

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
August 06, 2009

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

For the month of August 2009

Commission File Number: 001-10306

The Royal Bank of Scotland Group plc

RBS, Gogarburn, PO Box 1000  
Edinburgh EH12 1HQ

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-  
\_\_\_\_\_

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The following information was issued as Company announcements, in London, England and is furnished pursuant to General Instruction B to the General Instructions to Form 6-K: \_\_\_\_\_

Divisional  
Restatements

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## Introduction

In February 2009, the Group announced its Strategic Plan refocusing on those businesses with clear competitive advantages and attractive customer franchises, primarily in stable low-to-medium risk sectors. The Non-Core division has been established and is reported separately from the divisions which form the core Group. In addition Group Manufacturing and the majority of Central Items are now allocated to customer facing divisions. Group Manufacturing costs are entirely allocated and separate reporting of its results has been discontinued. For Central items, volatile corporate items that do not naturally reside within a division have not been allocated. These changes do not affect the Group's results.

The Group's results have been restated for the amendment to IFRS 2 'Share-Based Payment'. This has resulted in an increase in staff costs amounting to £35 million for the first half of 2008 and £169 million for the full year 2008. The first half of 2008 has also been restated to reflect the finalisation of the ABN AMRO acquisition accounting.

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## Description of business

**UK Retail** offers a comprehensive range of banking products and related financial services to the personal market. It serves customers through the RBS and NatWest networks of branches and ATMs in the United Kingdom, and also through telephone and internet channels.

**UK Corporate** is a provider of banking, finance, and risk management services to the corporate and SME sector in the United Kingdom. It offers a full range of banking products and related financial services through a nationwide network of relationship managers, and also through telephone and internet channels. The product range includes asset finance through the Lombard brand.

**Wealth** provides private banking and investment services in the UK through Coutts & Co and Adam & Company, offshore banking through RBS International, NatWest Offshore and Isle of Man Bank, and international private banking through RBS Coutts.

**Global Banking & Markets** is a leading banking partner to major corporations and financial institutions around the world, providing an extensive range of debt and equity financing, risk management and investment services to its customers. The division is organised along seven principal business lines: money markets; rates flow trading; currencies; commodities (including RBS Sempra Commodities LLP, the commodities-marketing joint venture between RBS and Sempra Energy); equities; credit markets and portfolio management & origination.

**Global Transaction Services** ranks among the top five global transaction services providers, offering global payments, cash and liquidity management, and trade finance, United Kingdom and international merchant acquiring and commercial card products and services. It includes the Group's corporate money transmission activities in the United Kingdom and the United States.

**Ulster Bank** is the leading retail and commercial bank in Northern Ireland and the third largest banking group on the island of Ireland. It provides a comprehensive range of financial services through both its Retail Markets division which has a network of branches and operates in the personal and bancassurance sectors, while its Corporate Markets division provides services to SME business customers, corporates and institutional markets.

**US Retail & Commercial** provides financial services primarily through the Citizens and Charter One brands. US Retail is engaged in retail and corporate banking activities through its branch network in 12 states in the United States and through non-branch offices in other states. It ranks among the top five banks in New England and the Mid Atlantic regions.

**RBS Insurance** sells and underwrites retail and SME insurance over the telephone and internet, as well as through brokers and partnerships. Its brands include Direct Line, Churchill and Privilege, which sell general insurance products direct to the customer, as well as Green Flag and NIG. Through its international division, RBS Insurance sells general insurance, mainly motor, in Germany and Italy. The Intermediary and Broker division sells general insurance products through independent brokers.

**Group Manufacturing** comprises the Group's worldwide manufacturing operations. It supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services. Manufacturing drives efficiencies and supports income growth across multiple brands and channels by using a single, scalable platform and common processes wherever possible. It also leverages the Group's purchasing power and is the Group's centre of excellence for managing large-scale and complex change.

**Central items** comprises group and corporate functions, such as treasury, funding and finance, risk management, legal, communications and human resources. The Centre manages the Group's capital resources and Group-wide

regulatory projects and provides services to the operating divisions.

**Non- Core division** manages separately assets that the Group intends to run off or dispose of. The division contains a range of businesses and asset portfolios that were formerly managed primarily within the GBM division, linked to proprietary trading, higher risk profile asset portfolios including excess risk concentrations and other illiquid portfolios. It also includes a number of other regional markets businesses that the Group has concluded are no longer strategic.



**Divisional performance**

|  | <b>Quarter 1</b> | <b>Full year</b> | <b>First half</b> |
|--|------------------|------------------|-------------------|
|  | <b>2009</b>      | <b>2008</b>      | <b>2008</b>       |
|  | <b>£m</b>        | <b>£m</b>        | <b>£m</b>         |
| <b>Operating profit/(loss) by division</b> |                  |                  |                   |
| UK Retail                                  | <b>24</b>        | 753              | 514               |
| UK Corporate                               | <b>277</b>       | 1,644            | 939               |
| Wealth                                     | <b>97</b>        | 361              | 185               |
| Global Banking & Markets                   | <b>3,653</b>     | (1,315)          | 1,115             |
| Global Transaction Services                | <b>231</b>       | 1,055            | 493               |
| Ulster Bank                                | <b>4</b>         | 218              | 172               |
| US Retail & Commercial                     | <b>(41)</b>      | 528              | 291               |
| RBS Insurance                              | <b>76</b>        | 584              | 300               |
| Central items                              | <b>489</b>       | 1,024            | 706               |
| Core                                       | <b>4,810</b>     | 4,852            | 4,715             |
| Non-Core                                   | <b>(4,631)</b>   | (11,790)         | (4,863)           |
| Group operating profit/(loss)              | <b>179</b>       | (6,938)          | (148)             |
| <b>Impairment losses by division</b>       |                  |                  |                   |
| UK Retail                                  | <b>354</b>       | 1,019            | 440               |
| UK Corporate                               | <b>101</b>       | 321              | 96                |
| Wealth                                     | <b>6</b>         | 16               | 5                 |
| Global Banking & Markets                   | <b>269</b>       | 541              | 17                |
| Global Transaction Services                | <b>9</b>         | 48               | 4                 |
| Ulster Bank                                | <b>67</b>        | 106              | 18                |
| US Retail & Commercial                     | <b>223</b>       | 437              | 126               |
| RBS Insurance                              | <b>5</b>         | 42               | -                 |
| Central items                              | <b>(3)</b>       | (18)             | (36)              |
| Core                                       | <b>1,031</b>     | 2,512            | 670               |
| Non-Core                                   | <b>1,827</b>     | 4,920            | 809               |
| Total impairment losses                    | <b>2,858</b>     | 7,432            | 1,479             |
|  | <b>£bn</b>       | <b>£bn</b>       | <b>£bn</b>        |
| <b>Risk-weighted assets by division</b>    |                  |                  |                   |
| UK Retail                                  | <b>49.6</b>      | 45.7             | 44.7              |
| UK Corporate                               | <b>81.6</b>      | 81.5             | 84.9              |
| Wealth                                     | <b>10.8</b>      | 11.0             | 10.4              |
| Global Banking & Markets                   | <b>153.1</b>     | 166.5            | 137.7             |
| Global Transaction Services                | <b>17.9</b>      | 17.1             | 16.9              |
| Ulster Bank                                | <b>26.2</b>      | 24.5             | 21.5              |
| US Retail & Commercial                     | <b>64.3</b>      | 63.9             | 44.8              |

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|                            |              |       |       |
|----------------------------|--------------|-------|-------|
| Other                      | <b>7.8</b>   | 7.0   | 8.2   |
| Core                       | <b>411.3</b> | 417.2 | 369.1 |
| Non-Core                   | <b>164.4</b> | 160.6 | 122.6 |
| Total risk-weighted assets | <b>575.7</b> | 577.8 | 491.7 |



**UK Retail**

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
| <b>Income statement</b>   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£m</b>        | £m        | £m         |
| Net interest income   | <b>807</b>       | 3,229     | 1,530      |
| Net fees and commissions - banking  | <b>337</b>       | 1,524     | 814        |
| Other non-interest income (net of insurance claims)                                 | <b>53</b>        | 227       | 139        |
| Non-interest income   | <b>390</b>       | 1,751     | 953        |
| Total income  | <b>1,197</b>     | 4,980     | 2,483      |
| Direct expenses   |                  |           |            |
| - staff   | <b>(214)</b>     | (924)     | (445)      |
| - other   | <b>(118)</b>     | (436)     | (219)      |
| Indirect expenses   | <b>(487)</b>     | (1,848)   | (865)      |
|   | <b>(819)</b>     | (3,208)   | (1,529)    |
| Operating profit before impairment losses   | <b>378</b>       | 1,772     | 954        |
| Impairment losses   | <b>(354)</b>     | (1,019)   | (440)      |
| Operating profit  | <b>24</b>        | 753       | 514        |
| <b>Analysis of income by product:</b>   |                  |           |            |
| Personal advances   | <b>302</b>       | 1,234     | 633        |
| Mortgages   | <b>208</b>       | 497       | 219        |
| Personal deposits   | <b>392</b>       | 2,013     | 998        |
| Bancassurance   | <b>52</b>        | 217       | 132        |
| Cards   | <b>204</b>       | 831       | 418        |
| Other   | <b>39</b>        | 188       | 83         |
| Total income  | <b>1,197</b>     | 4,980     | 2,483      |
| <b>Analysis of impairment by sector:</b>  |                  |           |            |
| Mortgages   | <b>22</b>        | 31        | 13         |
| Personal  | <b>195</b>       | 568       | 255        |
| Cards   | <b>137</b>       | 420       | 172        |
| Total impairment  | <b>354</b>       | 1,019     | 440        |
| <b>Loan impairment charge as % of gross customer loans and advances by sector :</b> |                  |           |            |
| Mortgages   | <b>0.12%</b>     | 0.04%     | 0.04%      |

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|          |              |       |       |
|----------|--------------|-------|-------|
| Personal | <b>5.27%</b> | 3.76% | 3.29% |
| Cards    | <b>9.13%</b> | 6.67% | 5.06% |
| Total    | <b>1.50%</b> | 1.09% | 0.96% |



**UK Retail** (continued)

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
|   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£bn</b>       | £bn       | £bn        |
| <b>Performance ratios</b>                   |                  |           |            |
| Return on equity (1)                        | <b>1.6%</b>      | 13.7%     | 19.3%      |
| Net interest margin                         | <b>3.50%</b>     | 3.62%     | 3.52%      |
| Cost:income ratio                           | <b>68.7%</b>     | 62.1%     | 60.0%      |
| <b>Capital and balance sheet</b>            |                  |           |            |
| Loans and advances to customers – gross     |                  |           |            |
| - mortgages                                 | <b>73.5</b>      | 72.4      | 69.7       |
| - personal                                  | <b>14.8</b>      | 15.1      | 15.5       |
| - cards                                     | <b>6.0</b>       | 6.3       | 6.8        |
| Customer deposits (excluding bancassurance) | <b>80.3</b>      | 78.9      | 76.6       |
| Loan:deposit ratio (excluding repos)        | <b>117.4%</b>    | 118.9%    | 120.1%     |
| AUMs – excluding deposits                   | <b>4.6</b>       | 5.7       | 6.6        |
| Non-performing loans                        | <b>4.1</b>       | 3.8       | 3.3        |
| Risk-weighted assets                        | <b>49.6</b>      | 45.7      | 44.7       |

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).



**UK Corporate**

|  | <b>Quarter 1</b> | Full year | First half |
|--|------------------|-----------|------------|
| <b>Income statement</b>  | <b>2009</b>      | 2008      | 2008       |
|  | <b>£m</b>        | £m        | £m         |
| Net interest income  | <b>473</b>       | 2,344     | 1,194      |
| Net fees and commissions   | <b>182</b>       | 791       | 377        |
| Other non-interest income  | <b>91</b>        | 388       | 218        |
| Non-interest income  | <b>273</b>       | 1,179     | 595        |
| Total income   | <b>746</b>       | 3,523     | 1,789      |
| Direct expenses  |                  |           |            |
| - staff  | <b>(172)</b>     | (752)     | (368)      |
| - other  | <b>(66)</b>      | (288)     | (137)      |
| Indirect expenses  | <b>(130)</b>     | (518)     | (249)      |
|  | <b>(368)</b>     | (1,558)   | (754)      |
| Operating profit before impairment losses  | <b>378</b>       | 1,965     | 1,035      |
| Impairment losses  | <b>(101)</b>     | (321)     | (96)       |
| Operating profit   | <b>277</b>       | 1,644     | 939        |
| <b>Analysis of income by business:</b>   |                  |           |            |
| Corporate and commercial lending   | <b>327</b>       | 1,460     | 792        |
| Asset and invoice finance  | <b>110</b>       | 486       | 245        |
| Corporate deposits   | <b>286</b>       | 1,246     | 573        |
| Other  | <b>23</b>        | 331       | 179        |
| Total income   | <b>746</b>       | 3,523     | 1,789      |
| <b>Analysis of impairment by sector:</b>   |                  |           |            |
| Manufacturing  | <b>4</b>         | 25        | 10         |
| Housebuilding and construction   | <b>6</b>         | 18        | 5          |
| Property   | <b>11</b>        | 71        | 7          |
| Asset and invoice finance  | <b>20</b>        | 102       | 38         |
| Other  | <b>60</b>        | 105       | 36         |
| Total impairment   | <b>101</b>       | 321       | 96         |
| <b>Loan impairment charge as % of gross customer loans and advances excluding reverse repurchase agreements by sector:</b> |                  |           |            |
| Manufacturing  | <b>0.31 %</b>    | 0.47%     | 0.44%      |

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|                                |               |       |       |
|--------------------------------|---------------|-------|-------|
| Housebuilding and construction | <b>0.42 %</b> | 0.31% | 0.19% |
| Property                       | <b>0.14 %</b> | 0.22% | 0.05% |
| Asset and invoice finance      | <b>0.94 %</b> | 1.20% | 0.92% |
| Other                          | <b>0.45 %</b> | 0.19% | 0.13% |
| Total                          | <b>0.38 %</b> | 0.30% | 0.18% |



**UK Corporate** (continued)

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
|   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£bn</b>       | £bn       | £bn        |
| <b>Performance ratios</b>               |                  |           |            |
| Return on equity (1)                    | <b>11.6%</b>     | 17.5%     | 19.6%      |
| Net interest margin                     | <b>1.99%</b>     | 2.54%     | 2.64%      |
| Cost:income ratio                       | <b>49.3%</b>     | 44.2%     | 42.2%      |
| <b>Capital and balance sheet</b>        |                  |           |            |
| Total assets                            | <b>108.7</b>     | 109.8     | 108.2      |
| Loans and advances to customers – gross |                  |           |            |
| - Manufacturing                         | <b>5.1</b>       | 5.3       | 4.5        |
| - Housebuilding and construction        | <b>5.7</b>       | 5.8       | 5.4        |
| - Property                              | <b>32.4</b>      | 32.1      | 29.2       |
| - Asset and invoice finance             | <b>8.6</b>       | 8.5       | 8.3        |
| - Other                                 | <b>53.6</b>      | 54.1      | 57.0       |
| Customer deposits                       | <b>81.2</b>      | 79.9      | 83.9       |
| Loan:deposit ratio (excluding repos)    | <b>129.7%</b>    | 132.4%    | 124.5%     |
| Non-performing loans                    | <b>2.0</b>       | 1.3       | 0.9        |
| Risk-weighted assets                    | <b>81.6</b>      | 81.5      | 84.9       |

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).



**Wealth**

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
| <b>Income statement</b>                   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£m</b>        | £m        | £m         |
| Net interest income                       | <b>160</b>       | 588       | 271        |
| Net fees and commissions                  | <b>91</b>        | 409       | 212        |
| Other non-interest income                 | <b>21</b>        | 77        | 39         |
| Non-interest income                       | <b>112</b>       | 486       | 251        |
| Total income                              | <b>272</b>       | 1,074     | 522        |
| Direct expenses                           |                  |           |            |
| - staff                                   | <b>(90)</b>      | (379)     | (187)      |
| - other                                   | <b>(33)</b>      | (156)     | (72)       |
| Indirect expenses                         | <b>(46)</b>      | (162)     | (73)       |
|   | <b>(169)</b>     | (697)     | (332)      |
| Operating profit before impairment losses | <b>103</b>       | 377       | 190        |
| Impairment losses                         | <b>(6)</b>       | (16)      | (5)        |
| Operating profit                          | <b>97</b>        | 361       | 185        |
| <b>Analysis of income:</b>                |                  |           |            |
| Private Banking                           | <b>222</b>       | 835       | 395        |
| Investments                               | <b>50</b>        | 239       | 127        |
| Total income                              | <b>272</b>       | 1,074     | 522        |
|   | <b>£bn</b>       | £bn       | £bn        |
| <b>Performance ratios</b>                 |                  |           |            |
| Net interest margin                       | <b>4.45%</b>     | 4.52%     | 4.42%      |
| Cost:income ratio                         | <b>62.1%</b>     | 64.9%     | 63.6%      |
| <b>Capital and balance sheet</b>          |                  |           |            |
| Loans and advances to customers – gross   |                  |           |            |
| - mortgages                               | <b>5.7</b>       | 5.4       | 5.2        |
| - personal                                | <b>4.6</b>       | 5.0       | 4.3        |
| - other                                   | <b>2.3</b>       | 2.2       | 1.8        |
| Customer deposits                         | <b>35.3</b>      | 34.5      | 36.1       |
| Loan:deposit ratio (excluding repos)      | <b>35.6%</b>     | 36.6%     | 31.3%      |
| AUMs – excluding deposits                 | <b>31.3</b>      | 34.7      | 34.7       |
| Non-performing loans                      | <b>0.1</b>       | 0.1       | 0.1        |

|                      |             |      |      |
|----------------------|-------------|------|------|
| Risk-weighted assets | <b>10.8</b> | 11.0 | 10.4 |
|----------------------|-------------|------|------|



**Global Banking & Markets**

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
| <b>Income statement</b>                               | <b>2009</b>      | 2008      | 2008       |
|   | <b>£m</b>        | £m        | £m         |
| Net interest income from banking activities           | <b>848</b>       | 2,473     | 868        |
| Net fees and commissions receivable                   | <b>304</b>       | 1,259     | 643        |
| Income from trading activities                        | <b>4,376</b>     | 116       | 2,234      |
| Other operating income (net of related funding costs) | <b>(93)</b>      | (170)     | (69)       |
| Non-interest income                                   | <b>4,587</b>     | 1,205     | 2,808      |
| Total income  | <b>5,435</b>     | 3,678     | 3,676      |
| Direct expenses                                       |                  |           |            |
| - staff   | <b>(1,014)</b>   | (2,433)   | (1,603)    |
| - other   | <b>(306)</b>     | (1,356)   | (640)      |
| Indirect expenses                                     | <b>(193)</b>     | (663)     | (301)      |
|   | <b>(1,513)</b>   | (4,452)   | (2,544)    |
| Operating profit/(loss) before impairment losses      | <b>3,922</b>     | (774)     | 1,132      |
| Impairment losses                                     | <b>(269)</b>     | (541)     | (17)       |
| Operating profit/(loss)                               | <b>3,653</b>     | (1,315)   | 1,115      |
| <b>Analysis of income by product:</b>                 |                  |           |            |
| Rates - money markets                                 | <b>789</b>       | 1,150     | 500        |
| Rates - flow  | <b>1,375</b>     | 1,445     | 1,403      |
| Currencies  | <b>585</b>       | 1,524     | 699        |
| Commodities   | <b>228</b>       | 798       | 349        |
| Equities  | <b>371</b>       | 368       | 561        |
| Credit markets  | <b>798</b>       | (3,496)   | (1,028)    |
| P ortfolio management and origination                 | <b>642</b>       | 1,532     | 608        |
| Fair value of own debt                                | <b>647</b>       | 357       | 584        |
| Total income  | <b>5,435</b>     | 3,678     | 3,676      |
| <b>Analysis of impairment by sector:</b>              |                  |           |            |
| Manufacturing and infrastructure                      | <b>16</b>        | 39        | -          |
| Property and construction                             | <b>46</b>        | 12        | 12         |
| Banks and financial institutions                      | <b>4</b>         | 185       | (9)        |
| Other   | <b>203</b>       | 305       | 14         |
| Total impairment                                      | <b>269</b>       | 541       | 17         |

|   |              |       |       |
|---|--------------|-------|-------|
| <b>Loan impairment charge as % of gross customer loans and advances excluding reverse repurchase agreements</b> | <b>0.63%</b> | 0.27% | 0.02% |
|---|--------------|-------|-------|



**Global Banking & Markets** (continued)

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
|   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£bn</b>       | £bn       | £bn        |
| <b>Performance ratios</b>                                       |                  |           |            |
| Return on equity (1)  | <b>65.6%</b>     | (5.6%)    | 11.4%      |
| Net interest margin   | <b>1.91%</b>     | 1.26%     | 0.93%      |
| Cost:income ratio   | <b>27.8%</b>     | 121.0%    | 69.2%      |
| <b>Capital and balance sheet</b>                                |                  |           |            |
| Loans and advances (including banks)                            | <b>217.9</b>     | 236.4     | 175.2      |
| Reverse repos   | <b>80.6</b>      | 88.8      | 179.9      |
| Securities  | <b>124.3</b>     | 127.5     | 147.6      |
| Cash and eligible bills   | <b>28.6</b>      | 20.2      | 48.6       |
| Other assets  | <b>43.1</b>      | 42.9      | 47.6       |
| Total third party assets (excluding derivatives mark to market) | <b>494.5</b>     | 515.8     | 598.9      |
| Net derivative assets (after netting)                           | <b>98.0</b>      | 113.0     | 57.0       |
| Customer deposits (excluding repos)                             | <b>83.1</b>      | 90.2      | 82.8       |
| Loan:deposit ratio (excluding repos)                            | <b>205.0%</b>    | 200.6%    | 174.0%     |
| Non-performing loans  | <b>0.8</b>       | 0.7       | 0.4        |
| Risk-weighted assets  | <b>153.1</b>     | 166.5     | 137.7      |

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 10% of divisional risk-weighted assets, adjusted for capital deductions).



**Global Transaction Services**

|   | <b>Quarter 1</b> | Full year | First half |
|---|------------------|-----------|------------|
| <b>Income statement</b>                   | <b>2009</b>      | 2008      | 2008       |
|   | <b>£m</b>        | £m        | £m         |
| Net interest income                       | <b>220</b>       | 939       | 445        |
| Non-interest income                       | <b>385</b>       | 1,491     | 710        |
| Total income                              | <b>605</b>       | 2,430     | 1,155      |
| Direct expenses                           |                  |           |            |
| - staff                                   | <b>(95)</b>      | (363)     | (179)      |
| - other                                   | <b>(35)</b>      | (100)     | (66)       |
| Indirect expenses                         | <b>(235)</b>     | (864)     | (413)      |
|   | <b>(365)</b>     | (1,327)   | (658)      |
| Operating profit before impairment losses | <b>240</b>       | 1,103     | 497        |
| Impairment losses                         | <b>(9)</b>       | (48)      | (4)        |
| Operating profit                          | <b>231</b>       | 1,055     | 493        |
| <b>Analysis of income by product:</b>     |                  |           |            |
| Domestic cash management                  | <b>202</b>       | 793       | 381        |
| International cash management             | <b>169</b>       | 723       | 344        |
| Trade finance                             | <b>75</b>        | 240       | 110        |
| Merchant acquiring                        | <b>129</b>       | 555       | 263        |
| Commercial cards                          | <b>30</b>        | 119       | 57         |
| Total income                              | <b>605</b>       | 2,430     | 1,155      |
|   | <b>£bn</b>       | £bn       | £bn        |
| <b>Performance ratios</b>                 |                  |           |            |
| Net interest margin                       | <b>8.29%</b>     | 8.27%     | 8.27%      |
| Cost:income ratio                         | <b>60.3%</b>     | 54.6%     | 57.0%      |
| <b>Capital and balance sheet</b>          |                  |           |            |
| Total third party assets                  | <b>20.9</b>      | 22.5      | 21.0       |
| Loans and advances                        | <b>14.4</b>      | 15.2      | 15.7       |
| Customer deposits                         | <b>58.2</b>      | 62.0      | 59.7       |
| Loan:deposit ratio (excluding repos)      | <b>25.9%</b>     | 25.7%     | 27.6%      |
| Non-performing loans                      | <b>0.1</b>       | 0.1       | -          |
| Risk-weighted assets                      | <b>17.9</b>      | 17.1      | 16.9       |



**Ulster Bank**

|  | <b>Quarter 1</b> | Full year | First half |
|--|------------------|-----------|------------|
| <b>Income statement</b>  | <b>2009</b>      | 2008      | 2008       |
|  | <b>£m</b>        | £m        | £m         |
| Net interest income  | <b>202</b>       | 773       | 392        |
| Net fees and commissions   | <b>46</b>        | 228       | 104        |
| Other non-interest income  | <b>11</b>        | 38        | 39         |
| Non-interest income  | <b>57</b>        | 266       | 143        |
| Total income   | <b>259</b>       | 1,039     | 535        |
| Direct expenses  |                  |           |            |
| - staff  | <b>(89)</b>      | (330)     | (159)      |
| - other  | <b>(22)</b>      | (93)      | (46)       |
| Indirect expenses  | <b>(77)</b>      | (292)     | (140)      |
|  | <b>(188)</b>     | (715)     | (345)      |
| Operating profit before impairment losses  | <b>71</b>        | 324       | 190        |
| Impairment losses  | <b>(67)</b>      | (106)     | (18)       |
| Operating profit   | <b>4</b>         | 218       | 172        |
| <b>Analysis of income by business:</b>   |                  |           |            |
| Ulster corporate   | <b>161</b>       | 618       | 319        |
| Ulster retail  | <b>93</b>        | 396       | 197        |
| Other  | <b>5</b>         | 25        | 19         |
| Total income   | <b>259</b>       | 1,039     | 535        |
| <b>Analysis of impairment by sector:</b>   |                  |           |            |
| Mortgages  | <b>13</b>        | 17        | 7          |
| Corporate  | <b>41</b>        | 44        | -          |
| Other  | <b>13</b>        | 45        | 11         |
| Total impairment   | <b>67</b>        | 106       | 18         |
| <b>Loan impairment charge as % of gross customer loans and advances excluding reverse repurchase agreements by sector:</b> |                  |           |            |
| Mortgages  | <b>0.30%</b>     | 0.09%     | 0.09%      |
| Corporate  | <b>0.72%</b>     | 0.18%     | -          |
| Other  | <b>2.60%</b>     | 2.14%     | 0.92%      |

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|                              |              |       |       |
|------------------------------|--------------|-------|-------|
| Total                        | <b>0.64%</b> | 0.24% | 0.10% |
| Average exchange rate – € /£ | <b>1.101</b> | 1.258 | 1.291 |



**Ulster Bank** (continued)

|   | <b>Quarter 1</b> | Full year | Half year |
|---|------------------|-----------|-----------|
|   | <b>2009</b>      | 2008      | 2008      |
|   | <b>£bn</b>       | £bn       | £bn       |
| <b>Performance ratios</b>               |                  |           |           |
| Return on equity (1)                    | <b>0.7%</b>      | 10.1%     | 18.2%     |
| Net interest margin                     | <b>1.87%</b>     | 1.89%     | 1.92%     |
| Cost:income ratio                       | <b>72.6%</b>     | 68.8%     | 64.5%     |
| <b>Capital and balance sheet</b>        |                  |           |           |
| Loans and advances to customers – gross |                  |           |           |
| - mortgages                             | <b>17.4</b>      | 18.1      | 15.7      |
| - corporate                             | <b>22.8</b>      | 23.8      | 18.8      |
| - other                                 | <b>2.0</b>       | 2.1       | 2.4       |
| Customer deposits                       | <b>19.5</b>      | 24.3      | 22.9      |
| Loan:deposit ratio (excluding repos)    | <b>216.4%</b>    | 181.1%    | 161.1%    |
| Non-performing loans                    |                  |           |           |
| - mortgages                             | <b>0.4</b>       | 0.3       | 0.2       |
| - corporate                             | <b>1.0</b>       | 0.8       | 0.2       |
| - other                                 | <b>0.1</b>       | 0.1       | 0.1       |
| Risk-weighted assets                    | <b>26.2</b>      | 24.5      | 21.5      |
| Spot exchange rate – € /£               | <b>1.080</b>     | 1.047     | 1.264     |

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).

**US Retail and Commercial**

|   | Quarter      |           |            | Quarter      |           |            |
|---|--------------|-----------|------------|--------------|-----------|------------|
|   | 1            | Full year | First half | 1            | Full year | First half |
| <b>Income statement</b>                   | <b>2009</b>  | 2008      | 2008       | <b>2009</b>  | 2008      | 2008       |
|   | <b>£m</b>    | £m        | £m         | <b>\$m</b>   | \$m       | \$m        |
| Net interest income                       | <b>494</b>   | 1,726     | 774        | <b>711</b>   | 3,200     | 1,529      |
| Net fees and commissions                  | <b>198</b>   | 664       | 310        | <b>284</b>   | 1,231     | 612        |
| Other non-interest income                 | <b>52</b>    | 197       | 84         | <b>75</b>    | 362       | 168        |
| Non-interest income                       | <b>250</b>   | 861       | 394        | <b>359</b>   | 1,593     | 780        |
| Total income                              | <b>744</b>   | 2,587     | 1,168      | <b>1,070</b> | 4,793     | 2,309      |
| Direct expenses                           |              |           |            |              |           |            |
| - staff                                   | <b>(218)</b> | (645)     | (311)      | <b>(313)</b> | (1,194)   | (614)      |
| - other                                   | <b>(143)</b> | (354)     | (142)      | <b>(206)</b> | (654)     | (281)      |
| Indirect expenses                         | <b>(201)</b> | (623)     | (298)      | <b>(288)</b> | (1,157)   | (588)      |
|   | <b>(562)</b> | (1,622)   | (751)      | <b>(807)</b> | (3,005)   | (1,483)    |
| Operating profit before impairment losses | <b>182</b>   | 965       | 417        | <b>263</b>   | 1,788     | 826        |
| Impairment losses                         | <b>(223)</b> | (437)     | (126)      | <b>(320)</b> | (811)     | (249)      |
| Operating (loss)/profit                   | <b>(41)</b>  | 528       | 291        | <b>(57)</b>  | 977       | 577        |
| Average exchange rate - US\$/£            | <b>1.436</b> | 1.853     | 1.975      |              |           |            |
| <b>Analysis of income by product:</b>     |              |           |            |              |           |            |
| Mortgages and home equity                 | <b>142</b>   | 375       | 175        | <b>204</b>   | 695       | 346        |
| Personal lending and cards                | <b>107</b>   | 333       | 157        | <b>154</b>   | 617       | 310        |
| Retail deposits                           | <b>231</b>   | 1,000     | 465        | <b>332</b>   | 1,853     | 919        |
| Commercial lending                        | <b>141</b>   | 405       | 179        | <b>202</b>   | 751       | 354        |
| Commercial deposits                       | <b>104</b>   | 377       | 169        | <b>150</b>   | 698       | 334        |
| Other                                     | <b>19</b>    | 97        | 23         | <b>28</b>    | 179       | 46         |
| Total income                              | <b>744</b>   | 2,587     | 1,168      | <b>1,070</b> | 4,793     | 2,309      |
| <b>Analysis of impairment by sector:</b>  |              |           |            |              |           |            |
| Residential mortgages                     | <b>23</b>    | 41        | 12         | <b>33</b>    | 76        | 24         |
| Home equity                               | <b>29</b>    | 67        | 25         | <b>42</b>    | 125       | 50         |
| Corporate & commercial                    | <b>108</b>   | 181       | 40         | <b>154</b>   | 335       | 78         |
| Other                                     | <b>63</b>    | 148       | 49         | <b>91</b>    | 275       | 97         |
| Total impairment                          | <b>223</b>   | 437       | 126        | <b>320</b>   | 811       | 249        |

**Loan impairment charge as % of gross customer loans and advances excluding reverse repurchase agreements by sector:**

|                        |              |       |       |              |       |       |
|------------------------|--------------|-------|-------|--------------|-------|-------|
| Residential mortgages  | <b>1.00%</b> | 0.43% | 0.30% | <b>1.00%</b> | 0.55% | 0.30% |
| Home equity            | <b>0.62%</b> | 0.36% | 0.37% | <b>0.62%</b> | 0.46% | 0.37% |
| Corporate & commercial | <b>1.79%</b> | 0.76% | 0.48% | <b>1.78%</b> | 0.97% | 0.47% |
| Other                  | <b>2.57%</b> | 1.51% | 1.36% | <b>2.58%</b> | 1.92% | 1.35% |
| Total                  | <b>1.44%</b> | 0.71% | 0.56% | <b>1.44%</b> | 0.90% | 0.55% |



## US Retail and Commercial (continued)

|   | Quarter |           |            | Quarter |           |            |
|---|---------|-----------|------------|---------|-----------|------------|
|   | 1       | Full year | First half | 1       | Full year | First half |
|   | 2009    | 2008      | 2008       | 2009    | 2008      | 2008       |
|   | £bn     | £bn       | £ bn       | \$ bn   | \$ bn     | \$ bn      |
| <b>Performance ratios</b>               |         |           |            |         |           |            |
| Return on equity (1)                    | (2.4%)  | 7.7%      | 12.1%      | (2.3%)  | 9.7%      | 12.0%      |
| Net interest margin                     | 2.33%   | 2.68%     | 2.6 1 %    | 2.33%   | 2.68%     | 2.6 1 %    |
| Cost:income ratio                       | 75.4%   | 62.7%     | 64. 2 %    | 75.4%   | 62.7%     | 64.2%      |
| <b>Capital and balance sheet</b>        |         |           |            |         |           |            |
| Total assets                            | 94.9    | 87.5      | 68.9       | 136.0   | 127.8     | 137.0      |
| Loans and advances to customers – gross |         |           |            |         |           |            |
| - residential mortgages                 | 9.2     | 9.5       | 8.0        | 13.2    | 13.9      | 15.9       |
| - home equity                           | 18.8    | 18.7      | 13.5       | 26.9    | 27.2      | 26.8       |
| - corporate and commercial              | 24.2    | 23.7      | 16.6       | 34.7    | 34.7      | 33.0       |
| - other consumer                        | 9.8     | 9.8       | 7.2        | 14.1    | 14.3      | 14.4       |
| Customer deposits                       | 67.9    | 64.4      | 52.5       | 97.4    | 94.0      | 104.5      |
| Loan:deposit ratio (excluding repos)    | 91.5%   | 96.6%     | 87. 4 %    | 91.5%   | 96.6%     | 87. 4 %    |
| Non-performing loans                    |         |           |            |         |           |            |
| - retail                                | 0.3     | 0.2       | 0.1        | 0.4     | 0.3       | 0.2        |
| - commercial                            | 0.1     | 0.2       | -          | 0.2     | 0.2       | 0.1        |
| Risk-weighted assets                    | 64.3    | 63.9      | 44.8       | 92.1    | 93.2      | 89.2       |
| Spot exchange rate - US\$/£             | 1.433   | 1.460     | 1.989      |         |           |            |

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).



**RBS Insurance**

|  | <b>Quarter 1</b> | Full year | First half |
|--|------------------|-----------|------------|
| <b>Income statement</b>                                  | <b>2009</b>      | 2008      | 2008       |
|  | <b>£m</b>        | £m        | £m         |
| Earned premiums  | <b>1,106</b>     | 4,512     | 2,263      |
| Reinsurers' share  | <b>(45)</b>      | (206)     | (107)      |
| Insurance net premium income                             | <b>1,061</b>     | 4,306     | 2,156      |
| Net fees and commissions                                 | <b>(92)</b>      | (396)     | (201)      |
| Other income   | <b>108</b>       | 520       | 267        |
| Total income   | <b>1,077</b>     | 4,430     | 2,222      |
| Direct expenses  |                  |           |            |
| - staff  | <b>(70)</b>      | (286)     | (145)      |
| - other  | <b>(67)</b>      | (225)     | (127)      |
| Indirect expenses  | <b>(66)</b>      | (261)     | (124)      |
|  | <b>(203)</b>     | (772)     | (396)      |
| Gross claims   | <b>(798)</b>     | (3,136)   | (1,571)    |
| Reinsurers' share  | <b>5</b>         | 104       | 45         |
| Net claims   | <b>(793)</b>     | (3,032)   | (1,526)    |
| Operating profit before impairment losses                | <b>81</b>        | 626       | 300        |
| Impairment losses  | <b>(5)</b>       | (42)      | -          |
| Operating profit   | <b>76</b>        | 584       | 300        |
| <b>Analysis of income by product:</b>                    |                  |           |            |
| Motor own-brand  | <b>477</b>       | 1,942     | 959        |
| Household and Life own-brand                             | <b>204</b>       | 806       | 400        |
| Motor partnerships and broker                            | <b>145</b>       | 686       | 353        |
| Household and Life, partnerships and broker              | <b>83</b>        | 354       | 181        |
| Other (International, commercial and central)            | <b>168</b>       | 642       | 329        |
| Total income   | <b>1,077</b>     | 4,430     | 2,222      |
| <b>In-force policies (thousands)</b>                     |                  |           |            |
| - Motor own-brand  | <b>4,601</b>     | 4,492     | 4,424      |
| - Own-brand non-motor (home, rescue, pet, HR24)          | <b>5,643</b>     | 5,560     | 5,449      |
| - Partnerships & broker (motor, home, rescue, pet, HR24) | <b>5,750</b>     | 5,898     | 6,417      |
| - Other (International, commercial and central)          | <b>1,211</b>     | 1,206     | 1,123      |
| General insurance reserves – total (£m)                  | <b>6,630</b>     | 6,672     | 6,658      |

**Key business metrics**

|                                |              |       |       |
|--------------------------------|--------------|-------|-------|
| Return on equity (1)           | <b>9.5%</b>  | 18.3% | 18.8% |
| Cost:income ratio              | <b>18.9%</b> | 17.4% | 17.8% |
| Adjusted cost:income ratio (2) | <b>71.5%</b> | 55.2% | 56.9% |
| Gross written premiums (£m)    | <b>1,123</b> | 4,384 | 2,224 |

Notes:

- (1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on regulatory capital).
- (2) Adjusted cost:income ratio is based on total income and operating expenses after netting insurance claims against total income.



**Central items**

|                  | <b>Quarter 1</b> | Full year | First half |
|------------------|------------------|-----------|------------|
|                  | <b>2009</b>      | 2008      | 2008       |
|                  | <b>£m</b>        | £m        | £m         |
| Operating profit | <b>489</b>       | 1,024     | 706        |

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**Non-Core**

|   | <b>Quarter 1</b> | Full year   | First half |
|---|------------------|-------------|------------|
| <b>Income statement</b>                               | <b>2009</b>      | 2008        | 2008       |
|   | <b>£m</b>        | £m          | £m         |
| Net interest income from banking activities           | <b>373</b>       | 2 , 177     | 920        |
| Net fees and commissions receivable                   | <b>178</b>       | 923         | 495        |
| Income from trading activities                        | <b>(2,886)</b>   | ( 8 , 529)  | (5,286)    |
| Other operating income (net of related funding costs) | <b>22</b>        | 605         | 845        |
| Insurance net premium income                          | <b>244</b>       | 986         | 485        |
| Non-interest income                                   | <b>(2,442)</b>   | ( 6 , 015)  | (3,461)    |
| Total income  | <b>(2,069)</b>   | ( 3 , 838)  | (2,541)    |
| Direct expenses                                       |                  |             |            |
| - staff   | <b>(187)</b>     | ( 658 )     | (410)      |
| - other   | <b>(229)</b>     | ( 1,135 )   | (509)      |
| Indirect expenses                                     | <b>(142)</b>     | ( 539 )     | (256)      |
|   | <b>(558)</b>     | ( 2 , 332)  | (1,175)    |
| Net claims  | <b>(177)</b>     | (700)       | (338)      |
| Operating loss before impairment losses               | <b>(2,804)</b>   | ( 6 , 870)  | (4,054)    |
| Impairment losses                                     | <b>(1,827)</b>   | (4,920 )    | (809)      |
| Operating loss  | <b>(4,631)</b>   | (1 1 , 790) | (4,863)    |
| <b>Performance ratios</b>                             |                  |             |            |
| Cost:income ratio                                     | <b>(27.0%)</b>   | (60.8%)     | (46.2%)    |
| Net interest margin                                   | <b>0.59%</b>     | 0.90%       | 0.83%      |
| <b>Capital and balance sheet</b>                      |                  |             |            |
| Total third party assets (including derivatives)      | <b>297.1</b>     | 324.7       | 276.3      |
| Loans and advances to customers - gross               | <b>183.1</b>     | 190.2       | 164.9      |
| Customer deposits                                     | <b>22.0</b>      | 26.5        | 25.1       |
| Loan:deposit ratio (excluding repos)                  | <b>840.6%</b>    | 720.2%      | 654.7%     |
| Risk-weighted assets                                  | <b>164.4</b>     | 160.6       | 122.6      |
| <b>Income by donating division:</b>                   |                  |             |            |
| UK Retail   | <b>(1)</b>       | 288         | 147        |
| UK Corporate  | <b>121</b>       | 609         | 324        |
| Wealth  | <b>109</b>       | 454         | 243        |
| Global Banking & Markets                              | <b>(2,725)</b>   | (6,694)     | (3,957)    |
| Global Transaction Services                           | <b>47</b>        | 132         | 60         |

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|                        |                |         |         |
|------------------------|----------------|---------|---------|
| Ulster Bank            | <b>52</b>      | 317     | 191     |
| US Retail & Commercial | <b>95</b>      | 342     | 162     |
| RBS Insurance          | <b>229</b>     | 1,105   | 543     |
| Central items          | <b>4</b>       | (391)   | (254)   |
| Total income           | <b>(2,069)</b> | (3,838) | (2,541) |



## Non-Core (continued)

|  | Quarter 1 | Full year | First half |
|--|-----------|-----------|------------|
|  | 2009      | 2008      | 2008       |
|  | £m        | £ m       | £ m        |
| <b>Impairment losses by donating division:</b> |           |           |            |
| UK Retail                                      | 15        | 105       | 47         |
| UK Corporate                                   | 205       | 508       | 106        |
| Wealth   | 86        | 167       | 61         |
| Global Banking & Markets                       | 1,108     | 3,105     | 277        |
| Global Transaction Services                    | 5         | 11        | 6          |
| Ulster Bank                                    | 155       | 420       | 78         |
| US Retail & Commercial                         | 253       | 604       | 234        |
| Total impairment                               | 1,827     | 4,920     | 809        |

**Loan impairment charge as a % of gross loans and advances to customers by donating division:**

|                             |        |       |       |
|-----------------------------|--------|-------|-------|
| UK Retail                   | 1.95%  | 3.23% | 1.67% |
| UK Corporate                | 3.39%  | 2.03% | 0.92% |
| Wealth                      | 11.79% | 5.28% | 5.13% |
| Global Banking & Markets    | 1.89%  | 1.90% | 0.53% |
| Global Transaction Services | 0.97%  | 0.78% | 0.86% |
| Ulster Bank                 | 3.54%  | 2.38% | 1.07% |
| US Retail & Commercial      | 6.68%  | 3.88% | 3.96% |
| Total impairment            | 2.82%  | 2.20% | 1.00% |

|   | £bn   | £ bn  | £ bn  |
|---|-------|-------|-------|
| <b>Loans and advances to customers by donating division (1) :</b> |       |       |       |
| UK Retail   | 3.1   | 3.3   | 5.6   |
| UK Corporate  | 24.2  | 25.0  | 23.1  |
| Wealth  | 3.0   | 3.2   | 2.4   |
| Global Banking & Markets  | 117.8 | 123.7 | 105.7 |
| Global Transaction Services                                       | 2.1   | 1.4   | 1.4   |
| Ulster Bank   | 17.5  | 17.7  | 14.6  |
| US Retail & Commercial  | 15.1  | 15.6  | 11.8  |
| RBS Insurance   | 0.2   | 0.2   | 0.2   |
| Other   | 0.1   | 0.1   | 0.1   |
|   | 183.1 | 190.2 | 164.9 |

Note:

(1) Including disposal groups.

**Risk-weighted assets by donating division:**

|                             |              |       |       |
|-----------------------------|--------------|-------|-------|
| UK Retail                   | <b>1.9</b>   | 2.0   | 5.0   |
| UK Corporate                | <b>20.3</b>  | 17.8  | 19.4  |
| Wealth                      | <b>3.3</b>   | 3.7   | 3.4   |
| Global Banking & Markets    | <b>115.0</b> | 112.6 | 72.5  |
| Global Transaction Services | <b>3.0</b>   | 2.8   | 2.2   |
| Ulster Bank                 | <b>6.8</b>   | 6.8   | 8.9   |
| US Retail & Commercial      | <b>13.7</b>  | 14.1  | 10.6  |
| Other                       | <b>0.4</b>   | 0.8   | 0.6   |
|                             | <b>164.4</b> | 160.6 | 122.6 |



**Allocation methodology for indirect costs**

Manufacturing directly attributable costs have been allocated to the operating divisions, based on their service usage. Where services span more than one division an appropriate measure is used to allocate the costs on a basis which management considers reasonable. Manufacturing costs are fully allocated and there are no residual unallocated costs.

Group Centre directly attributable costs have been allocated to the operating divisions, based on their service usage. Where services span more than one division, the costs are allocated on a basis management considers reasonable. The residual unallocated costs remaining in the Group Centre, relate to volatile corporate items that do not naturally reside within a division.

Treasury costs are allocated to operating divisions as follows; term funding costs are allocated or rewarded based on long term funding gap or surplus; liquidity buffer funding costs are allocated based on share of overall liquidity buffer derived from divisional stresses; and capital cost or benefit is allocated based on share of divisional risk-adjusted RWAs.

|   | <b>Quarter</b> |           |            |
|---|----------------|-----------|------------|
|   | <b>1</b>       | Full year | First half |
|   | <b>2009</b>    | 2008      | 2008       |
|   | <b>£m</b>      | £m        | £m         |
| <b>Manufacturing costs:</b>               |                |           |            |
| Property                                  | <b>467</b>     | 1,705     | 815        |
| Operations                                | <b>378</b>     | 1,471     | 716        |
| Technology services and support functions | <b>456</b>     | 1,795     | 874        |
|   | <b>1,301</b>   | 4,971     | 2,405      |
| Allocated to divisions:                   |                |           |            |
| UK Retail                                 | <b>(400)</b>   | (1,636)   | (791)      |
| UK Corporate                              | <b>(110)</b>   | (449)     | (218)      |
| Wealth                                    | <b>(30)</b>    | (123)     | (59)       |
| Global Banking & Markets                  | <b>(125)</b>   | (472)     | (228)      |
| Global Transaction Services               | <b>(216)</b>   | (811)     | (392)      |
| Ulster Bank                               | <b>(66)</b>    | (255)     | (124)      |
| US Retail & Commercial                    | <b>(181)</b>   | (560)     | (271)      |
| RBS Insurance                             | <b>(56)</b>    | (227)     | (110)      |
| Non-Core                                  | <b>(117)</b>   | (438)     | (212)      |
|   | -              | -         | -          |
| <b>Group Centre costs</b>                 | <b>276</b>     | 799       | 314        |
| Allocated to divisions :                  |                |           |            |
| UK Retail                                 | <b>(87)</b>    | (212)     | (74)       |
| UK Corporate                              | <b>(20)</b>    | (69)      | (31)       |
| Wealth                                    | <b>(16)</b>    | (39)      | (14)       |
| Global Banking & Markets                  | <b>(68)</b>    | (191)     | (73)       |
| Global Transaction Services               | <b>(19)</b>    | (53)      | (21)       |

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|                        |             |       |      |
|------------------------|-------------|-------|------|
| Ulster Bank            | <b>(11)</b> | (37)  | (16) |
| US Retail & Commercial | <b>(20)</b> | (63)  | (27) |
| RBS Insurance          | <b>(10)</b> | (34)  | (14) |
| Non-Core               | <b>(25)</b> | (101) | (44) |

- - -



**Allocation methodology for indirect costs** (continued)

|                             | <b>Quarter</b> |                  |                   |
|-----------------------------|----------------|------------------|-------------------|
|                             | <b>1</b>       | <b>Full year</b> | <b>First half</b> |
|                             | <b>2009</b>    | <b>2008</b>      | <b>2008</b>       |
|                             | <b>£m</b>      | <b>£m</b>        | <b>£m</b>         |
| <b>Treasury funding</b>     | <b>420</b>     | <b>1,372</b>     | <b>707</b>        |
| Allocated to divisions:     |                |                  |                   |
| UK Retail                   | <b>(49)</b>    | <b>(182)</b>     | <b>(105)</b>      |
| UK Corporate                | <b>(86)</b>    | <b>(183)</b>     | <b>(96)</b>       |
| Wealth                      | <b>9</b>       | <b>(86)</b>      | <b>(50)</b>       |
| Global Banking & Markets    | <b>135</b>     | <b>(198)</b>     | <b>(56)</b>       |
| Global Transaction Services | <b>21</b>      | <b>93</b>        | <b>37</b>         |
| Ulster Bank                 | <b>(8)</b>     | <b>(76)</b>      | <b>(39)</b>       |
| US Retail & Commercial      | <b>(23)</b>    | <b>(91)</b>      | <b>(58)</b>       |
| RBS Insurance               | <b>(11)</b>    | <b>(25)</b>      | <b>(17)</b>       |
| Non-Core                    | <b>(408)</b>   | <b>(624)</b>     | <b>(323)</b>      |
|                             | <b>-</b>       | <b>-</b>         | <b>-</b>          |



**Consolidated pro forma income statement reconciliation**

for the three months ended 31 March 2009

|  |                  | Adjustments           |           |           |                  |
|--|------------------|-----------------------|-----------|-----------|------------------|
|  |                  | Credit                |           |           |                  |
|  |                  | market                |           |           |                  |
|  |                  | write-downs RBS share |           |           |                  |
|  | <b>Published</b> | and one-off           | of shared | Strategic | <b>Restated</b>  |
|  | <b>pro forma</b> | items                 | assets    | disposals | <b>pro forma</b> |
|  | <b>£m</b>        | £m                    | £m        | £m        | <b>£m</b>        |
| <b>Net interest income</b>   | <b>3,438</b>     | 84                    | 16        | -         | <b>3,538</b>     |
| Non-interest income (excluding insurance net premium income)                     | <b>4,908</b>     | (881)                 | (10)      | (241)     | <b>3,776</b>     |
| Insurance net premium income   | <b>1,356</b>     | -                     | -         | -         | <b>1,356</b>     |
| <b>Non-interest income excluding credit market write-downs and one-off items</b> | <b>6,264</b>     | (881)                 | (10)      | (241)     | <b>5,132</b>     |
| <b>Total income before credit market write-downs and one-off items</b>           | <b>9,702</b>     | (797)                 | 6         | (241)     | <b>8,670</b>     |
| Credit market write-downs and one-off items                                      | <b>(797)</b>     | 797                   | -         | -         | <b>-</b>         |
| <b>Total income</b>  | <b>8,905</b>     | -                     | 6         | (241)     | <b>8,670</b>     |
| <b>Operating expenses</b>  | <b>(4,657)</b>   | -                     | (10)      | -         | <b>(4,667)</b>   |
| <b>Profit /(loss) before other operating charges</b>                             | <b>4,248</b>     | -                     | (4)       | (241)     | <b>4,003</b>     |
| Insurance net claims   | <b>(966)</b>     | -                     | -         | -         | <b>(966)</b>     |
| <b>Operating profit/(loss) before impairment losses</b>                          | <b>3,282</b>     | -                     | (4)       | (241)     | <b>3,037</b>     |
| Impairment losses  | <b>(2,858)</b>   | -                     | -         | -         | <b>(2,858)</b>   |
| <b>Group operating profit/ (loss)</b>  | <b>424</b>       | -                     | (4)       | (241)     | <b>179</b>       |
| Amortisation of purchased intangible assets                                      | <b>(85)</b>      | -                     | -         | -         | <b>(85)</b>      |
| Integration and restructuring costs  | <b>(379)</b>     | -                     | -         | -         | <b>(379)</b>     |
| Strategic disposals  | <b>-</b>         | -                     | -         | 241       | <b>241</b>       |
| Share of shared assets   | <b>(4)</b>       | -                     | 4         | -         | <b>-</b>         |
| <b>Loss before tax</b>   | <b>(44)</b>      | -                     | -         | -         | <b>(44)</b>      |
| Tax  | <b>(228)</b>     | -                     | -         | -         | <b>(228)</b>     |
| <b>Loss from continuing operations</b>   | <b>(272)</b>     | -                     | -         | -         | <b>(272)</b>     |

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|   |              |   |      |   |              |
|---|--------------|---|------|---|--------------|
| Loss from discontinued operations, net of tax     | -            | - | (45) | - | (45)         |
| <b>Loss for the period</b>                        | <b>(272)</b> | - | (45) | - | <b>(317)</b> |
| Minority interests                                | (471)        | - | -    | - | (471)        |
| Other owners                                      | (114)        | - | -    | - | (114)        |
| <b>Loss attributable to ordinary shareholders</b> | <b>(857)</b> | - | (45) | - | <b>(902)</b> |



**Consolidated pro forma income statement reconciliation**

for the year ended 31 December 2008

|  | Published       | Amendment to IFRS 2 | Adjustments Credit | market write-downs | RBS share    | Restated pro forma |
|--|-----------------|---------------------|--------------------|--------------------|--------------|--------------------|
|  | pro forma       | ' Share-Based       | and one-off        | of shared          | Strategic    | pro forma          |
|  | £m              | Payment ' £m        | items £m           | assets £m          | disposals £m | £m                 |
| <b>Net interest income</b>   | <b>15,939</b>   | -                   | -                  | (175)              | -            | <b>15,764</b>      |
| Non-interest income (excluding insurance net premium income)                     | <b>5,227</b>    | -                   | (5,641)            | (18)               | (442)        | <b>(874)</b>       |
| Insurance net premium income   | <b>5,709</b>    | -                   | -                  | -                  | -            | <b>5,709</b>       |
| <b>Non-interest income excluding credit market write-downs and one-off items</b> | <b>10,936</b>   | -                   | (5,641)            | (18)               | (442)        | <b>4,835</b>       |
| <b>Total income before credit market write-downs and one-off items</b>           | <b>26,875</b>   | -                   | (5,641)            | (193)              | (442)        | <b>20,599</b>      |
| Credit market write-downs and one-off items                                      | <b>(5,641)</b>  | -                   | 5,641              | -                  | -            | -                  |
| <b>Total income</b>  | <b>21,234</b>   | -                   | -                  | (193)              | (442)        | <b>20,599</b>      |
| <b>Operating expenses</b>  | <b>(15,916)</b> | (169)               | -                  | (103)              | -            | <b>(16,188)</b>    |
| <b>Profit /(loss) before other operating charges</b>                             | <b>5,318</b>    | (169)               | -                  | (296)              | (442)        | <b>4,411</b>       |
| Insurance net claims   | <b>(3,917)</b>  | -                   | -                  | -                  | -            | <b>(3,917)</b>     |
| <b>Operating profit/(loss) before impairment losses</b>                          | <b>1,401</b>    | (169)               | -                  | (296)              | (442)        | <b>494</b>         |
| Impairment losses  | <b>(7,428)</b>  | -                   | -                  | (4)                | -            | <b>(7,432)</b>     |
| <b>Group operating loss</b>  | <b>(6,027)</b>  | (169)               | -                  | (300)              | (442)        | <b>(6,938)</b>     |
| Amortisation of purchased intangible assets                                      | <b>(443)</b>    | -                   | -                  | -                  | -            | <b>(443)</b>       |
| Integration and restructuring costs  | <b>(1,357)</b>  | -                   | -                  | -                  | -            | <b>(1,357)</b>     |
| Write-down of goodwill and other intangible assets                               | <b>(16,911)</b> | -                   | -                  | -                  | -            | <b>(16,911)</b>    |
| Strategic disposals  | -               | -                   | -                  | -                  | 442          | <b>442</b>         |

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|   |                 |       |   |      |   |                 |
|---|-----------------|-------|---|------|---|-----------------|
| Share of shared assets                              | (300)           | -     | - | 300  | - | -               |
| <b>Loss before tax</b>                              | <b>(25,038)</b> | (169) | - | -    | - | <b>(25,207)</b> |
| Tax   | <b>1,995</b>    | -     | - | -    | - | <b>1,995</b>    |
| <b>Loss from continuing operations</b>              | <b>(23,043)</b> | (169) | - | -    | - | <b>(23,212)</b> |
| Loss from discontinued operations, net of tax       | -               | -     | - | (86) | - | <b>(86)</b>     |
| <b>Loss for the period</b>                          | <b>(23,043)</b> | (169) | - | (86) | - | <b>(23,298)</b> |
| Minority interests                                  | <b>(412)</b>    | -     | - | -    | - | <b>(412)</b>    |
| Other owners  | <b>(596)</b>    | -     | - | -    | - | <b>(596)</b>    |
| <b>Loss attributable to ordinary shareholders</b>   | <b>(24,051)</b> | (169) | - | (86) | - | <b>(24,306)</b> |
| Excluding goodwill and other intangibles impairment | <b>(7,855)</b>  | (169) | - | (86) | - | <b>(8,110)</b>  |
| Goodwill and other intangibles impairment           | <b>(16,196)</b> | -     | - | -    | - | <b>(16,196)</b> |
| Gross   | <b>(16,911)</b> | -     | - | -    | - | <b>(16,911)</b> |
| Less: Tax   | <b>715</b>      | -     | - | -    | - | <b>715</b>      |
| <b>Loss attributable to ordinary shareholders</b>   | <b>(24,051)</b> | (169) | - | (86) | - | <b>(24,306)</b> |



**Consolidated pro forma income statement reconciliation**

for the half year ended 30 June 2008

|  | Published      | Amendment to IFRS 2 ' Share-Based Payment ' | Adjustments Finalisation of ABN AMRO acquisition accounting | Credit market write-downs and one-off items | RBS share of shared assets | Restated pro forma |
|--|----------------|---|---|---|----------------------------|--------------------|
|  | pro forma £m   | £m  | £m  | £m  | £m                         | pro forma £m       |
| <b>Net interest income</b>   | <b>7,564</b>   | -   | 80  | -   | (143)                      | <b>7,501</b>       |
| Non-interest income (excluding insurance net premium income)                     | <b>6,410</b>   | -   | -   | (5,113)                                     | (8)                        | <b>1,289</b>       |
| Insurance net premium income   | <b>2,861</b>   | -   | -   | -   | -                          | <b>2,861</b>       |
| <b>Non-interest income excluding credit market write-downs and one-off items</b> | <b>9,271</b>   | -   | -   | (5,113)                                     | (8)                        | <b>4,150</b>       |
| <b>Total income before credit market write-downs and one-off items</b>           | <b>16,835</b>  | -   | 80  | (5,113)                                     | (151)                      | <b>11,651</b>      |
| Credit market write-downs and one-off items                                      | <b>(5,113)</b> | -   | -   | 5,113                                       | -                          | <b>-</b>           |
| <b>Total income</b>  | <b>11,722</b>  | -   | 80  | -   | (151)                      | <b>11,651</b>      |
| <b>Operating expenses</b>  | <b>(8,285)</b> | ( 35 )                                      | -   | -   | (73)                       | <b>( 8,393 )</b>   |
| <b>Profit before other operating charges</b>                                     | <b>3,437</b>   | (35)  | 80  | -   | (224)                      | <b>3,258</b>       |
| Insurance net claims   | <b>(1,927)</b> | -   | -   | -   | -                          | <b>( 1,927 )</b>   |
| <b>Operating profit/(loss) before impairment losses</b>                          | <b>1,510</b>   | (35)  | 80  | -   | (224)                      | <b>1,331</b>       |
| Impairment losses  | <b>(1,479)</b> | -   | -   | -   | -                          | <b>( 1,479 )</b>   |
| <b>Group operating profit/(loss)</b>   | <b>31</b>      | (35)  | 80  | -   | (224)                      | <b>(148)</b>       |
| Amortisation of purchased intangible assets                                      | <b>(182)</b>   | -   | ( 80 )  | -   | -                          | <b>( 262 )</b>     |
|  | <b>(316)</b>   | -   | -   | -   | -                          | <b>( 316 )</b>     |

|   |              |      |   |   |      |              |
|---|--------------|------|---|---|------|--------------|
| Integration and restructuring costs               |              |      |   |   |      |              |
| Share of shared assets                            | (224)        | -    | - | - | 224  | -            |
| <b>Loss before tax</b>                            | <b>(691)</b> | (35) | - | - | -    | <b>(726)</b> |
| Tax   | <b>303</b>   | -    | - | - | -    | <b>303</b>   |
| <b>Loss from continuing operations</b>            | <b>(388)</b> | (35) | - | - | -    | <b>(423)</b> |
| Loss from discontinued operations, net of tax     | -            | -    | - | - | (41) | (41)         |
| <b>Loss for the period</b>                        | <b>(388)</b> | (35) | - | - | (41) | <b>(464)</b> |
| Minority interests                                | (148)        | -    | - | - | -    | ( 148 )      |
| Other owners                                      | (215)        | -    | - | - | -    | ( 215 )      |
| <b>Loss attributable to ordinary shareholders</b> | <b>(751)</b> | (35) | - | - | (41) | <b>(827)</b> |

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### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: 06 August 2009

THE ROYAL BANK OF SCOTLAND  
GROUP plc (Registrant)

By: /s/ A N Taylor

Name: A N Taylor

Title: Head of Group Secretariat