regulatory Authority ("FINRA") member and an Underwriter in this offering and has a "conflict of interest" within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. RBSSI is not permitted to sell Senior Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

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ISIN	US780099CC94.
Listing and Trading	We intend to apply to list the Senior Notes on the New York Stock Exchange in accordance with its rules.
Trustee and Principal Paying Agent	The Bank of New York Mellon, One Canada Square, London E14 5AL, United Kingdom, will act as the trustee and initial principal paying agent for the Senior Notes.
Timing and Delivery	We currently expect delivery of the Senior Notes to occur on September 18, 2012.
Use of Proceeds	We intend to use the net proceeds of the offering for general corporate purposes, including managing the refinancing of forthcoming maturities of term debt issued by the Group.
Governing Law	The senior debt securities indenture and the Senior Notes are governed by, and construed in accordance with, the laws of the State of New York.

RISK FACTORS

Prospective investors should consider carefully the risk factors incorporated by reference into this Prospectus Supplement and as set out below as well as the other information set out elsewhere in this Prospectus Supplement (including any other documents incorporated by reference herein) and reach their own views prior to making any investment decision with respect to the Senior Notes.

Set out below and incorporated by reference herein are certain risk factors which could have a material adverse effect on the business, operations, financial condition or prospects of RBSG and cause RBSG's future results to be materially different from expected results. RBSG's results could also be affected by competition and other factors. These factors should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties RBSG faces. RBSG has described only those risks relating to its operations that it considers to be material. There may be additional risks that RBSG currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. All of these factors are contingencies which may or may not occur and RBSG is not in a position to express a view on the likelihood of any such contingency occurring. Investors should note that they bear RBSG's solvency risk. Each of the risks highlighted could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Senior Notes. In addition, each of the highlighted risks could adversely affect the trading price of the Senior Notes or the rights of investors under the Senior Notes and, as a result, investors could lose some or all of their investment. You should consult your own financial, tax and legal advisers regarding the risks of an investment in the Senior Notes.

Risks relating to RBSG

For a description of risks associated with RBSG, see the section entitled "Risk Factors" in our Restated 2011 Annual Report, which is incorporated by reference herein.

Risks relating to the Senior Notes

The credit risk of RBSG, its credit ratings, and its credit spreads may adversely affect the value of the Senior Notes prior to maturity and its ability to pay all amounts due on the Senior Notes.

The Senior Notes are our senior unsecured debt securities. As a result, your receipt of all payments of interest and principal on the Senior Notes is dependent on our ability to repay our obligations on the applicable payment date. No assurance can be given as to what our financial condition will be at any time during the term or on the maturity date of the Senior Notes. Consequently, all payments on the Senior Notes will be subject to the credit risk of RBSG and not that of any of our subsidiaries, including RBS plc. Any actual or anticipated decline in RBSG's credit ratings, changes in the market's view of its creditworthiness or any increase in its credit spreads charged by the market for taking credit risk are likely to adversely affect the value of the Senior Notes prior to maturity.

Our credit ratings are an assessment, by each rating agency, of our ability to pay our obligations, including those under the Senior Notes. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating organization in their sole discretion. An improvement in our credit ratings will not necessarily increase the value of the Senior Notes and will not reduce market risk and other investment risks related to the Senior Notes. Credit ratings (i) do not reflect the risk that interest rates may rise, which may affect the values of the Senior Notes, which accrue interest at a fixed rate, (ii) do not address the price, if any, at which the Senior Notes may be resold prior to maturity (which may be substantially less than the original offering price of the Senior Notes), and (iii) are not recommendations to buy, sell or hold the Senior Notes.

The Senior Notes are effectively subordinated to our secured indebtedness and are structurally subordinated to all liabilities of our subsidiaries.

The Senior Notes are unsecured and will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing such indebtedness. The indenture does not restrict our ability to incur additional secured indebtedness in the future. By reason of such subordination, in the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, our assets will be available to pay the amounts due on the Senior Notes only after all our then existing secured indebtedness has been paid in full.

S-3

We are a holding company and our subsidiaries, including RBS plc, have no obligations under the Senior Notes. Any payments to us from our subsidiaries would depend on the earnings and financial condition of our subsidiaries and various business considerations. Statutory, contractual or other restrictions may also limit our subsidiaries' ability to pay dividends or make distributions, loans or advances to us. For these reasons, we may not have access to any assets or cash flows of our subsidiaries to make payments on our Senior Notes. Further, none of our subsidiaries has guaranteed or otherwise become obligated with respect to the Senior Notes and, as a result, the Senior Notes are structurally subordinated to all liabilities of our subsidiaries, including trade payables and depositor and policyholder liabilities. Our right to receive assets from any subsidiary of ours upon its insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, and the right of a Senior Note holder to participate in those assets, is structurally subordinated to claims of that subsidiary's creditors. Even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by us. As a result, we may not have sufficient assets to pay amounts due on any or all of the Senior Notes then outstanding.

An active trading market may not develop for the Senior Notes.

There is no existing trading market for the Senior Notes. We intend to apply for listing of the Senior Notes on the New York Stock Exchange. There is, however, no assurance that the Senior Notes will be accepted for listing or remain listed on the New York Stock Exchange and, if listed, that an active trading market will develop or, if developed, that it will continue. We have been advised by the Underwriters that the Underwriters intend to make a market in the Senior Notes, but they are not obligated to do so and may discontinue market-making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Senior Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Senior Notes may be adversely affected. In that case, holders of the Senior Notes may not be able to sell Senior Notes at a particular time or may not be able to sell Senior Notes at a favorable price. The liquidity of any market for the Senior Notes will depend on a number of factors including:

- the number of holders of the Senior Notes;
- our ratings published by major credit rating agencies;
 - our financial performance;
 - the market for similar securities;
- the interest of securities dealers in making a market in the Senior Notes; and
 - prevailing interest rates.

Investors should be aware that the materialization of any of the above risks may adversely affect the value of the Senior Notes.

RECENT DEVELOPMENTS

Please refer to the section entitled "Recent Developments" in our Restated 2011 Annual Report income Note 16 ("Litigation, investigations and reviews") of our report on Form 6-K dated August 31, 2012 that contains recent developments relating to the Group's ongoing litigation, investigation and reviews, as well as our report on Form 6-K dated September 10, 2012 relating to the implementation of the Dutch Scheme, which are incorporated by reference herein.

On September 5, 2012, RBS plc launched cash tenders on certain U.S. dollar, Euro and Sterling denominated senior unsecured securities issued by RBS plc in order to manage its wholesale funding level and future interest expense with reference to the overall reduction in its balance sheet, while maintaining a prudent approach to liquidity. The results of the offers are expected to be announced on or around September 17, 2012.

S-4

USE OF PROCEEDS

The net proceeds from the sale of the Senior Notes, less the underwriting compensation stated on the cover of this prospectus supplement and expenses payable by us estimated at \$120,000, are estimated to be \$1,992,740,000. These proceeds will be used for general corporate purposes, including managing the refinancing of forthcoming maturities of term debt issued by the Group. We have raised capital in various markets from time to time and we expect to continue to raise capital in appropriate markets as and when required.

CAPITALIZATION OF THE GROUP

The following table shows the Group's issued and fully paid share capital, owners' equity and indebtedness on an unaudited consolidated basis in accordance with International Financial Reporting Standards as at June 30, 2012.

	As at June 30, 2012 £ million	As Adjusted for Issuance of Senior Notes (1) £ million
Share capital – allotted, called up and fully paid		
Ordinary shares of 100p	6,017	6,017
B shares of £0.01	510	510
Dividend access share of £0.01		
Non-cumulative preference shares of US\$0.01	1	1
Non-cumulative preference shares of €0.01		
Non-cumulative preference shares of £1.00	6,528	6,528
Retained income and other reserves	67,488	67,488
Owners' equity	74,016	74,016
Group indebtedness		
Subordinated liabilities	25,596	25,596
Debt securities in issue	119,855	121,129
Total indebtedness	145,451	146,725
Total capitalization and indebtedness	219,467	220,741

(1) The 'As adjusted' column reflects the effects of the offering converted from dollars to sterling at a rate of \$1.5693 = £1.0, the rate used to translate assets and liabilities as at June 30, 2012. We make no representation that amounts have been or could have been or could in the future be converted into dollars at that rate or any other rate.

Under IFRS, certain preference shares are classified as debt and are included in subordinated liabilities in the table above.

Since June 30, 2012, issuances of debt securities (excluding the issuance of the Senior Notes) totaled £0.6 billion (gross). Buybacks and maturities were £3.6 billion since June 30, 2012, thereby exceeding issuance by £3.0 billion.

On September 5, 2012, RBS plc launched cash tenders on certain U.S. dollar, Euro and Sterling denominated senior unsecured securities issued by RBS plc in order to manage its wholesale funding level and future interest expense with reference to the overall reduction in its balance sheet, while maintaining a prudent approach to liquidity. The results

of the offers are expected to be announced on or around September 17, 2012.

Other than as disclosed above, the information contained in the table above has not changed materially since June 30, 2012.

S-5

RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,					
	Six months Ended June 30, 2012(3)	2011	2010	2009(4)	2008(4)	2007
Ratio of earnings to combined fixed charges and preference share dividends(1)(2)						
-including interest on deposits	0.91	0.91	0.94	0.75	0.05	1.45
-excluding interest on deposits	0.60	0.25	0.38			5.73
Ratio of earnings to fixed charges only(1)(2)						
-including interest on deposits	0.95	0.91	0.95	0.80	0.05	1.47
-excluding interest on deposits	0.72	0.25	0.44			6.53

(1) For this purpose, earnings consist of income before tax and non-controlling interests, plus fixed charges less the unremitted income of associated undertakings (share of profits less dividends received). Fixed charges consist of total interest expense, including or excluding interest on deposits and debt securities in issue, as appropriate, and the proportion of rental expense deemed representative of the interest factor (one third of total rental expenses).

(2) The earnings for the six months ended June 30, 2012 and for the years ended December 31, 2011, 2010, 2009 and 2008, were inadequate to cover total fixed charges and preference share dividends. The coverage deficiency for total fixed charges and preference share dividends for the six months ended June 30, 2012 was £177 million and for the years ended December 31, 2011, 2010, 2009 and 2008 were £766 million, £523 million, £3,582 million and £26,287 million, respectively. The coverage deficiency for fixed charges only for the six months ended June 30, 2012 was £101 million and for the years ended December 31, 2011, 2010, 2009 and 2008 were £766 million, £399 million, £2,647 million and £25,691 million, respectively.

(3) Based on unaudited numbers.

(4) Negative ratios have been excluded.

DESCRIPTION OF THE SENIOR NOTES

The following is a summary of certain terms of the Senior Notes. It supplements the description of the general terms of the debt securities of any series we may issue contained in the accompanying prospectus under the heading “Description of Debt Securities.” If there is any inconsistency between the following summary and the description in the accompanying prospectus, the following summary governs.

The Senior Notes will be issued in an aggregate principal amount of \$2,000,000,000 and will mature on September 18, 2015. From and including the date of issuance, interest will accrue on the Senior Notes at a rate of 2.550% per annum. Interest will accrue from September 18, 2012. Interest will be payable semi-annually in arrears on March 18 and September 18 of each year, commencing on March 18, 2013. The regular record dates for the Senior Notes will be the March 1 and September 1 of each year immediately preceding the interest payment dates on March 18 and September 18, respectively.

If any scheduled interest payment date is not a business day, we will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date or date of redemption (in the circumstances described in “—Tax Redemption” below) or repayment is not a business day, we may pay interest and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment.

A “business day” means any day, other than Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or in the City of London.

The Senior Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

Tax Redemption

We may redeem the Senior Notes in whole but not in part upon not less than five business days nor more than sixty calendar days’ notice to the holders of Senior Notes in the event of certain changes in the tax laws of the United Kingdom and certain other limited circumstances. In the event of such a redemption, the redemption price of the Senior Notes will be 100% of their principal amount together with any accrued but unpaid payments of interest to the date of redemption.

If we elect to redeem the Senior Notes, they will cease to accrue interest from the redemption date, unless we fail to pay the redemption price on the payment date. The circumstances in which we may redeem the Senior Notes and the applicable procedures are described further in the accompanying prospectus under “Description of Debt Securities—Redemption.”

General

The Senior Notes will constitute a separate series of senior debt securities issued under an indenture between us and The Bank of New York Mellon as trustee. Book-entry interests in the Senior Notes will be issued in minimum denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof. Interest on the Senior Notes will be computed on the basis of a 360-day year of twelve 30-day months.

The principal corporate trust office of the trustee in London, United Kingdom, is designated as the principal paying agent. We may at any time designate additional paying agents or rescind the designation of paying agents or approve a change in the office through which any paying agent acts.

We will issue the Senior Notes in fully registered form. The Senior Notes will be represented by global securities in the name of a nominee of The Depository Trust Company (the “DTC”). You will hold beneficial interest in the Senior Notes through the DTC and its participants. The Underwriters expect to deliver the Senior Notes through the facilities of the DTC on September 18, 2012. For a more detailed summary of the form of the Senior Notes and settlement and clearance arrangements, you should read “Description of Debt Securities—Form of Debt Securities; Book-Entry System” in the accompanying prospectus. Indirect holders trading their beneficial interests in the Senior Notes through the DTC must trade in the DTC’s same-day funds settlement system and pay in immediately available funds. Secondary market trading will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg.

Definitive debt securities will only be issued in limited circumstances described under “Description of Debt Securities—Form of Debt Securities; Book-Entry System” in the accompanying prospectus.

Payment of principal of and interest on the Senior Notes, so long as the Senior Notes are represented by global securities, will be made in immediately available funds. Beneficial interests in the global securities will trade in the same-day funds settlement system of the DTC, and secondary market trading activity in such interests will therefore settle in same-day funds.

We may, without the consent of the holders of the Senior Notes, issue additional notes having the same ranking and same interest rate, maturity date, redemption terms and other terms as the Senior Notes described in this prospectus supplement except for the price to the public and issue date, provided however that if such additional notes have the same CUSIP, ISIN and/or Common Code as the outstanding Senior Notes, such additional notes must be fungible with the Senior Notes for U.S. federal income tax purposes. Any such additional notes, together with the Senior Notes offered by this prospectus supplement, may constitute a single series of securities under the amended and restated indenture relating to senior debt securities issued by us, dated as of September 13, 2011, between us and The Bank of New York Mellon. There is no limitation on the amount of notes or other debt securities that we may issue under such indenture.

Payment of Additional Amounts

The government of the United Kingdom may require us to withhold or deduct amounts from payments of principal or interest on the Senior Notes, for taxes or other governmental charges. If such a withholding or deduction is required, we may be required, subject to certain exceptions, to pay additional amounts such that the net amount paid to holders of the Senior Notes, after such deduction or withholding, equals the amount that would have been payable had no such withholding or deduction been required. For more information on additional amounts and the situations in which we must pay additional amounts, see “Description of Debt Securities—Additional Amounts” in the accompanying prospectus.

Waiver of Right to Set-Off

By accepting a Senior Note, each holder will be deemed to have waived any right of set-off, counterclaim or combination of accounts with respect to such Senior Note or the indenture (or between our obligations under or in respect of any Senior Note and any liability owed by a holder) that they might otherwise have against us, whether before or during our winding up.

Discharge

We can legally release ourselves from any payment or other obligations on the Senior Notes, except for various obligations described below, if the Senior Notes have become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year and we deposit in trust for your benefit and the benefit of all other direct holders of the Senior Notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Senior Notes on their various due dates. In addition, on the date of such deposit, we must not be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described under “Description of Debt Securities—Events of Default and Defaults; Limitation of Remedies—Senior Debt Security Event of Default” in the accompanying prospectus. A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

However, even if we take these actions, a number of our obligations under the senior debt indenture will remain.

Listing

We intend to apply for the listing of the Senior Notes on the New York Stock Exchange in accordance with its rules.

S-8

U.K. AND U.S. FEDERAL TAX CONSEQUENCES

The following is a summary of material U.K. and U.S. federal income tax consequences of the ownership and disposition of the Senior Notes by a “U.S. holder” described below, that is not connected with us for relevant tax purposes, that holds the Senior Notes as capital assets and that purchases the Senior Notes in their initial offering at their “issue price,” which will be equal to the first price at which a substantial amount of the Senior Notes is sold for money to the public (not including bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). For purposes of this discussion, a “U.S. holder” is a beneficial owner of a Senior Note that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or the District of Columbia, or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

This discussion does not describe all of the tax consequences that may be relevant to U.S. holders in light of their particular circumstances or to holders subject to special rules, such as:

- holders who are resident (or in the case of an individual, ordinarily resident) in the United Kingdom for U.K. tax purposes;
 - certain financial institutions;
 - insurance companies;
 - dealers in securities or foreign currencies;
- persons holding Senior Notes as part of a hedge or other integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
 - persons subject to the alternative minimum tax; or
- persons carrying on a trade or business in the United Kingdom through a permanent establishment in the United Kingdom or carrying on a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom.

If a partnership holds a Senior Note, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partnership or partner of a partnership holding a Senior Note should consult its tax advisor.

The statements regarding U.K. and U.S. tax laws and practices set out below, including those regarding the U.K./U.S. double taxation convention relating to income and capital gains (the “Treaty”), are based on those laws, practices and conventions as in force and as applied in practice on the date of this prospectus supplement. They are subject to changes in those laws, practices and conventions, and any relevant judicial decision, after the date of this prospectus supplement. This summary is not exhaustive of all possible tax considerations that may be relevant in the particular circumstances of each U.S. holder. You should satisfy yourself as to the tax consequences in your own particular circumstances of the acquisition, ownership and disposition of the Senior Notes.

United Kingdom

Payments. Interest that we pay on the Senior Notes will not be subject to withholding or deduction for U.K. income tax purposes, provided that the Senior Notes are and remain listed on the New York Stock Exchange or some other “recognised stock exchange” within the meaning of Section 1005 of the Income Tax Act 2007 (the “Act”).

In all other cases, U.K. income tax will generally be withheld at the basic rate (currently 20%), unless HM Revenue & Customs (“HMRC”) has issued a direction to the contrary, granting relief to you pursuant to the provisions of the Treaty, or unless certain other exceptions relating to the status of the holder apply. Certain U.S.

S-9

holders will be entitled to receive payments free of withholding of U.K. income tax under the Treaty and will under current HMRC administrative procedures be able to make a claim for the issuance of such a direction by HMRC. However, such directions will be issued only on prior application to the relevant tax authorities by the holder in question. If such a direction is not given, we will be required to withhold tax, although a U.S. holder entitled to relief under the Treaty may subsequently claim the amount withheld from HMRC.

Payments of interest on the Senior Notes have a U.K. source and may be chargeable to U.K. tax by direct assessment. Where the payments are made without withholding or deduction, the payments will not be assessed to U.K. tax if you are not resident in the United Kingdom, except if you carry on a trade, profession or vocation in the United Kingdom through a U.K. branch or agency, or in the case of a corporate U.S. holder, if you carry on a trade in the U.K. through a permanent establishment in the U.K. in connection with which the payments are received or to which the Senior Notes are attributable, in which case (subject to exemptions for payments received by certain categories of agent) tax may be levied on the U.K. branch or agency or permanent establishment.

Any person in the U.K. paying interest to, or receiving interest on behalf of, another person who is an individual, may be required to provide information in relation to the payment and the individual concerned to HMRC. HMRC may communicate this information to the tax authorities of other jurisdictions.

Disposal (including Redemption). Subject to the provisions set out in the next paragraph in relation to temporary non-residents, a U.S. holder will not, upon disposal (including redemption) of a Senior Note, be liable for U.K. taxation on gains realized, unless at the time of the disposal the U.S. holder carries on a trade, profession or vocation in the U.K. through a branch or agency in the U.K. or, in the case of a corporate U.S. holder, if the U.S. holder carries on a trade in the U.K. through a permanent establishment in the U.K. and the Senior Note was used in or for the purposes of the trade, profession or vocation or acquired for use and used by or held for the purposes of that branch or agency or permanent establishment.

A U.S. holder who is an individual and who has ceased to be resident or ordinarily resident for tax purposes in the U.K. for a period of less than five years of assessment and who disposes of a Senior Note during that period may be liable to U.K. tax on chargeable gains arising during the period of absence in respect of the disposal (including redemption), subject to any available exemption or relief.

A U.S. holder who is an individual or other non-corporation taxpayer will not, upon transfer or redemption of a Senior Note, recognize any U.K. income tax charge on accrued but unpaid payments of interest, unless the U.S. holder at any time in the relevant year of assessment or accounting period carried on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Senior Note is attributable.

Annual Tax Charges. Corporate U.S. holders who do not carry on a trade, profession or vocation in the United Kingdom through a permanent establishment in the U.K. to which the Senior Notes are attributable will not be liable to U.K. tax charges or relief by reference to fluctuations in exchange rates or in respect of profits, gains and losses arising from the Senior Notes.

Stamp Duty and Stamp Duty Reserve Tax. No U.K. stamp duty or stamp duty reserve tax will be payable on the issue, transfer or redemption of the Senior Notes.

European Union Directive on taxation of savings income. The Council of the European Union has adopted a directive regarding the taxation of savings income. The Directive requires Member States of the European Union to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident, or certain other persons established, in another Member State, except that Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such

payments unless during such period they elect otherwise.

United States

Interest on a Senior Note (including any U.K. tax withheld) will be includable in income by a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes. Interest income from the Senior Notes (including any U.K. tax withheld) will constitute foreign source income, which may be relevant to a U.S. holder in calculating the U.S. holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income.

S-10

A U.S. holder will, upon sale, exchange or redemption of a Senior Note, generally recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized (not including amounts attributable to accrued interest, which will be treated as ordinary interest income) and the U.S. holder's tax basis in the Senior Note. Any gain or loss will generally be U.S. source capital gain or loss and will be treated as long-term capital gain or loss if the Senior Note has been held for more than one year at the time of disposition. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting. Information returns may be filed with the Internal Revenue Service in connection with payments on the Senior Notes and the proceeds from a sale or other disposition of the Senior Notes. A U.S. holder may be subject to United States backup withholding at a current rate of 28% on these payments if the U.S. holder fails to provide its taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's United States federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Under the reporting rules applicable to "specified foreign financial assets," U.S. individuals (and under proposed Treasury regulations, certain U.S. entities) who own interests in Senior Notes through accounts maintained by foreign financial institutions may be required to report information relating to such foreign accounts (or, in certain limited circumstances if the Senior Notes are held by such U.S. persons directly, the ownership of the Senior Notes themselves may be required to be reported), in each case subject to certain exceptions. U.S. holders should consult their tax advisers regarding the application of these rules in their particular circumstances.

UNDERWRITING/CONFLICTS OF INTEREST

We and the underwriters for the offering named below (the “Underwriters”) have entered into an underwriting agreement and a pricing agreement with respect to the Senior Notes. Subject to certain conditions, we have agreed to sell to the Underwriters and each Underwriter has severally agreed to purchase the respective principal amounts of the Senior Notes indicated opposite such Underwriter’s name in the following table.

Underwriters	Principal Amount of Senior Notes
RBS Securities Inc.	\$ 1,180,000,000
Citigroup Global Markets Inc.	\$ 250,000,000
Wells Fargo Securities, LLC	\$ 250,000,000
BMO Capital Markets Corp.	\$ 40,000,000
BNY Mellon Capital Markets, LLC	\$ 40,000,000
CIBC World Markets Corp.	\$ 40,000,000
HSBC Securities (USA) Inc.	\$ 40,000,000
nabSecurities, LLC	\$ 40,000,000
RBC Capital Markets, LLC	\$ 40,000,000
TD Securities (USA) LLC	\$ 40,000,000
UBS Securities LLC	\$ 40,000,000
Total	\$ 2,000,000,000

The underwriting agreement and the pricing agreement provide that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters have undertaken to purchase all the Senior Notes offered by this prospectus supplement if any of these Senior Notes are purchased.

Senior Notes sold by the Underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. If all the Senior Notes are not sold at the initial public offering price, the Underwriters may change the offering price and the other selling terms.

We intend to apply for the listing of the Senior Notes on the New York Stock Exchange. The Senior Notes are a new issue of securities with no established trading market. We have been advised by the Underwriters that the Underwriters intend to make a market in the Senior Notes, but they are not obligated to do so and may discontinue market-making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Senior Notes.

The Senior Notes will settle through the facilities of the DTC and its participants (including Euroclear and Clearstream Banking). The CUSIP number for the Senior Notes is 780099CC9 and the ISIN is US780099CC94.

Certain of the Underwriters may not be U.S. registered broker-dealers and accordingly will not effect any sales within the United States except in compliance with applicable U.S. laws and regulations, including the rules of FINRA.

We estimate that our total expenses for the offering, excluding underwriting commissions will be approximately \$120,000.

We have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

It is expected that delivery of the Senior Notes will be made against payment on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the fifth business day following the date of pricing of the Senior Notes (such settlement cycle being referred to as “T+5”). Trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Senior Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Senior Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Senior Notes who wish to trade Senior Notes on the date of pricing or the next business day should consult their own advisors.

Conflicts of Interest

RBSSI, an affiliate of RBSG, is a FINRA member and an Underwriter in this offering, has a “conflict of interest” within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. RBSSI is not permitted to sell Senior Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Certain of the Underwriters and their affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The Underwriters may from time to time engage in transactions with and perform services for us in the ordinary course of business.

In connection with the offering, the Underwriters are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to the offering.

Stabilization Transactions and Short Sales

In connection with the offering, the Underwriters may purchase and sell Senior Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater aggregate principal amount of Senior Notes than they are required to purchase from us in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Senior Notes while the offering is in progress, or, for a limited time after the issue date, over-allotment of the Senior Notes or transactions with a view to supporting the market price of the Senior Notes at a level higher than that which might otherwise prevail.

The Underwriters may also impose a penalty bid. This occurs when a particular Underwriter repays to the Underwriters a portion of the underwriting discount received by it because the Underwriters have repurchased Senior Notes sold by or for the account of such Underwriter in stabilizing or short-covering transactions.

These activities by the Underwriters may stabilize, maintain or otherwise affect the market price of the Senior Notes. As a result, the price of the Senior Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time and stabilizing transactions must be brought to an end after a limited period. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

Selling Restrictions

United Kingdom

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the U.K. Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the

Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

S-13

European Economic Area

This prospectus supplement has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of the Senior Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Senior Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Senior Notes which are the subject of an offering contemplated in this prospectus supplement may only do so (i) in circumstances in which no obligation arises for us or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by a prospectus supplement which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or prospectus supplement, as applicable, and we have consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither we nor any Underwriter have authorized, nor authorize, the making of any offer of Senior Notes in circumstances in which an obligation arises for us or any Underwriter to publish or supplement a prospectus for such offer.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Underwriter has severally represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Senior Notes which are subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Underwriters for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, the expression “an offer of the Senior Notes to the public” in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Our U.S. counsel, Davis Polk & Wardwell London LLP, and U.S. counsel for the Underwriters, Shearman & Sterling (London) LLP, will pass upon certain United States legal matters relating to the Senior Notes. Our Scottish solicitors, Dundas & Wilson C.S. LLP, will pass upon certain matters of Scots law relating to the issue and sale of the Senior Notes. Our English solicitors, Linklaters LLP, will pass upon certain matters of English law relating to the issue and sale of the Senior Notes.