

FINAL TERMS

11 January 2011

The Royal Bank of Scotland plc

Issue of Series 4 Regulated €1,000,000,000 4.125 per cent. Covered Bonds due January 2018 irrevocably and unconditionally guaranteed as to payment of principal and interest by RBS Covered Bonds Limited Liability Partnership under the €15 billion Global Covered Bond Programme

The Programme has been registered and notice of these Covered Bonds will be made, under the Regulated Covered Bonds Regulations 2008 (SI 2008/346).

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (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 the Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of the Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer 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. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in any other circumstances.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the Prospectus dated 30 April 2010 (as supplemented by each supplemental Prospectus dated 28 May 2010, 10 June 2010, 27 August 2010 and 24 December 2010) which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus. Copies of the Prospectus are available free of charge to the public at the registered office of the Issuer and from the specified office of the Principal Paying Agent. In addition, copies of the Prospectus and each supplemental Prospectus are available on the website of the London Stock Exchange at www.londonstockexchange.com/en.gb/pricesnews/marketing.

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| 1. | (i) | Issuer: | The Royal Bank of Scotland plc |
| | (ii) | Guarantor: | RBS Covered Bonds Limited Liability Partnership |
| 2. | (i) | Series Number: | 4 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Eur/€/euro (EUR) |
| 4. | | Nominal Amount of Covered Bonds to be issued: | EUR 1,000,000,000 |

5. **Aggregate Nominal Amount of the Covered Bonds admitted to trading:**
- (i) **Series:** EUR 1,000,000,000 (**Aggregate Nominal Amount**)
- (ii) **Tranche:** 1,000,000,000
6. **Issue Price:** 100.00 per cent. of the Aggregate Nominal Amount
7. (i) **Specified Denominations:** €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Bearer Covered Bonds in definitive form will be issued with a denomination above €199,000
- (ii) **Calculation Amount:** EUR 1,000
8. (i) **Issue Date:** 13 January 2011
- (ii) **Interest Commencement Date:** Issue Date
9. (i) **Final Maturity Date:** 15 January 2018
- (ii) **Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:** Interest Payment Date falling in January 2019
10. **Interest Basis:** 4.125% per annum Fixed Rate payable annually in arrear from and including the Issue Date to and excluding the Final Maturity Date.
1 Month - EURIBOR + 1.25 per cent. Floating Rate payable monthly in arrear from and including the Final Maturity Date, to but excluding the Extended Due for Payment Date
(further particulars specified below)
11. **Redemption/Payment Basis:** Redemption at par
12. **Change of Interest Basis or Redemption/Payment Basis:** Applicable, see item 10 above
13. **Put/Call Options:** Not Applicable
14. (i) **Status of the Covered Bonds:** Senior
- (ii) **Status of the Guarantee:** Senior
15. **Listing:** London
16. **Method of distribution:** Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. Fixed Rate Covered Bond Provisions Applicable from and including the Interest Commencement Date, to but excluding the Final Maturity Date
- (i) Fixed Rate(s) of Interest: 4.125% per annum payable annually in arrear
 - (ii) Interest Payment Date(s): 15 January in each year up to and including the Final Maturity Date (provided however that after the Extension Determination Date, the Interest Payment Dates shall be monthly)
 - (iii) Business Day Convention: Following Business Day Convention (unadjusted)
 - (iv) Business Day(s): TARGET2 and London
 - (v) Fixed Coupon Amount(s): EUR 41.25 per EUR 1,000 Calculation Amount
(Applicable to Covered Bonds in definitive form)
 - (vi) Initial Broken Amount(s): Applicable in respect of the first Interest Period
(Applicable to Covered Bonds in definitive form)
 - (vii) Broken Amount: EUR41.48 per Calculation Amount payable on the Interest Payment Date falling on 15 January 2012
 - (viii) Day Count Fraction: Actual/Actual (ICMA)
 - (ix) Determination Date(s): 15 January in each year up to (but excluding) the Final Maturity Date
 - (x) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: Not Applicable
18. Floating Rate Covered Bond Provisions Applicable from and including the Final Maturity Date, to but excluding the Extended Due for Payment Date
- (i) Interest Period(s): The period from and including each Specified Interest Payment Date, to but excluding the following Specified Interest Payment Date provided that the first Interest Period shall be from and including the Final Maturity Date, to but excluding the next following Specified Interest Payment Date
 - (ii) Specified Interest Payment Date(s): The 15th day of each month from and including 15 February 2018 to and including the Extended Due for Payment Date
 - (iii) Business Day Convention: Modified Following Business Day Convention

(adjusted)

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| (iv) | Business Day(s): | TARGET2 and London |
| (v) | Manner in which the Rate of Interest and Interest Amount is to be determined: | Screen Rate Determination |
| (vi) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): | Not Applicable |
| (vii) | Screen Rate Determination: | |
| | – Reference Rate: | 1 month EURIBOR |
| | – Interest Determination Date(s): | Second day on which the TARGET2 System is open prior to the start of each Interest Period |
| | – Relevant Screen Page: | Reuters Page EURIBOR01 |
| (viii) | ISDA Determination: | Not Applicable |
| (ix) | Margin(s): | +1.25% per annum |
| (x) | Minimum Rate of Interest: | Not Applicable |
| (xi) | Maximum Rate of Interest: | Not Applicable |
| (xii) | Day Count Fraction: | Actual/360 |
| (xiii) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions: | Not applicable |
| 19. | Zero Coupon Covered Bond Provisions | Not applicable |
| 20. | Dual Currency Covered Bond Provision | Not applicable |
| 21. | Index Linked Interest Covered Bond/other variable-linked interest Covered Bond Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION BY THE ISSUER

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| 22. | Issuer Call: | Not Applicable |
| 23. | Investor Put Option: | Not Applicable |

24. Final Redemption Amount: EUR 1,000 per Calculation Amount
25. Early Redemption Amount payable on redemption for taxation reasons, on acceleration following an Issuer Event of Default or an LLP Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 6(f)) Condition 6(f) applies

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26. New Global Covered Bond: Yes
27. Form of Covered Bonds: Bearer Covered Bonds
Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds in definitive form only after an Exchange Event
28. Additional Financial Centre(s) or other special provisions relating to Payment Dates: TARGET2
29. Talons for future Coupons or Receipts to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature): No
30. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: Not Applicable
31. Details relating to Instalment Covered Bonds: Not Applicable
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
32. Redenomination: Not Applicable
33. Other terms or special conditions: Not Applicable

DISTRIBUTION

34. (i) If syndicated, names of Managers: **Joint Lead Managers**
ING Bank N.V., BNP PARIBAS, The Royal Bank of Scotland plc, UBS Limited, Landesbank Baden-

Württemberg

Co-Managers

Crédit Agricole Corporate and Investment Bank,
Deutsche Bank Aktiengesellschaft, Banca Akros
S.p.A. – Gruppo Bipiemme – Banca Popolare Di
Milano, Norddeutsche Landesbank Girozentrale, DZ
BANK AG Deutsche Zentral-Genossenschaftsbank,
Frankfurt am Main

- (ii) Stabilising Manager (if any): Not Applicable
35. If non-syndicated, name of relevant Dealer(s): Not Applicable
36. U.S. selling restrictions: Reg S Compliance Category, TEFRA D
37. Additional selling restrictions: (insert here any other relevant codes such as CUSIP and CINS codes) Not Applicable

LISTING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €15 billion Global Covered Bond Programme of The Royal Bank of Scotland plc on the regulated market of the London Stock Exchange.

RESPONSIBILITY

The Issuer and the LLP accept responsibility for the information contained in these Final Terms.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to Trading Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange and admission to the Official List of the UK Listing Authority with effect from 13 January 2011.
- (ii) Estimate of total expenses related to admission to trading: £2,750

2. RATINGS

- (i) Ratings: The Covered Bonds to be issued have been rated:

Moody's: Aaa
Fitch: AAA

Moody's and Fitch are established in the European Union and has applied for registration under Regulation EU No. 1060.2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the **CRA Regulation**) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer and the LLP are aware, no person involved in the issue of the Covered Bonds has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

Reasons for the offer: Not Applicable

5. YIELD (*Fixed Rate Covered Bonds only*)

Indication of yield: 4.125 per cent. per annum

The yield is calculated at the Issue Date on the basis

of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0577751141
- (ii) Common Code: 057775114
- (iii) Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Signed on behalf of the Issuer:

By

Duly authorised



Signed on behalf of the LLP:

By

Duly authorised

