

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
August 06, 2010

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 August 6, 2010

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): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

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-

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 2

Analysis by quarter

Appendix 2 Analysis by quarter

Summary consolidated income statement - pro forma

	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
	£m	£m	£m	£m	£m		
Net interest income	3,322	3,261	3,446	3,534	3,684	11%	4%
Non-interest income (excluding							
insurance net premium income)	1,498	2,532	2,786	4,131	3,820	155%	(8%)
Insurance net premium income	1,301	1,301	1,308	1,289	1,278	(2%)	(1%)
Non-interest income	2,799	3,833	4,094	5,420	5,098	82%	(6%)
Total income	6,121	7,094	7,540	8,954	8,782	43%	(2%)
Operating expenses	(4,066)	(4,195)	(4,473)	(4,430)	(4,103)	1%	(7%)
Profit before other							
operating charges	2,055	2,899	3,067	4,524	4,679	128%	3%
Insurance net claims	(925)	(1,145)	(1,321)	(1,136)	(1,323)	43%	16%
Operating profit before							
impairment losses	1,130	1,754	1,746	3,388	3,356	197%	(1%)
Impairment losses	(4,663)	(3,279)	(3,099)	(2,675)	(2,487)	(47%)	(7%)
Operating (loss)/profit*	(3,533)	(1,525)	(1,353)	713	869	(125%)	22%
Amortisation of purchased							
intangible assets	(55)	(73)	(59)	(65)	(85)	55%	31%
Integration and restructuring costs	(355)	(324)	(228)	(168)	(254)	(28%)	51%
Gain on redemption of own debt	3,790	-	-	-	553	(85%)	-
Strategic disposals	212	(155)	(166)	53	(411)	-	-
Bonus tax	-	-	(208)	(54)	(15)	-	(72%)

Asset Protection Scheme credit							
default swap - fair value changes	-	-	-	(500)	500	-	(200%)
Gains on pensions curtailment	-	-	2,148	-	-	-	-
Profit/(loss) before tax	59	(2,077)	134	(21)	1,157	-	-
Tax credit/(charge)	640	576	(649)	(106)	(825)	-	-
Profit/(loss) from continuing operations	699	(1,501)	(515)	(127)	332	(53%)	-
Loss from discontinued operations, net of tax	(13)	(7)	(7)	(4)	(26)	100%	-
Profit/(loss) for the period	686	(1,508)	(522)	(131)	306	(55%)	-
Minority interests	(83)	(47)	(47)	(12)	(30)	(64%)	150%
Preference share and other dividends	(432)	(245)	(144)	(105)	(19)	(96%)	(82%)
Profit/(loss) attributable to ordinary and B shareholders							
before write-down of goodwill and other intangible assets	171	(1,800)	(713)	(248)	257	50%	-
Write-down of goodwill and other intangible assets, net of tax	(311)	-	(52)	-	-	-	-
(Loss)/profit attributable to ordinary and B shareholders	(140)	(1,800)	(765)	(248)	257	-	-

*(Loss)/profit before tax, amortisation of purchased intangible assets, integration and restructuring costs, gain on redemption of own debt, strategic disposals, bonus tax, Asset Protection Scheme credit default swap - fair value changes, gains on pensions curtailment and write-down of goodwill and other intangible assets.

Appendix 2 Analysis by quarter

Summary consolidated income statement - pro forma (continued)

Key metrics	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
Net interest margin	1.70%	1.75%	1.83%	1.92%	2.03%	33bp	11bp
Cost:income ratio	66%	59%	59%	49%	47%	1,900bp	200bp
Adjusted cost:income ratio	78%	71%	72%	57%	55%	2,300bp	200bp
Risk-weighted assets - gross	£547.3bn	£594.7bn	£565.8bn	£585.5bn	£597.3bn	9%	2%
Benefit of Asset Protection Scheme	-	-	(£127.6bn)	(£124.8bn)	(£123.4bn)	-	(1%)
Risk-weighted assets	£547.3bn	£594.7bn	£438.2bn	£460.7bn	£473.9bn	(13%)	3%
Loan deposit ratio (Group - net of provisions)	143%	139%	135%	131%	128%	(1,500bp)	(300bp)
Risk elements in lending (REIL)	£30.7bn	£35.0bn	£35.0bn	£36.5bn	£36.2bn	18%	(1%)
Provision balance as % of REIL and PPL	44%	43%	42%	45%	43%	(100bp)	(200bp)

Appendix 2 Analysis by quarter**Divisional performance**

The operating profit/(loss) of each division before amortisation of purchased intangible assets, integration and restructuring costs, gain on redemption of own debt, strategic disposals, bonus tax, Asset Protection Scheme credit default swap - fair value changes, gains on pensions curtailments and write-down of goodwill and other intangible assets, and after allocation of Business Services, Group Centre and Treasury funding costs is shown below. The Group manages costs where they arise. Customer-facing divisions control their direct expenses whilst Business Services is responsible for shared costs.

	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
	£m	£m	£m	£m	£m		
Operating profit/(loss) before impairment losses by division							
UK Retail	490	468	579	527	576	18%	9%
UK Corporate	535	566	530	504	588	10%	17%
Wealth	134	120	99	66	88	(34%)	33%
Global Banking & Markets	1,018	593	1,001	1,498	1,245	22%	(17%)
Global Transaction Services	269	275	228	233	282	5%	21%
Ulster Bank	78	59	73	81	104	33%	28%
US Retail & Commercial	136	137	134	183	273	101%	49%
RBS Insurance	142	13	(170)	(50)	(203)	-	-
Central items	(311)	121	(3)	201	337	-	68%
Core	2,491	2,352	2,471	3,243	3,290	32%	1%
Non-Core	(1,361)	(598)	(725)	145	66	(105%)	(54%)
Group operating profit before impairment losses	1,130	1,754	1,746	3,388	3,356	197%	(1%)

Included in the above are

movements in fair value
of own

debt:

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Global Banking & Markets	(482)	(320)	106	(32)	331	-	-
Central items	(478)	(163)	164	(137)	288	-	-
	(960)	(483)	270	(169)	619	-	-
Impairment losses by division							
UK Retail	470	404	451	387	300	(36%)	(22%)
UK Corporate	450	187	190	186	198	(56%)	6%
Wealth	16	1	10	4	7	(56%)	75%
Global Banking & Markets	(31)	272	130	32	164	-	-
Global Transaction Services	4	22	4	-	3	(25%)	-
Ulster Bank	90	144	348	218	281	-	29%
US Retail & Commercial	146	180	153	143	144	(1%)	1%
RBS Insurance	1	2	-	-	-	-	-
Central items	1	1	2	1	-	-	-
Core	1,147	1,213	1,288	971	1,097	(4%)	13%
Non-Core	3,516	2,066	1,811	1,704	1,390	(60%)	(18%)
Group impairment losses	4,663	3,279	3,099	2,675	2,487	(47%)	(7%)

Appendix 2 Analysis by quarter**Divisional performance (continued)**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
Operating (loss)/profit by division							
UK Retail	20	64	128	140	276	-	97%
UK Corporate	85	379	340	318	390	-	23%
Wealth	118	119	89	62	81	(31%)	31%
Global Banking & Markets	1,049	321	871	1,466	1,081	3%	(26%)
Global Transaction Services	265	253	224	233	279	5%	20%
Ulster Bank	(12)	(85)	(275)	(137)	(177)	-	29%
US Retail & Commercial	(10)	(43)	(19)	40	129	-	-
RBS Insurance	141	11	(170)	(50)	(203)	-	-
Central items	(312)	120	(5)	200	337	-	69%
Core	1,344	1,139	1,183	2,272	2,193	63%	(3%)
Non-Core	(4,877)	(2,664)	(2,536)	(1,559)		(73%)	(15%)

(1,324)

Group operating (loss)/profit	(3,533)	(1,525)	(1,353)	713	869	(125%)	22%
Loan impairment losses	4,520	3,262	3,032	2,602	2,479	(45%)	(5%)
Securities impairments losses	143	17	67	73	8	(94%)	(89%)
	4,663	3,279	3,099	2,675	2,487	(47%)	(7%)
Loan impairment charge as % of gross loans and advances (excluding reverse repurchase agreements)	3.0%	2.2%	2.1%	1.8%	1.8%	(120bp)	-

	2009		2010		30 June 2010 vs.
30 June	30 Sept	31 Dec	31 Mar	30 June	30 June
£bn	£bn	£bn	£bn	£bn	2009
					31 Mar
					2010

Risk-weighted assets by**division**

UK Retail	54.0	51.6	51.3	49.8	49.1	(9%)	(1%)
UK Corporate Wealth	89.5	91.0	90.2	91.3	87.6	(2%)	(4%)
	10.3	10.7	11.2	11.7		17%	3%

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Global Banking & Markets	112.5	121.5	123.7	141.8	141.3	26%	-
Global Transaction Services	16.7	18.9	19.1	20.4	19.4	16%	(5%)
Ulster Bank	26.2	28.5	29.9	32.8	30.5	16%	(7%)
US Retail & Commercial	55.6	62.8	59.7	63.8	65.5	18%	3%
Other	8.5	9.0	9.4	9.6	16.9	99%	76%
Core	373.3	394.0	394.5	421.2	422.3	13%	-
Non-Core	174.0	200.7	171.3	164.3	175.0	1%	7%
	547.3	594.7	565.8	585.5	597.3	9%	2%
Benefit of Asset Protection							
Scheme	-	-	(127.6)	(124.8)	(123.4)	-	(1%)
Total	547.3	594.7	438.2	460.7	473.9	(13%)	3%

Appendix 2 Analysis by quarter**UK Retail**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
Income statement							
Net interest income	868	848	939	933	1,001	15%	7%
Net fees and commissions - banking	321	303	283	259	263	(18%)	2%
Other non-interest income (net of insurance claims)	69	69	60	56	56	(19%)	-
Non-interest income	390	372	343	315	319	(18%)	1%
Total income	1,258	1,220	1,282	1,248	1,320	5%	6%
Direct expenses							
- staff	(214)	(206)	(211)	(198)	(203)	(5%)	3%
- other	(102)	(99)	(105)	(105)	(111)	9%	6%
Indirect expenses	(452)	(447)	(387)	(418)	(430)	(5%)	3%
	(768)	(752)	(703)	(721)	(744)	(3%)	3%
Operating profit before impairment losses	490	468	579	527	576	18%	9%
Impairment losses	(470)	(404)	(451)	(387)	(300)	(36%)	(22%)
Operating profit	20	64	128	140	276	-	97%
Analysis of income by product							
Personal advances	311	303	273	234	236	(24%)	1%
Personal deposits	354	319	279	277	277	(22%)	-
Mortgages	273	319	415	422	478	75%	13%
Bancassurance	69	69	56	59	58	(16%)	(2%)
Cards	212	225	228	229	239	13%	4%
Other	39	(15)	31	27	32	(18%)	19%
Total income	1,258	1,220	1,282	1,248	1,320	5%	6%
Analysis of impairment by sector							
Mortgages	41	26	35	48	44	7%	(8%)

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Personal	299	247	282	233	168	(44%)	(28%)
Cards	130	131	134	106	88	(32%)	(17%)
Total impairment	470	404	451	387	300	(36%)	(22%)

**Loan impairment charge as
% of gross customer loans
and advances by sector**

Mortgages	0.2%	0.1%	0.2%	0.2%	0.2%	-	-
Personal	8.3%	6.8%	8.3%	7.1%	5.3%	(300bp)	(180bp)
Cards	8.5%	8.6%	8.6%	7.1%	5.9%	(260bp)	(120bp)
	1.9%	1.6%	1.8%	1.5%	1.1%	(80bp)	(40bp)

Appendix 2 Analysis by quarter**UK Retail(continued)**

Key metrics	Q2	2009 Q3	Q4	2010 Q1	Q2	Q2 2010 vs. Q2 2009 Q1 2010	
Performance ratios							
Return on equity (1)	1.2%	4.0%	8.3%	9.4%	18.8%	1,760bp	940bp
Net interest margin	3.69%	3.47%	3.74%	3.66%	3.88%	19bp	22bp
Cost:income ratio	60%	57%	54%	56%	57%	300bp	(100bp)
Adjusted cost:income ratio (2)	61%	62%	55%	58%	56%	500bp	200bp

	30 June £bn	2009 30 Sept £bn	31 Dec £bn	2010 31 Mar £bn	30 June £bn	30 June 2010 vs. 30 June 2009 31 Mar 2010	
Capital and balance sheet							
Loans and advances to customers (gross)							
- mortgages	76.6	80.3	83.2	84.8	86.9	13%	2%
- personal	14.4	14.5	13.6	13.2	12.8	(11%)	(3%)
- cards	6.1	6.1	6.2	6.0	6.0	(2%)	-
Customer deposits (excluding bancassurance)	83.4	85.6	87.2	89.4	90.0	8%	1%
Assets under management (excluding deposits)	4.7	5.0	5.3	5.3	5.4	15%	2%

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Risk elements in lending	4.5	4.7	4.6	4.7	4.8	7%	2%
Loan:deposit ratio (excluding repos)	113%	115%	115%	113%	114%	100bp	100bp
Risk-weighted assets	54.0	51.6	51.3	49.8	49.1	(9%)	(1%)

Notes:

- (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).
- (2) Adjusted cost:income ratio is based on total income after netting insurance claims and operating expenses.

Appendix 2 Analysis by quarter**UK Corporate**

	2009		2010		Q2 2010 vs.		
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
	£m	£m	£m	£m	£m		
Income statement							
Net interest income	560	607	626	610	647	16%	6%
Net fees and commissions	219	223	222	224	233	6%	4%
Other non-interest income	109	106	100	105	107	(2%)	2%
Non-interest income	328	329	322	329	340	4%	3%
Total income	888	936	948	939	987	11%	5%
Direct expenses							
- staff	(182)	(174)	(212)	(205)	(189)	4%	(8%)
- other	(46)	(71)	(77)	(100)	(78)	70%	(22%)
Indirect expenses	(125)	(125)	(129)	(130)	(132)	6%	2%
	(353)	(370)	(418)	(435)	(399)	13%	(8%)
Operating profit before impairment							
losses	535	566	530	504	588	10%	17%
Impairment losses	(450)	(187)	(190)	(186)	(198)	(56%)	6%
Operating profit	85	379	340	318	390	-	23%
Analysis of income by business							
Corporate and commercial lending	520	546	589	630	660	27%	5%
Asset and invoice finance	123	129	140	134	154	25%	15%
Corporate deposits	264	241	191	176	185	(30%)	5%
Other	(19)	20	28	(1)		(37%)	-

(12)

Total income	888	936	948	939	987	11%	5%
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Analysis of impairment by**Sector**

Banks and financial institutions	3	4	6	2	(9)	-	-
Hotels and restaurants	36	7	40	16	12	(67%)	(25%)
Housebuilding and construction	55	58	(13)	14	8	(85%)	(43%)
Manufacturing	17	2	28	6	2	(88%)	(67%)
Other Private sector education, health, social work, recreational and community services	88	31	12	37	83	(6%)	124%
Property Wholesale and retail trade, repairs	149	69	30	66	61	(59%)	(8%)
Asset and invoice finance	23	16	23	18	28	22%	56%
	47	4	41	19	13	(72%)	(32%)
Total impairment	450	187	190	186	198	(56%)	6%

Appendix 2 Analysis by quarter**UK Corporate** (continued)

	2009			2010		Q2 2010 vs.	
	Q2*	Q3*	Q4*	Q1*	Q2	Q2 2009	Q1 2010
Loan impairment charge as %							
of gross customer loans and advances (excluding reverse repurchase agreements) by sector							
Banks and financial institutions	0.3%	0.3%	0.4%	0.1%	(0.6%)	(90bp)	(70bp)
Hotels and restaurants	2.2%	0.4%	2.4%	1.0%	0.7%	(150bp)	(30bp)
Housebuilding and construction	4.8%	5.0%	(1.2%)	1.3%	0.7%	(410bp)	(60bp)
Manufacturing	1.2%	0.1%	1.9%	0.4%	0.1%	(110bp)	(30bp)
Other Private sector education, health, social work, recreational and community services	1.1%	0.4%	0.2%	0.5%	1.0%	(10bp)	50bp
Property Wholesale and retail trade, repairs Asset and invoice finance	2.0%	(0.2%)	1.4%	0.4%	-	(200bp)	(40bp)
	1.8%	0.8%	0.4%	0.8%	0.8%	(100bp)	-
	0.9%	0.6%	0.9%	0.7%	1.1%	20bp	40bp