ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
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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 July 30, 2015

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 X Form 40-F ___

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Yes ___ No X

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

Appendix 1

Capital and risk management

Appendix 1 Capital and risk management

Presentation of information

The assets and liabilities of disposal groups are presented as single lines in the consolidated balance sheet as required by IFRS. As allowed by IFRS, exposures, measures and ratios in this Appendix include disposal groups, primarily relating to CFG and international private banking, on a line-by-line basis. A summary of this presentation is set out in Appendix 2.

The disclosures in this appendix supplement disclosures in Analysis of results - Balance sheet related key metrics and ratios; Impairment losses; Capital and leverage ratios. An overview by risk type is included in the General overview, supporting analyses and additional detailed commentary are included in specific risk sections.

Appendix 1 Capital and risk management

General overview*

RBS's main risks are described in Capital and risk management - Risk coverage in the 2014 Annual Report and Accounts. The table below is an overview of these risks, including any developments during H1 2015.

Risk type	Overview
Capital and leverage	· RBS's CET1 ratio: continued to strengthen from 11.2% at the end of 2014 to 12.3% at 30 June 2015, an improvement of 110 basis points. · Key milestones were: o the reduction of CFG ownership interest to 40.8%; and o the continued run down of RCR and CIB assets. · RWAs: continued to decline with a £30 billion reduction from the 2014 year end to £326 billion, £26 billion above the year end 2015 target of £300 billion, following reductions in CIB (£19.1 billion) and RCR (£7.6 billion). · Leverage ratio (under the revised 2014 Basel III leverage ratio framework and the 2015 CRR Delegated Act): 4.6% compared with 4.2% at the end of 2014 reflecting capital strength and leverage exposure reduction, from £940 billion to £875 billion, principally in CIB. · RBS plans to issue £4-5 billion of end-point CRR compliant Additional Tier 1, of which £2 billion is planned to be issued in 2015.
Liquidity and funding	· Liquidity position continues to be robust: the liquidity portfolio of £161 billion at 30 June 2015 covered short-term wholesale funding by more than six times. Excluding CFG, the liquidity portfolio was £148 billion. Short-term wholesale funding reduced to £25 billion, due to term debt maturities. · Liquidity portfolio increased by £10.8 billion in the six months to 30 June 2015 mainly driven by CIB and RCR run-down, Citizens share disposals and continuation of sales from RBS N.V. treasury portfolio. · Liquidity coverage ratio (LCR) improved by five percentage points to 117% since the year end; excluding Citizens the LCR was 118%. From 1 October 2015, RBS will be required by the PRA to have a LCR of at least 80%. · Net stable funding ratio (NSFR) at 30 June 2015 was 115% in total and 112% excluding Citizens, broadly unchanged from 2014 year end. · The loan:deposit ratio fell to 92% at 30 June 2015, primarily reflecting asset reductions and a stable deposit base. · Based on its current assessment of the Financial Stability Board's proposals, RBS may issue £3-£5 billion of qualifying debt per annum between 2015 and 2019 to meet future total loss absorbing capacity requirements.
Conduct and legal	RBS continued to remediate historical conduct issues. RBS co-operated with global regulators on investigations into the foreign exchange market

and the more significant penalties were settled. Litigation and conduct costs were £1.3 billion in H1 2015 compared with £0.25 billion in H1 2014. The conduct risk framework was further embedded in Conduct and Regulatory Affairs' new operating model, focussing assurance coverage and testing towards customer outcomes.

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

General overview* (continued)

Risk type	Overview
Credit	· RBS's credit risk exposures continued to fall overall, with an improvement in credit quality and a net release of impairment provisions in H1 2015. RCR disposals - particularly in the commercial real estate sector in Ireland - contributed significantly to the reductions in exposure and to the provision release. These results also reflect benign economic and market conditions in the UK and Ireland, better liquidity and increased collateral values. Lower sector and asset/product class limits were implemented following the new CIB strategy. · The growth in UK PBB gross mortgage lending was within credit risk appetite and against a backdrop of sustained house price growth in 2015 that has outstripped earnings growth. Economic fundamentals continue to look strong, helping to underpin mild improvements in the UK housing and mortgage market. · From a low of US$45 per barrel in January 2015, oil prices recovered to US$61 per barrel by the end of June 2015. However, the market is still considered to be oversupplied and the outlook is uncertain. Risk appetite to the oil and gas sector was further reduced during H1 2015 following a review in March 2015, with continued focus on ensuring that the portfolio remains high investment grade. · Overall credit metrics strengthened in the first half of 2015 principally reflecting RCR disposals but also improvements in economic conditions: o Credit risk RWAs fell by £23 billion or 8% to £273 billion at 30 June 2015 from £295 billion at the 2014 year end primarily reflecting CIB portfolio sales and risk reduction and RCR disposal strategy. o Impairment provisions of £11.3 billion (2014 - £18.0 billion) covered risk elements in lending (REIL) of £18.7 billion (2014 - £28.2 billion) by 60% (2014 - 64%). o CRE lending fell to £36.4 billion from £43.3 billion at the end of 2014, of which £7.2 billion (2014 - £13.3 billion) was in REIL with provision coverage of 64% (2014 - 68%).
Market	Average trading internal VaR decreased to £21.8 million (H1 2014 - £30.6 million; FY 2014 - £27.8 million), largely in credit spread VaR, reflecting the continued exit from the US asset-backed products trading business.

Market risk RWAs decreased by £1.7 billion to £22.3 billion, driven by a decline in the standardised risk capital charge reflecting reduced securitisation exposures in the trading book, partly offset by a small increase in the Pillar 1 risk capital charge.

Non-trading interest rate VaR was lower as RBS positioned its structural interest rate closer to the neutral position prescribed by its risk management policy

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

General overview* (continued)

Risk type	Overview
Country	RBS continued to maintain a cautious stance as it becomes a UK-centred bank with a focus on Western Europe. Total eurozone net balance sheet exposure decreased by £12 billion or 12% to £85.6 billion in the first half of 2015. Eurozone periphery exposures decreased by £7.4 billion or 24%, to £24.0 billion. Most of this reduction was in Italy, driven by maturity of derivative transactions and higher short positions due to uncertainty around Greece, and in Ireland, reflecting RCR portfolio sales and currency movements. Total exposure to Greece was reduced from £0.4 billion to £110 million and £86 million after the effect of credit mitigation. Exposure to Russia remained under strict control and continued to be reviewed regularly against international sanctions.
Operational	The risks associated with RBS's transformation plan are being closely monitored. Separate to this activity, in June, there was a one or two day delay to payments applied to some customer accounts. A detailed investigation is underway into the root cause of the problem - the findings will be used to reduce the risk of recurrence.
Regulatory	The level of regulatory risk remained high, given the large volume of regulatory change still impacting the industry. Various legacy conduct issues also continued to be managed.
Reputational	The most material threats to RBS's reputation continued to be as a result of conduct and operational-related matters: RBS was the subject of investigations and review by a number of regulators, some of which resulted in fines and public censure. The failure of IT systems in June 2015 also impacted customers, with reputational damage to the bank.
Business	RBS further reduced its business risk profile by continuing to scale back CIB's business activities and by pursuing RCR's asset disposal strategy.
Strategic	2015 has seen further progress in RBS's shift towards the UK and the retail and commercial banking segments to achieve a lower risk profile. Capital ratios continued to increase further towards targets which, when attained, will provide RBS with increased strategic options

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

Capital management

RBS aims to maintain an appropriate level of capital to meet its business needs and regulatory requirements, and operates within an agreed risk appetite. The appropriate level of capital is determined based on the dual aims of: (i) meeting minimum regulatory capital requirements; and (ii) ensuring RBS maintains sufficient capital to uphold customer, investor and rating agency confidence in the organisation, thereby supporting its business franchises and funding capacity. For a description of the capital management framework, governance and basis of preparation refer to Capital management in the 2014 Annual Report and Accounts.

Pillar 2A and MDA

RBS's current Pillar 2A requirement is 3.4% of RWAs (31 December 2014 - 3.5%). From 1 January 2015, 56% of the total Pillar 2A or 1.9% of RWAs is required to be met from CET1 capital. Pillar 2A is a point in time regulatory assessment of the amount of capital that is required to be held to meet the overall financial adequacy rules. This PRA assessment may change over time, including as a result of at least an annual assessment and supervisory review of RBS's Internal Capital Adequacy Assessment Process (ICAAP); the latest ICAAP based on the end of 2014 data was completed in May 2015.

RBS's capital risk appetite framework, which informs its capital targets, includes consideration of the maximum distributable amount (MDA) requirements. These requirements are expected to be phased in from 2016, with full implementation by 2019.

Based on current capital requirements, on the illustrative assumption that current estimates of Pillar 2A remain constant, RBS estimates that its 'fully phased' CET1 MDA requirement would be 10.4% in 2019, assuming RBS's current risk profile is unchanged. It should be noted that this estimate does not reflect the anticipated impact of RBS's planned restructuring and balance sheet risk reduction programmes, changes in the regulatory framework or other factors that could impact target CET1 ratios. This estimated 2019 MDA requirement comprises:

- 4.5% Pillar 1 minimum CET1 ratio;
- 2.5% Capital conservation buffer;
- 1.9% Pillar 2A CET1 ratio; and
- 1.5% Global Systemically Important Institution buffer.

Based on the assumptions above, assuming a 13% steady state CET1 capital ratio is achieved, RBS currently estimates that it would have headroom of 2.6% to fully phased MDA trigger in 2019. This headroom will be subject to ongoing review to accommodate regulatory and other changes.

Appendix 1 Capital and risk management

Developments in prudential regulation

The European Union Capital Requirements Regulation (CRR) is in transition until 2019. Recent developments are set out below.

Capital

The Basel Committee on Banking Supervision (BCBS) has consulted on implementing capital floors, and the expectation is that the framework design will be based on a standardised methodology that is currently being revised.

Systemic capital buffers - Global Systemically Important Banks (G-SIB) are assessed according to methodology set out by BCBS, and an additional loss absorbency requirement has been set according to the size. An annual assessment of size is undertaken and RBS is currently required to hold a 1.5% buffer. Additional requirements are being set for domestic (D-SIB) by the EBA (up to 2%) and for ring-fenced banks by the Financial Policy Committee of the Bank of England (up to 3%).

BCBS is still considering its proposals on the possible inclusion of interest rate risk in the banking book within Pillar 1 capital rather than the existing Pillar 2 treatment. Similarly, there is a possibility that operational risk charges will be moved from Pillar 2 to Pillar 1 capital.

A comprehensive review by BCBS into the market risk framework (Fundamental Review of the Trading Book) is likely to result in changes to the banking book/trading book boundary, replacing VaR with an expected shortfall model and new, more risk sensitive standardised methodologies which will need to be calculated for the entire book, regardless of whether a firm has permission to use a modelled approach.

BCBS has finalised rules for the capital requirements of securitisation positions. There is a new hierarchy of methods, as well as changes to the methodologies. The new rules, effective from 1 January 2018, aim to reduce reliance on credit rating agencies, although their use will still be permitted subject to local approval, reduce cliff effects seen in the current rules, and enhance risk sensitivity.

PRA has published a new approach to setting Pillar 2 capital requirements, replacing the capital planning buffer with a 'PRA buffer'. Broadly this follows the consultation paper of January 2015.

Disclosure requirements required by regulators will be more frequent, more extensive and much more standardised (Pillar 3). BCBS requirements will be introduced from the end of 2016 and the more detailed EU requirements are being phased in during late 2015.

Leverage ratio

The PRA is consulting on implementation of a UK leverage ratio framework, expected to come into force from 2016, which will incorporate a systemic capital buffer and a countercyclical buffer when establishing the minimum leverage ratio for banks. There will also be disclosures and related measurement bases for exposures.

Recovery & resolution planning

The Financial Stability Board is continuing impact studies on Total Loss Absorbency Capacity (TLAC) for G-SIBs with an expectation of final proposals to be issued in late 2015 for implementation in 2019. Minimum requirement for eligible liabilities (MREL) is the EU equivalent of TLAC but is not restricted to G-SIBs. The required amount will be set on a case by case basis by resolution authorities, with the Bank of England proposing that MREL be aligned to TLAC.

Appendix 1 Capital and risk management

Capital resources

	End-point CRR basis (1)			PRA transitional basis (1)		
	30 June 2015 £m	31 March 2015 £m	31 December 2014 £m	30 June 2015 £m	31 March 2015 £m	31 December 2014 £m
Shareholders' equity (excluding						

non-controlling interests)						
Shareholders' equity	56,064	56,808	57,246	56,064	56,808	57,246
Preference shares - equity	(4,313)	(4,313)	(4,313)	(4,313)	(4,313)	(4,313)
Other equity instruments	(634)	(634)	(784)	(634)	(634)	(784)
	51,117	51,861	52,149	51,117	51,861	52,149
Regulatory adjustments and deductions						
Own credit	345	609	500	345	609	500
Defined benefit pension fund adjustment	(250)	(245)	(238)	(250)	(245)	(238)
Cash flow hedging reserve	(435)	(1,109)	(1,029)	(435)	(1,109)	(1,029)
Deferred tax assets	(1,206)	(1,140)	(1,222)	(1,206)	(1,140)	(1,222)
Prudential valuation adjustments	(366)	(393)	(384)	(366)	(393)	(384)
Goodwill and other intangible assets	(7,198)	(7,619)	(7,781)	(7,198)	(7,619)	(7,781)
Expected losses less impairments	(1,319)	(1,512)	(1,491)	(1,319)	(1,512)	(1,491)
Other regulatory adjustments	(635)	(327)	(585)	(612)	(305)	(855)
	(11,064)	(11,736)	(12,230)	(11,041)	(11,714)	(12,500)
CET1 capital	40,053	40,125	39,919	40,076	40,147	39,649
Additional Tier 1 (AT1) capital						
Qualifying instruments and related share premium subject to phase out	-	-	-	6,709	5,092	5,820
Qualifying instruments issued by subsidiaries and held by third parties	-	-	-	-	1,114	1,648
AT1 capital	-	-	-	6,709	6,206	7,648
Tier 1 capital	40,053	40,125	39,919	46,785	46,353	47,117
Qualifying Tier 2 capital						
Qualifying instruments and related share premium	5,433	5,734	5,542	10,141	6,254	6,136
Qualifying instruments issued by subsidiaries and held by third parties	2,748	2,955	3,175	3,432	6,716	7,490
Tier 2 capital	8,181	8,689	8,717	13,573	12,970	13,626
Total regulatory capital	48,234	48,814	48,636	60,358	59,323	60,743

Note:

(1) Capital Requirements Regulation (CRR) as implemented by the Prudential Regulation Authority in the UK, with effect from 1 January 2014. All regulatory adjustments and deductions to CET1 have been applied in full for the end-point CRR basis with the exception of unrealised gains on available-for-sale (AFS) securities which has been included from 2015 for the PRA transitional basis.

Appendix 1 Capital and risk management

Capital resources (continued)

Capital flow statement*
The table below analyses the movement in end-point CRR CET1 and Tier 2 capital for the half year ended 30 June 2015.

	CET1 £m	Tier 2 £m	Total £m
At 1 January 2015	39,919	8,717	48,636
Loss for the year net of movements in fair value of own credit	(308)	-	(308)
Share capital and reserve movements in respect of employee share schemes	161	-	161
Ordinary shares issued	150	-	150
Foreign exchange reserve	(1,166)	-	(1,166)
AFS reserves	(55)	-	(55)
Decrease in goodwill and intangibles deduction	583	-	583
Deferred tax assets	16	-	16
Prudential valuation adjustments	18	-	18
Excess of expected loss over impairment provisions	172	-	172
Dated subordinated debt issues/(maturities)	-	(50)	(50)
Net dated subordinated debt/grandfathered instruments	-	(76)	(76)
Foreign exchange movements	-	(400)	(400)
Other movements	563	(10)	553
At 30 June 2015	40,053	8,181	48,234

Leverage exposure

Basis of preparation*
The leverage exposure set out on page 24 of the main announcement is based on the revised 2014 Basel III leverage ratio framework and the 2015 CRR Delegated Act. Additional analysis of derivative notionals and undrawn commitments, two of the major components contributing to the leverage exposure is set out below.

The table below analyses the derivative notionals by maturity for contracts other than credit derivatives, and credit derivatives by qualifying and non-qualifying.

	Derivatives other than credit derivatives (1)			Credit derivatives (2)		
	<1 year	1-5 years	>5 years	Qualifying	Non-qualifying	Total
Derivative notionals	£bn	£bn	£bn	£bn	£bn	£bn
30 June 2015						
Interest rate	9,642	6,631	3,850			20,123
Exchange rate	3,403	505	288			4,196
Equity	42	16	2			60
Credit				78	22	100

Total	13,087	7,152	4,140	78	22	24,479
31 December 2014						
Interest rate	11,069	10,423	5,839			27,331
Exchange rate	3,649	720	306			4,675
Equity	42	33	2			77
Commodities	1	-	-			1
Credit				99	26	125
Total	14,761	11,176	6,147	99	26	32,209

Notes:

(1) Derivative potential future exposures (PFE) are calculated based on the notional value of the contracts and is dependent on the type of contract. For contracts other than credit derivatives the PFE is based on the type and maturity of the contract after the effect of netting arrangements.
(2) The PFE on credit derivatives is based on add-on factors determined by the asset quality of the referenced instrument. Qualifying credit derivatives attract a PFE add-on of 5% and have reference securities issued by public sector entities, multilateral development banks or other investment grade issuers. Non-qualifying credit derivatives attract a PFE add-on of 10%.

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

Leverage exposure (continued)

Weighted undrawn commitments*

		Ulster	Commercial	Private		Central			
	UK PBB	Bank	Banking	Banking	CIB	items	CFG	RCR	Total
30 June 2015	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Unconditionally cancellable items (1)	3.2	0.4	1.2	0.1	3.6	2.6	1.8	-	12.9
Items with a 20% CCF	0.1	-	0.4	-	2.0	0.1	0.3	-	2.9
Items with a 50% CCF	5.4	0.6	15.0	0.7	22.5	0.8	7.9	0.3	53.2
Items with a 100% CCF	0.1	0.1	2.2	0.4	7.7	3.6	1.4	0.2	15.7
	8.8	1.1	18.8	1.2	35.8	7.1	11.4	0.5	84.7
31 December 2014									
Unconditionally cancellable items (1)	3.1	0.1	1.0	0.2	2.4	-	1.8	-	8.6
Items with a 20% CCF	0.4	-	0.7	0.1	3.2	-	0.4	-	4.8
Items with a 50% CCF	4.8	1.0	9.8	1.4	36.8	1.6	7.8	0.5	63.7
Items with a 100% CCF	0.1	0.3	2.2	0.8	10.2	3.9	1.5	0.3	19.3

8.4	1.4	13.7	2.5	52.6	5.5	11.5	0.8	96.4

Note:

(1) Based on a 10% credit conversion factor.

Risk-weighted assets*

The tables below analyse the movement in RWAs on the end-point CRR basis during H1 2015, by key drivers.

	Credit risk RWAs		
	Non-counterparty	Counterparty	Total
	£bn	£bn	£bn
At 1 January 2015	264.7	30.4	295.1
Foreign exchange movement	(3.5)	0.1	(3.4)
Business movements	(12.9)	(3.3)	(16.2)
Risk parameter changes	(4.1)	-	(4.1)
Methodology changes	(0.2)	-	(0.2)
Model updates	0.7	(0.1)	0.6
Other changes	0.3	0.4	0.7
At 30 June 2015	245.0	27.5	272.5
Modelled (1)	143.7	24.2	167.9
Non-modelled	101.3	3.3	104.6
	245.0	27.5	272.5

	Market risk RWAs			Operational	
	CIB	Other	Total	risk RWAs	Total
	£bn	£bn	£bn	£bn	£bn
At 1 January 2015	18.9	5.1	24.0	36.8	60.8
Business and market movements	(0.8)	(0.9)	(1.7)	(5.2)	(6.9)
At 30 June 2015	18.1	4.2	22.3	31.6	53.9
Modelled (1)	15.4	3.3	18.7	-	18.7
Non-modelled	2.7	0.9	3.6	31.6	35.2
	18.1	4.2	22.3	31.6	53.9

Note:

(1) Modelled refers to advanced internal ratings (AIRB) basis for non-counterparty credit risk, internal model method (IMM) for counterparty credit risk, and value-at-risk and related models for market risk. These principally relate to CIB (£71.8 billion) and Commercial Banking (£50.5 billion).

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

Risk-weighted assets* (continued)

The table below analyses the movement in end-point CRR RWAs by segment during the half year.

Total RWAs	UK PBB £bn	Ulster Bank £bn	Commercial Banking £bn	Private Banking £bn	CIB £bn	Central items £bn	CFG £bn	RCR £bn	Total £bn
At 1 January 2015	42.8	23.8	64.0	11.5	107.1	16.3	68.4	22.0	355.9
Foreign exchange movement	-	(1.5)	(0.3)	0.1	(1.0)	-	(0.3)	(0.4)	(3.4)
Business movements	(0.6)	(0.4)	1.1	(0.8)	(18.3)	(0.6)	1.7	(5.2)	(23.1)
Risk parameter changes (1)	(1.3)	(0.7)	(0.2)	-	0.3	(0.2)	-	(2.0)	(4.1)
Methodology changes (2)	-	-	(0.2)	-	-	-	-	-	(0.2)
Model updates (3)	(0.2)	-	-	-	1.4	(0.6)	-	-	0.6
Other changes	0.3	-	2.5	(1.0)	(1.5)	0.4	-	-	0.7
At 30 June 2015	41.0	21.2	66.9	9.8	88.0	15.3	69.8	14.4	326.4
Credit risk									
- non-counterparty	32.0	19.6	60.7	8.2	38.6	14.1	64.0	7.8	245.0
- counterparty	-	0.1	-	-	22.9	0.6	0.9	3.0	27.5
Market risk	-	-	-	0.1	18.1	0.1	-	4.0	22.3
Operational risk	9.0	1.5	6.2	1.5	8.4	0.5	4.9	(0.4)	31.6
Total RWAs	41.0	21.2	66.9	9.8	88.0	15.3	69.8	14.4	326.4

Key points

· RWAs fell by £29.5 billion to £326.4 billion in the first half of 2015 principally in CIB and RCR.
· CIB reduced RWAs by £19 billion to £88 billion in line with expected business run-off as it implemented the new strategy. These reductions included:
  regional loan portfolio disposals and run-offs (£6.8 billion), including US corporate loan portfolio sales to Mizuho (£3.2 billion);
  US asset-backed product exit (£2.3 billion);
  other trading portfolio disposals (£2.1 billion);
  restructuring of certain derivative transactions (£1.7 billion); and
  run down of the trade finance in GTS in line with contractual maturities (£3.2 billion).
· RCR disposal and run-off strategy continued to progress, resulting in RWA reductions of £7.6 billion.
· Improvements in credit quality metrics contributed to RWA decreases in Ulster Bank and UK PBB.
· Sterling strengthening against the euro and US dollar resulted in lower RWAs in Ulster Bank and CIB.
· Commercial Banking RWAs at 30 June 2015 included the transfer of UK Corporate coverage from CIB (£2.3 billion) and Private Banking RBSI (£1.5 billion).
·

Annual recalculation of operational risk resulted in a £5.2 billion RWA reduction, primarily £3.4 billion in CIB and £0.4 billion in both UK PBB and Private Banking.

- In terms of RWA density for AIRB portfolios:
  - other sovereign density decreased from 25% to 17% following the sale of term loans in RCR;
  - non-bank financial institution density increased from 38% to 45% primarily reflecting close-out of a large low risk-weighted exposure and implementation of new LGD and PD models;
  - commercial property RWA density increased overall principally due to the impact of RCR disposals, including defaulted assets; and
  - the increase in RWA density for oil and gas and mining and metal sectors reflected implementation of the new large corporate PD model for mining exposures.

*Not within the scope of Deloitte LLP's review report

Appendix 1 Capital and risk management

Risk-weighted assets* (continued)

EAD and RWA density

The tables below show exposure at default (EAD) after credit risk mitigation (CRM), RWAs, and related RWA density by sector cluster.

	EAD post CRM (1,2)			RWAs (1)			RWA density		
	AIRB	STD	Total	AIRB	STD	Total	AIRB	STD	Total
30 June 2015	£m	£m	£m	£m	£m	£m	%	%	%
Sector cluster									
Sovereign									
Central banks	47,477	55,729	103,206	1,868	1	1,869	4	-	2
Central government	16,564	12,287	28,851	1,652	162	1,814	10	1	6
Other sovereign	3,958	7,473	11,431	671	327	998	17	4	9
Total sovereign	67,999	75,489	143,488	4,191	490	4,681	6	1	3
Financial institutions (FI)									
Banks	27,831	2,387	30,218	12,822	569	13,391	46	24	44
Other FI (2)	35,420	20,727	56,147	15,982	9,380	25,362	45	45	45
SSPEs (3)	14,282	2,326	16,608	5,480	4,078	9,558	38	175	58
Total FI	77,533	25,440	102,973	34,284	14,027	48,311	44	55	47
Corporates									
Property									

- UK	42,808	3,493	46,301	21,824	3,478	25,302	51	100	55
- Ireland	4,077	15	4,092	912	15	927	22	100	23
- Other Western Europe	3,526	484	4,010	1,520	503	2,023	43	104	50
- US	1,036	8,024	9,060	519	8,059	8,578	50	100	95
- RoW	1,639	361	2,000	1,115	335	1,450	68	93	73
Total property	53,086	12,377	65,463	25,890	12,390	38,280	49	100	58
Natural resources									
- Oil and gas	11,145	2,043	13,188	5,401	1,856	7,257	48	91	55
- Mining and metals	2,438	613	3,051	2,058	641	2,699	84	105	88
- Other	13,793	974	14,767	5,227	759	5,986	38	78	41
Transport									
- Shipping	6,322	2,731	9,053	4,186	2,745	6,931	66	101	77
- Other	19,794	3,091	22,885	8,310	2,734	11,044	42	88	48
Manufacturing	25,070	8,408	33,478	10,801	8,219	19,020	43	98	57
Retail and leisure	21,388	8,095	29,483	12,786	7,981	20,767	60	99	70
Services	21,919	7,973	29,892	12,901	8,028	20,929	59	101	70
TMT (4)	10,131	2,785	12,916	5,513	2,671	8,184	54	96	63
Total corporates	185,086	49,090	234,176	93,073	48,024	141,097	50	98	60
Personal									
Mortgages									
- UK	117,153	7,803	124,956	10,123	3,188	13,311	9	41	11
- Ireland	13,992	35	14,027	11,416	16	11,432	82	46	81
- Other Western Europe	198	324	522	16	136	152	8	42	29
- US	132	20,629	20,761	10	10,061	10,071	8	49	49
- RoW	422	724	1,146	37	284	321	9	39	28
Total mortgages	131,897	29,515	161,412	21,602	13,685	35,287	16	46	22
Other personal	30,446	17,239	47,685	12,366	12,801	25,167	41	74	53
Total personal	162,343	46,754	209,097	33,968	26,486	60,454			