

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
C ore	<b>411.3</b>	417.2	369.1
Non -C ore	<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)

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

	Quarter 1	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)