

Floating Rate Bond



The Floating Rate Bond (the 'Bond') offers you a fixed quarterly income payment equivalent to 3.9% of the Issue Price (gross) per year, or an income payment equal to 3 month London Interbank Offered Rate ('3 month GBP LIBOR'), whichever is higher. This means that if 3 month GBP Libor rises above 3.9% per year, you won't miss out by having an investment that only pays a fixed return. You will also receive back the Issue Price on the Maturity Date (subject to the risks described on pages 2 and 4). The Bond is listed on the London Stock Exchange, which means you can buy or sell the Bond through your stockbroker at any time during the trading day, just like a share.

Product Information

Classification	Listed Bond
Issuer	The Royal Bank of Scotland plc ('RBS')
Issue Date	1 November 2010
Quarterly Observation Dates	1 November, February, May, August every year (or the next business day when not a business day).
Quarterly Income Payment Dates	1 November, February, May, August every year (or the next business day when this is not a business day). Paid on the first Quarterly Income Date after the Quarterly Observation Date
Quarterly Income Payment	3.9% of the Issue Price (gross) per year, or 3 month GBP LIBOR, whichever is higher (paid quarterly in arrears)
Maturity Date	1 November 2022
Issue price	£100 per unit
Minimum Trade Size	One unit
Currency	Pounds Sterling
Pricing information	Daily, real time
Exchange	London Stock Exchange
TIDM code	RBLI
ISIN code	GB00B4RM3T66
Sedol Code	B4RM3T6

Speak to us

If you would like to learn more about RBS Listed Products, our team can help you. Simply log on to [rbs.co.uk/markets](https://www.rbs.co.uk/markets) or call **0800 121 6286**

Key features

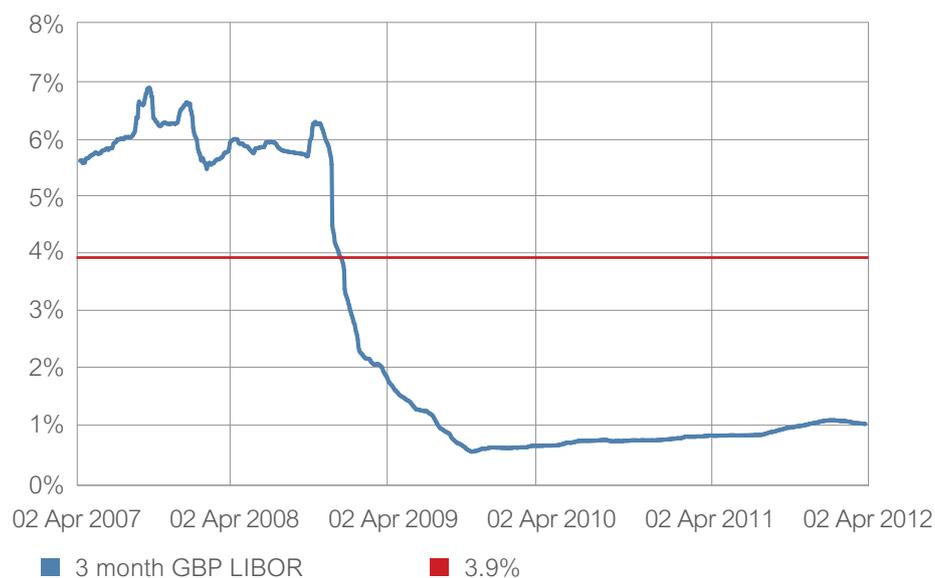
- Minimum Quarterly Income Payment equivalent to 3.9% of the Issue Price (gross) per year.
- If 3 month GBP LIBOR is higher than 3.9% on the Quarterly Observation Date, your Quarterly Income Payment on the next Quarterly Income Payment Date will be equal to 3 month GBP LIBOR.
- The Issue Price will be returned at maturity, subject to the risks described below and on page 3.
- Flexibility to buy or sell at any time during trading hours, without redemption fees, under normal market conditions.
- Daily pricing at rbs.co.uk/markets, the London Stock Exchange or through your stockbroker, under normal market conditions.
- A 1.0% bid/ask spread under normal market conditions.

Key risks

- In the unlikely event that The Royal Bank of Scotland plc ('RBS') were to default or go bankrupt, you would not be entitled to compensation from the Financial Services Compensation Scheme ('FSCS') solely on the grounds of such default or bankruptcy. If this happens you could lose some or all of your investment.
- The market price of the Bond will rise and fall during its life and, if you sell before maturity, you may get back less than the Issue Price.

Additional risks and considerations which you should take into account before deciding whether to invest in the Bond are summarised on page 4.

3 month GBP LIBOR levels since April 2007



What is 3 month GBP LIBOR?

The 3 month London Interbank Offered Rate (3 month GBP LIBOR) is the average interest rate at which banks can borrow from one another in Sterling over a 3 month period. A rate is published at 11am each day. It is not the same as the Bank of England's base rate. For more information, please visit the British Bankers Association website www.bbalibor.com

Source: Bloomberg, 2 April 2012.

Please note: past performance should not be used as an indicator of future performance.

Calculating your Quarterly Income Payment

Income is paid quarterly. On each Quarterly Observation Date, RBS observes the published level of 3 month GBP LIBOR (which is stated as an annual rate).

If, on the Quarterly Observation Date, the published 3 month GBP LIBOR is above 3.9%, you will receive, on the next Quarterly Income Payment Date, a Quarterly Income Payment equivalent to the observed annual level of 3 month GBP LIBOR.

If, on the Quarterly Observation Date, the published 3 month GBP LIBOR is less than or equal to 3.9%, you will receive, on the next Quarterly Income Payment Date, a Quarterly Income Payment equivalent to 3.9% of the Issue Price (gross) per year.

The Floating Rate Bond can be purchased in units, each with an original Issue Price of £100. The Quarterly Income Payment is based on buying the Bond at the original Issue Price of £100 per unit. This means that, for each unit of Bond you hold, you will receive a Quarterly Income Payment calculated using the Issue Price.

The price of the Bond may rise or fall during the investment term. If the Bond is bought at a price greater than £100 per unit, the fixed income payment will be less than 3.9% (gross) of the amount you

invest. Equally, if you buy the Bond for less than £100 per unit, the fixed income payment will be more than 3.9% (gross) of the amount you invest. The same applies to any income payment equal to 3 month GBP LIBOR

To receive a Quarterly Income Payment on a Quarterly Income Payment Date, you must have purchased the Bond at least four business days prior to the Quarterly Income Payment Date and continued to hold the Bond on the Quarterly Income Payment Date. You will not receive any Quarterly Income Payment for any Quarterly Income Payment Date which has already passed when you purchase the Bond.

Return of the Issue Price on the Maturity Date

All of the stated returns are based on the Issue Price of £100. This means that, regardless of how much you paid for the Bond, on the Maturity Date you will receive £100 for each unit of the Bond you hold, subject to the risks described above and on page 4. For example, if you purchase the Bond after the Issue Date for £105, on the Maturity Date you would receive the final annual income payment plus the Issue Price of £100 per Bond held.

Eligibility

The Bond can be held as a direct investment or in a Self Invested Personal Pension ('SIPP') or Small Self Administered Scheme ('SSAS') pension wrapper, or in the stocks and shares component of an Individual Savings Account ('ISA'), provided the remaining life of the Bond is greater than five years at the time of purchase.

Illustration of returns

The table below shows how much you would receive on the Quarterly Income Payment Dates for different levels of 3 month GBP Libor. The example is based on a £10,000 investment made at the Issue Price of £100 per unit.

Quarterly Observation Date	3 month GBP LIBOR on the Quarterly Observation Date	Quarterly Income Payment (higher of 3.9% or 3 month GBP LIBOR)	Quarterly Income Payment Date	Quarterly Income Payment
November	4.75%	4.75%	February	£118.75
February	4.10%	4.10%	May	£102.50
May	3.80%	3.90%	August	£97.50
August	2.50%	3.90%	November	£97.50

Further risks and considerations

In addition to the key risks summarised on page 2 above, you should consider the following before deciding whether to invest in the Bond.

The Floating Rate Bond will return 100% of the Issue Price at maturity only. If the Floating Rate Bond is sold prior to the Maturity Date, you will not benefit from this feature and you may receive an amount less than the £100 Issue Price.

If any return you receive does not keep up with inflation, the purchasing power of your investment will be reduced.

Subject to technical problems, RBS will endeavour to offer a secondary market in line with London Stock Exchange rules and market making obligations. RBS may be the only market maker in the Floating Rate Bond which may affect liquidity.

Your investment is different from having a bank deposit with RBS in that, if RBS fails to pay you what it owes you, your investment will not be covered by the UK Financial Services Compensation Scheme.

Tax treatment depends on individual circumstances, current law & practice and may be subject to change in the future. This statement is not intended to be, nor should it be regarded as legal or tax advice and you should consult your tax adviser to obtain tax treatment in relation to this product, particularly if you may be subject to tax in other jurisdictions.

A prospectus has been prepared and made available to the public. You should not invest in this product except on the basis of the information contained in the prospectus. You may obtain copies of the prospectus on the RBS website, the London Stock Exchange website and in hard copy from us.

Before you invest in this Bond, you must ensure that you fully understand the potential risks and return of this and/or any related transaction and determine it is appropriate for you given your objectives, experience, financial and operational resources and other relevant circumstances. If you have any doubts about this product, you should consult with a financial adviser.

How to trade

The Floating Rate Bond is listed on the London Stock Exchange and, in normal market conditions, can be traded like a share on any trading day through your stockbroker. The Bond has an indicative 1.0% bid/ask spread (i.e. the difference between the price at which you can buy and sell the Bond) under normal market conditions and the minimum trade size is one unit of £100.

Important terms

Maturity Date – this is the date on which the investment ends and the Bond returns the Issue Price to investors. In this case, 1 November 2022.

Quarterly Observation Dates – these are the dates on which RBS records the level of 3 month GBP LIBOR to determine the level of the Quarterly Income Payment.

Quarterly Income Payment Dates – these are the dates on which RBS will pay the Quarterly Income Payment to eligible holders of the Bond.

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