

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): \_\_\_\_\_

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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-  
\_\_\_\_\_

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:

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

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

\*(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%	<b>2.03%</b>	33bp	11bp
Cost:income ratio	66%	59%	59%	49%	<b>47%</b>	1,900bp	200bp
Adjusted cost:income ratio	78%	71%	72%	57%	<b>55%</b>	2,300bp	200bp
Risk-weighted assets - gross	£547.3bn	£594.7bn	£565.8bn	£585.5bn	<b>£597.3bn</b>	9%	2%
Benefit of Asset Protection Scheme	-	-	(£127.6bn)	(£124.8bn)	<b>(£123.4bn)</b>	-	(1%)
Risk-weighted assets	£547.3bn	£594.7bn	£438.2bn	£460.7bn	<b>£473.9bn</b>	(13%)	3%
Loan deposit ratio (Group - net of provisions)	143%	139%	135%	131%	<b>128%</b>	(1,500bp)	(300bp)
Risk elements in lending (REIL)	£30.7bn	£35.0bn	£35.0bn	£36.5bn	<b>£36.2bn</b>	18%	(1%)
Provision balance as % of REIL and PPL	44%	43%	42%	45%	<b>43%</b>	(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		
<b>Operating profit/(loss) before impairment losses by division</b>							
UK Retail	490	468	579	527	<b>576</b>	18%	9%
UK Corporate	535	566	530	504	<b>588</b>	10%	17%
Wealth	134	120	99	66	<b>88</b>	(34%)	33%
Global Banking & Markets	1,018	593	1,001	1,498	<b>1,245</b>	22%	(17%)
Global Transaction Services	269	275	228	233	<b>282</b>	5%	21%
Ulster Bank	78	59	73	81	<b>104</b>	33%	28%
US Retail & Commercial	136	137	134	183	<b>273</b>	101%	49%
RBS Insurance	142	13	(170)	(50)	<b>(203)</b>	-	-
Central items	(311)	121	(3)	201	<b>337</b>	-	68%
Core	2,491	2,352	2,471	3,243	<b>3,290</b>	32%	1%
Non-Core	(1,361)	(598)	(725)	145	<b>66</b>	(105%)	(54%)
<b>Group operating profit before impairment losses</b>	<b>1,130</b>	<b>1,754</b>	<b>1,746</b>	<b>3,388</b>	<b>3,356</b>	<b>197%</b>	<b>(1%)</b>

Included in the above are

movements in fair value  
of own

debt:

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







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

(1,324)

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

	2009		2010		30 June 2010 vs.
30 June	30 Sept	31 Dec	31 Mar	<b>30 June</b>	30 June
£bn	£bn	£bn	£bn	<b>£bn</b>	2009
					31 Mar
					2010

**Risk-weighted assets by****division**

UK Retail	54.0	51.6	51.3	49.8	<b>49.1</b>	(9%)	(1%)
UK Corporate Wealth	89.5	91.0	90.2	91.3	<b>87.6</b>	(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	<b>141.3</b>	26%	-
Global Transaction Services	16.7	18.9	19.1	20.4	<b>19.4</b>	16%	(5%)
Ulster Bank	26.2	28.5	29.9	32.8	<b>30.5</b>	16%	(7%)
US Retail & Commercial	55.6	62.8	59.7	63.8	<b>65.5</b>	18%	3%
Other	8.5	9.0	9.4	9.6	<b>16.9</b>	99%	76%
Core	373.3	394.0	394.5	421.2	<b>422.3</b>	13%	-
Non-Core	174.0	200.7	171.3	164.3	<b>175.0</b>	1%	7%
	547.3	594.7	565.8	585.5	<b>597.3</b>	9%	2%
Benefit of Asset Protection							
Scheme	-	-	(127.6)	(124.8)	<b>(123.4)</b>	-	(1%)
<b>Total</b>	547.3	594.7	438.2	460.7	<b>473.9</b>	(13%)	3%

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

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

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

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





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

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

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

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Risk elements in lending	4.5	4.7	4.6	4.7	<b>4.8</b>	7%	2%
Loan:deposit ratio (excluding repos)	113%	115%	115%	113%	<b>114%</b>	100bp	100bp
Risk-weighted assets	54.0	51.6	51.3	49.8	<b>49.1</b>	(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		
<b>Income statement</b>							
Net interest income	560	607	626	610	<b>647</b>	16%	6%
Net fees and commissions	219	223	222	224	<b>233</b>	6%	4%
Other non-interest income	109	106	100	105	<b>107</b>	(2%)	2%
Non-interest income	328	329	322	329	<b>340</b>	4%	3%
Total income	888	936	948	939	<b>987</b>	11%	5%
Direct expenses							
- staff	(182)	(174)	(212)	(205)	<b>(189)</b>	4%	(8%)
- other	(46)	(71)	(77)	(100)	<b>(78)</b>	70%	(22%)
Indirect expenses	(125)	(125)	(129)	(130)	<b>(132)</b>	6%	2%
	(353)	(370)	(418)	(435)	<b>(399)</b>	13%	(8%)
Operating profit before impairment							
losses	535	566	530	504	<b>588</b>	10%	17%
Impairment losses	(450)	(187)	(190)	(186)	<b>(198)</b>	(56%)	6%
Operating profit	85	379	340	318	<b>390</b>	-	23%
<b>Analysis of income by business</b>							
Corporate and commercial lending	520	546	589	630	<b>660</b>	27%	5%
Asset and invoice finance	123	129	140	134	<b>154</b>	25%	15%
Corporate deposits	264	241	191	176	<b>185</b>	(30%)	5%
Other	(19)	20	28	(1)		(37%)	-

(12)

Total income	888	936	948	939	<b>987</b>	11%	5%
<b>Analysis of impairment by</b>							
<b>Sector</b>							
Banks and financial institutions	3	4	6	2	<b>(9)</b>	-	-
Hotels and restaurants	36	7	40	16	<b>12</b>	(67%)	(25%)
Housebuilding and construction	55	58	(13)	14	<b>8</b>	(85%)	(43%)
Manufacturing	17	2	28	6	<b>2</b>	(88%)	(67%)
Other Private sector education, health, social work, recreational and community services	88	31	12	37	<b>83</b>	(6%)	124%
Property Wholesale and retail trade, repairs	149	69	30	66	<b>61</b>	(59%)	(8%)
Asset and invoice finance	23	16	23	18	<b>28</b>	22%	56%
	47	4	41	19	<b>13</b>	(72%)	(32%)
Total impairment	450	187	190	186	<b>198</b>	(56%)	6%



## Appendix 2 Analysis by quarter

## UK Corporate (continued)

	2009			2010		Q2 2010 vs.	
	Q2*	Q3*	Q4*	Q1*	Q2	Q2 2009	Q1 2010
<b>Loan impairment charge as %</b>							
<b>of gross customer loans and advances (excluding reverse repurchase agreements) by sector</b>							
Banks and financial institutions	0.3%	0.3%	0.4%	0.1%	<b>(0.6%)</b>	(90bp)	(70bp)
Hotels and restaurants	2.2%	0.4%	2.4%	1.0%	<b>0.7%</b>	(150bp)	(30bp)
Housebuilding and construction	4.8%	5.0%	(1.2%)	1.3%	<b>0.7%</b>	(410bp)	(60bp)
Manufacturing	1.2%	0.1%	1.9%	0.4%	<b>0.1%</b>	(110bp)	(30bp)
Other Private sector education, health, social work, recreational and community services	1.1%	0.4%	0.2%	0.5%	<b>1.0%</b>	(10bp)	50bp
Property Wholesale and retail trade, repairs	2.0%	(0.2%)	1.4%	0.4%	-	(200bp)	(40bp)
Asset and invoice finance	1.8%	0.8%	0.4%	0.8%	<b>0.8%</b>	(100bp)	-
	0.9%	0.6%	0.9%	0.7%	<b>1.1%</b>	20bp	40bp
	2.2%	0.2%	1.9%	0.8%	<b>0.6%</b>	(160bp)	(20bp)



1.6% 0.7% 0.7% 0.7% **0.7%** (90bp) -

**Key metrics**

**Performance ratios**

Return on equity (1)	3.2%	13.7%	12.4%	11.6%	<b>15.0%</b>	1,180bp	340bp
Net interest margin	2.17%	2.38%	2.47%	2.38%	<b>2.50%</b>	33bp	12bp
Cost:income ratio	40%	40%	44%	46%	<b>40%</b>	-	600bp

\* Revised to reflect improvement in data quality to more accurately reflect Standard Industrial Classification.

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).





## Appendix 2 Analysis by quarter

## UK Corporate (continued)

	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
<b>Capital and balance sheet</b>							
Total third party assets	112.6	113.9	111.6	114.3	<b>115.2</b>	2%	1%
Loans and advances to customers (gross)							
- banks and financial institutions	4.1	6.0	6.3	6.5	<b>6.5</b>	59%	-
- hotels and restaurants	6.5	7.1	6.7	6.6	<b>7.0</b>	8%	6%
- housebuilding and construction	4.6	4.6	4.3	4.3	<b>4.6</b>	-	7%
- manufacturing	5.9	6.2	5.9	5.9	<b>5.5</b>	(7%)	(7%)
- other	32.7	31.0	29.9	31.1	<b>32.6</b>	-	5%
- private sector education, health, social work, recreational and community services	6.4	6.6	6.5	8.5	<b>9.1</b>	42%	7%
- property	33.8	33.0	33.0	32.0	<b>30.3</b>	(10%)	(5%)
- wholesale and retail trade, repairs	10.0	10.6	10.2	10.4	<b>10.4</b>	4%	-
- asset and invoice finance	8.6	8.8	8.8	9.0	<b>9.2</b>	7%	2%
Customer deposits	85.6	86.7	87.8	91.4	<b>95.4</b>	11%	4%
Risk elements in lending	2.4	2.5	2.3	2.5	<b>2.9</b>	21%	16%
Loan:deposit ratio (excluding repos)	130%	130%	126%	124%	<b>119%</b>	(1,100bp)	(500bp)
Risk-weighted assets	89.5	91.0	90.2	91.3	<b>87.6</b>	(2%)	(4%)

**Appendix 2 Analysis by quarter****Wealth**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income	176	168	161	143	<b>150</b>	(15%)	5%
Net fees and commissions	90	92	91	95	<b>97</b>	8%	2%
Other non-interest income	21	19	22	17	<b>19</b>	(10%)	12%
Non-interest income	111	111	113	112	<b>116</b>	5%	4%
Total income	287	279	274	255	<b>266</b>	(7%)	4%
Direct expenses							
- staff	(78)	(82)	(107)	(99)	<b>(92)</b>	18%	(7%)
- other	(34)	(35)	(37)	(30)	<b>(34)</b>	-	13%
Indirect expenses	(41)	(42)	(31)	(60)	<b>(52)</b>	27%	(13%)
	(153)	(159)	(175)	(189)	<b>(178)</b>	16%	(6%)
Operating profit before impairment							
losses	134	120	99	66	<b>88</b>	(34%)	33%
Impairment losses	(16)	(1)	(10)	(4)	<b>(7)</b>	(56%)	75%
Operating profit	118	119	89	62	<b>81</b>	(31%)	31%
<b>Analysis of income</b>							
Private Banking	242	232	223	204	<b>216</b>	(11%)	6%
Investments	45	47	51	51	<b>50</b>	11%	(2%)
Total income	287	279	274	255	<b>266</b>	(7%)	4%
<b>Key metrics</b>							
<b>Performance ratios</b>							
Net interest margin	4.82%	4.34%	3.94%	3.38%	<b>3.36%</b>	(146bp)	(2bp)

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Cost:income ratio                      53%      57%      64%      74%      **67%**      (1,400bp)      700bp

	30 June £bn	2009 30 Sept £bn	31 Dec £bn	2010 31 Mar £bn	<b>30 June £bn</b>	30 June 2010 vs. 30 June 2009	31 Mar 2010
<b>Capital and balance sheet</b>							
Loans and advances to customers (gross)							
- mortgages	5.6	6.1	6.5	6.8	<b>6.9</b>	23%	1%
- personal	4.7	4.8	4.9	6.2	<b>6.4</b>	36%	3%
- other	2.1	2.5	2.3	1.5	<b>1.6</b>	(24%)	7%
Customer deposits	35.3	36.3	35.7	36.4	<b>36.2</b>	3%	(1%)
Assets under management							
(excluding deposits)	29.8	31.7	30.7	31.7	<b>30.2</b>	1%	(5%)
Risk elements in lending	0.2	0.2	0.2	0.2	<b>0.2</b>	-	-
Loan:deposit ratio (excluding							
repos)	35%	37%	38%	40%	<b>41%</b>	600bp	100bp
Risk-weighted assets	10.3	10.7	11.2	11.7	<b>12.0</b>	17%	3%







## Appendix 2 Analysis by quarter

## Global Banking &amp; Markets

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income from banking							
activities	660	447	324	379	<b>335</b>	(49%)	(12%)
Net fees and commissions							
receivable	412	340	286	345	<b>314</b>	(24%)	(9%)
Income from trading activities	1,132	1,028	1,522	1,995	<b>1,563</b>	38%	(22%)
Other operating income (net of related funding costs)	(101)	(70)	(63)	73	<b>66</b>	(165%)	(10%)
Non-interest income	1,443	1,298	1,745	2,413	<b>1,943</b>	35%	(19%)
Total income	2,103	1,745	2,069	2,792	<b>2,278</b>	8%	(18%)
Direct expenses							
- staff	(680)	(721)	(641)	(891)	<b>(634)</b>	(7%)	(29%)
- other	(204)	(240)	(247)	(229)	<b>(237)</b>	16%	3%
Indirect expenses	(201)	(191)	(180)	(174)	<b>(162)</b>	(19%)	(7%)
	(1,085)	(1,152)	(1,068)	(1,294)	<b>(1,033)</b>	(5%)	(20%)
Operating profit before							
impairment losses	1,018	593	1,001	1,498	<b>1,245</b>	22%	(17%)
Impairment losses	31	(272)	(130)	(32)	<b>(164)</b>	-	-
Operating profit	1,049	321	871	1,466	<b>1,081</b>	3%	(26%)

**Analysis of income by product**

Rates - money markets	466	287	108	88	<b>4</b>	(99%)	(95%)
Rates - flow	536	694	615	699	<b>471</b>	(12%)	(33%)
Currencies & Commodities	416	147	175	295	<b>179</b>	(57%)	(39%)
Equities	364	282	457	314	<b>238</b>	(35%)	(24%)
Credit markets	690	475	232	959	<b>474</b>	(31%)	(51%)
Portfolio management and origination	113	180	376	469	<b>581</b>	-	24%
Fair value of own debt	(482)	(320)	106	(32)	<b>331</b>	(169%)	-
Total income	2,103	1,745	2,069	2,792	<b>2,278</b>	8%	(18%)

**Analysis of impairment by sector**

Manufacturing and infrastructure	23	33	19	(7)	<b>(12)</b>	(152%)	71%
Property and construction	4	-	(1)	8	<b>56</b>	-	-
Banks and financial institutions	39	237	68	16	<b>110</b>	182%	-
Others	(97)	2	44	15	<b>10</b>	(110%)	(33%)
Total impairment	(31)	272	130	32	<b>164</b>	-	-

**Loan impairment charge as %****of gross customer loans and advances (excluding reverse repurchase agreements)**

	(0.1%)	0.6%	0.6%	0.1%	<b>0.7%</b>	80bp	60bp
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**Appendix 2 Analysis by quarter****Global Banking & Markets (continued)**

2009

Q2 2010 vs.

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2010

Key metrics	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
<b>Performance ratios</b>							
Return on equity (1)	24.8%	7.2%	18.7%	28.4%	<b>20.1%</b>	(470bp)	(830bp)
Net interest margin	1.48%	1.08%	0.89%	1.11%	<b>1.01%</b>	(47bp)	(10bp)
Cost:income ratio	52%	66%	52%	46%	<b>45%</b>	700bp	100bp

	30 June £bn	2009 30 Sept £bn	31 Dec £bn	2010 31 Mar £bn	30 June £bn	Q2 2010 vs.	
						30 June 2009	31 Mar 2010
<b>Capital and balance sheet</b>							
Loans and advances (including							
banks)	155.2	156.3	127.8	133.5	<b>128.9</b>	(17%)	(3%)
Reverse repos	75.2	75.4	73.3	93.1	<b>85.6</b>	14%	(8%)
Securities	115.5	117.6	106.0	116.6	<b>109.8</b>	(5%)	(6%)
Cash and eligible bills	51.5	63.8	74.0	61.9	<b>41.2</b>	(20%)	(33%)
Other assets	40.5	46.0	31.1	38.6	<b>34.5</b>	(15%)	(11%)
Total third party assets (excluding							
derivatives mark to market)	437.9	459.1	412.2	443.7	<b>400.0</b>	(9%)	(10%)
Net derivative assets (after netting)	80.7	84.3	68.0	66.9	<b>52.1</b>	(35%)	(22%)
Customer deposits (excluding							
repos)	63.4	56.8	46.9	47.0	<b>45.6</b>	(28%)	(3%)
Risk elements in lending	1.1	1.6	1.8	1.2	<b>1.8</b>	64%	50%
Loan:deposit ratio (excluding	186%	194%	194%	195%	<b>195%</b>	900bp	-

repos)							
Risk-weighted assets	112.5	121.5	123.7	141.8	<b>141.3</b>	26%	-

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).

**Appendix 2 Analysis by quarter****Global Transaction Services**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income	225	234	233	217	<b>237</b>	5%	9%
Non-interest income	398	388	404	390	<b>411</b>	3%	5%
Total income	623	622	637	607	<b>648</b>	4%	7%
Direct expenses							
- staff	(87)	(87)	(102)	(104)	<b>(102)</b>	17%	(2%)
- other	(38)	(37)	(51)	(33)	<b>(37)</b>	(3%)	12%
Indirect expenses	(229)	(223)	(256)	(237)	<b>(227)</b>	(1%)	(4%)
	(354)	(347)	(409)	(374)	<b>(366)</b>	3%	(2%)
Operating profit before impairment							
losses	269	275	228	233	<b>282</b>	5%	21%
Impairment losses	(4)	(22)	(4)	-	<b>(3)</b>	(25%)	-
Operating profit	265	253	224	233	<b>279</b>	5%	20%
<b>Analysis of income by product</b>							
Domestic cash management	204	202	197	194	<b>201</b>	(1%)	4%
International cash management	179	183	203	185	<b>193</b>	8%	4%
Trade finance	77	71	67	71	<b>76</b>	(1%)	7%
Merchant acquiring	126	127	128	115	<b>133</b>	6%	16%
Commercial cards	37	39	42	42	<b>45</b>	22%	7%
Total income	623	622	637	607	<b>648</b>	4%	7%

**Key metrics**

**Performance ratios**

Net interest margin	9.23%	9.63%	9.81%	7.97%	<b>6.47%</b>	(276bp)	(150bp)
Cost:income ratio	57%	56%	64%	62%	<b>56%</b>	100bp	600bp

	30 June £bn	2009 30 Sept £bn	31 Dec £bn	2010 31 Mar £bn	<b>30 June £bn</b>	30 June 2010 vs. 30 June 2009	31 Mar 2010
<b>Capital and balance sheet</b>							
Total third party assets	19.4	21.4	18.4	25.6	<b>25.7</b>	32%	- -
Loans and advances	13.5	14.5	12.7	14.3	<b>15.6</b>	16%	9%
Customer deposits	54.0	58.6	61.8	64.6	<b>62.7</b>	16%	(3%)
Risk elements in lending	0.1	0.2	0.2	0.2	<b>0.2</b>	100%	-
Loan:deposit ratio (excluding							
repos)	26%	25%	21%	22%	<b>25%</b>	(100bp)	300bp
Risk-weighted assets	16.7	18.9	19.1	20.4	<b>19.4</b>	16%	(5%)

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**Appendix 2 Analysis by quarter****Ulster Bank**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income	208	176	194	188	<b>194</b>	(7%)	3%
Net fees and commissions	39	45	98	35	<b>43</b>	10%	23%
Other non-interest income	12	10	(7)	18	<b>10</b>	(17%)	(44%)
Non-interest income	51	55	91	53	<b>53</b>	4%	-
Total income	259	231	285	241	<b>247</b>	(5%)	2%
Direct expenses							
- staff	(81)	(79)	(76)	(66)	<b>(60)</b>	(26%)	(9%)
- other	(25)	(20)	(18)	(18)	<b>(17)</b>	(32%)	(6%)
Indirect expenses	(75)	(73)	(118)	(76)	<b>(66)</b>	(12%)	(13%)
	(181)	(172)	(212)	(160)	<b>(143)</b>	(21%)	(11%)
Operating profit before impairment							
losses	78	59	73	81	<b>104</b>	33%	28%
Impairment losses	(90)	(144)	(348)	(218)	<b>(281)</b>	-	29%
Operating loss	(12)	(85)	(275)	(137)	<b>(177)</b>	-	29%
<b>Analysis of income by business</b>							
Corporate	138	134	146	145	<b>134</b>	(3%)	(8%)
Retail	101	104	114	112	<b>105</b>	4%	(6%)
Other	20	(7)	25	(16)	<b>8</b>	(60%)	(150%)
Total income	259	231	285	241	<b>247</b>	(5%)	2%

**Analysis of impairment by**

<b>sector</b>							
Mortgages	10	30	20	33	<b>33</b>	-	-
Corporate							
- property	63	(2)	233	82	<b>117</b>	86%	43%
- other corporate	3	89	83	91	<b>118</b>	-	30%
Other lending	14	27	12	12	<b>13</b>	(7%)	8%
Total impairment	90	144	348	218	<b>281</b>	-	29%

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

Mortgages	0.2%	0.7%	0.5%	0.8%	<b>0.9%</b>	70bp	10bp
Corporate							
- property	2.7%	(0.1%)	9.2%	3.3%	<b>4.9%</b>	220bp	160bp
- other corporate	0.1%	3.0%	3.0%	3.5%	<b>4.8%</b>	470bp	130bp
Other lending	3.5%	5.4%	2.0%	2.0%	<b>2.7%</b>	(80bp)	70bp
	0.9%	1.4%	3.5%	2.3%	<b>3.1%</b>	220bp	80bp







## Appendix 2 Analysis by quarter

## Ulster Bank (continued)

Key metrics	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
<b>Performance ratios</b>							
Return on equity (1)	(1.8%)	(11.3%)	(35.3%)	(16.0%)	<b>(21.7%)</b>	(1,990bp)	(570bp)
Net interest margin	2.03%	1.74%	1.83%	1.77%	<b>1.92%</b>	(11bp)	15bp
Cost:income ratio	70%	74%	74%	66%	<b>58%</b>	1,200bp	800bp

	2009			2010		30 June 2010 vs.	
	30 June	30 Sept	31 Dec	31 Mar	<b>30 June</b>	30 June	31 Mar
	£bn	£bn	£bn	£m	<b>£m</b>	2009	2010
<b>Capital and balance sheet</b>							
Loans and advances to customers (gross)							
- mortgages	16.0	16.7	16.2	16.1	<b>14.9</b>	(7%)	(7%)
- corporate							
- property	9.5	10.2	10.1	9.9	<b>9.5</b>	-	(4%)
- other corporate	11.7	11.7	11.0	10.4	<b>9.9</b>	(15%)	(5%)
- other lending	1.8	2.0	2.4	2.4	<b>1.9</b>	6%	(21%)
Customer deposits	18.9	20.9	21.9	23.7	<b>22.7</b>	20%	(4%)
Risk elements in lending							
- mortgages	0.4	0.5	0.6	0.7	<b>0.7</b>	75%	-
- corporate							
- property	0.6	0.6	0.7	1.0	<b>1.3</b>	117%	30%
- other corporate	0.5	0.7	0.8	1.1	<b>1.3</b>	160%	18%
- other lending	0.1	0.2	0.2	0.2	<b>0.2</b>	100%	-
Loan:deposit ratio (excluding							
repos)	203%	191%	177%	159%	<b>154%</b>	(4,900bp)	(500bp)

Risk-weighted assets	26.2	28.5	29.9	32.8	<b>30.5</b>	16%	(7%)
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Note:

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



**Appendix 2 Analysis by quarter****US Retail and Commercial (£ Sterling)**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income	448	410	423	468	<b>502</b>	12%	7%
Net fees and commissions	209	159	148	177	<b>203</b>	(3%)	15%
Other non-interest income	45	65	73	75	<b>72</b>	60%	(4%)
Non-interest income	254	224	221	252	<b>275</b>	8%	9%
Total income	702	634	644	720	<b>777</b>	11%	8%
Direct expenses							
- staff	(184)	(174)	(200)	(215)	<b>(151)</b>	(18%)	(30%)
- other	(188)	(132)	(130)	(134)	<b>(163)</b>	(13%)	22%
Indirect expenses	(194)	(191)	(180)	(188)	<b>(190)</b>	(2%)	1%
	(566)	(497)	(510)	(537)	<b>(504)</b>	(11%)	(6%)
Operating profit before impairment							
losses	136	137	134	183	<b>273</b>	101%	49%
Impairment losses	(146)	(180)	(153)	(143)	<b>(144)</b>	(1%)	1%
Operating (loss)/profit	(10)	(43)	(19)	40	<b>129</b>	-	-
Average exchange rate - US\$/£	1.551	1.640	1.633	1.560	<b>1.492</b>		
<b>Analysis of income by product</b>							
Mortgages and home equity	130	112	115	115	<b>124</b>	(5%)	8%
Personal lending and cards	113	116	115	114	<b>122</b>	8%	7%
Retail deposits	202	200	195	226	<b>248</b>	23%	10%
Commercial lending	140	127	134	142	<b>152</b>	9%	7%

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Commercial deposits	89	97	108	81	<b>86</b>	(3%)	6%
Other	28	(18)	(23)	42	<b>45</b>	61%	7%
Total income	702	634	644	720	<b>777</b>	11%	8%

**Analysis of impairment by**

<b>sector</b>							
Residential mortgages	12	29	8	19	<b>22</b>	83%	16%
Home equity	43	82	13	6	<b>38</b>	(12%)	-
Corporate and commercial	61	65	92	49	<b>76</b>	25%	55%
Other consumer	30	4	40	56	<b>7</b>	(77%)	(88%)
Securities impairment losses	-	-	-	13	<b>1</b>	-	(92%)
Total impairment	146	180	153	143	<b>144</b>	(1%)	1%

**Loan impairment charge  
as %**

**of gross customer loans  
and advances (excluding  
reverse repurchase  
agreements) by sector**

Residential mortgages	0.7%	1.7%	0.5%	1.1%	<b>1.3%</b>	60bp	20bp
Home equity	1.1%	2.1%	0.3%	0.1%	<b>0.9%</b>	(20bp)	80bp
Corporate and commercial	1.2%	1.3%	1.9%	1.0%	<b>1.5%</b>	30bp	50bp
Other consumer	1.4%	0.2%	2.1%	2.8%	<b>0.3%</b>	(110bp)	(250bp)
	1.1%	1.4%	1.3%	1.0%	<b>1.1%</b>	-	10bp

**Appendix 2 Analysis by quarter**

**US Retail and Commercial (£ Sterling) (continued)**

	2009			2010		Q2 2010 vs.	
<b>Key metrics</b>	Q2	Q3	Q4	Q1	<b>Q2</b>	Q2 2009	Q1 2010
<b>Performance ratios</b>							
Return on equity (1)	(0.6%)	(2.2%)	(1.0%)	2.0%		700bp	440bp

**6.4%**

Net interest margin	2.32%	2.37%	2.45%	2.69%	<b>2.78%</b>	46bp	9bp
Cost:income ratio	81%	78%	79%	74%	<b>65%</b>	1,600bp	900bp

	30 June £bn	2009 30 Sept £bn	31 Dec £bn	2010 31 Mar £bn	<b>30 June £bn</b>	30 June 2010 vs. 30 June 2009	31 Mar 2010
<b>Capital and balance sheet</b>							
Total third party assets (excluding derivatives)	75.6	76.9	74.8	78.2	<b>77.4</b>	2%	(1%)
Loans and advances to customers (gross)							
- residential mortgages	7.3	6.9	6.5	6.7	<b>6.6</b>	(10%)	(1%)
- home equity	15.9	16.0	15.4	16.2	<b>16.3</b>	3%	1%
- corporate and commercial	20.5	20.5	19.5	20.5	<b>20.7</b>	1%	1%
- other consumer	8.3	7.8	7.5	8.0	<b>8.0</b>	(4%)	-
Customer deposits (excluding							
repos)	59.9	62.0	60.1	62.5	<b>62.3</b>	4%	-
Risk elements in lending							
- retail	0.3	0.3	0.4	0.4	<b>0.4</b>	33%	-
- commercial	0.1	0.2	0.2	0.3	<b>0.5</b>	-	67%
Loan:deposit ratio (excluding							
repos)	86%	81%	80%	81%	<b>81%</b>	(500bp)	-
Risk-weighted assets	55.6	62.8	59.7	63.8	<b>65.5</b>	18%	3%
Spot exchange rate - US\$/£	1.644	1.599	1.622	1.517	<b>1.498</b>		

Note:

(1)



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



**Appendix 2 Analysis by quarter**

**US Retail and Commercial (US Dollar)**

	2009			2010		Q2 2010 vs.	
	Q2 \$m	Q3 \$m	Q4 \$m	Q1 \$m	Q2 \$m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income	696	680	690	730	<b>748</b>	7%	2%
Net fees and commissions	324	266	245	276	<b>303</b>	(6%)	10%
Other non-interest income	69	104	120	116	<b>110</b>	59%	(5%)
Non-interest income	393	370	365	392	<b>413</b>	5%	5%
Total income	1,089	1,050	1,055	1,122	<b>1,161</b>	7%	3%
Direct expenses							
- staff	(287)	(289)	(325)	(335)	<b>(223)</b>	(22%)	(33%)
- other	(289)	(219)	(215)	(207)	<b>(246)</b>	(15%)	19%
Indirect expenses	(301)	(313)	(294)	(293)	<b>(283)</b>	(6%)	(3%)
	(877)	(821)	(834)	(835)	<b>(752)</b>	(14%)	(10%)
Operating profit before impairment							
losses	212	229	221	287	<b>409</b>	93%	43%
Impairment losses	(231)	(296)	(252)	(224)	<b>(214)</b>	(7%)	(4%)
Operating (loss)/profit	(19)	(67)	(31)	63	<b>195</b>	-	-
<b>Analysis of income by product</b>							
Mortgages and home equity	203	186	188	180	<b>185</b>	(9%)	3%
Personal lending and cards	174	190	188	178	<b>182</b>	5%	2%
Retail deposits	315	329	320	351	<b>372</b>	18%	6%
Commercial lending	217	210	219	222	<b>226</b>	4%	2%
Commercial deposits	138	160	176	126	<b>128</b>	(7%)	2%
Other	42	(25)	(36)	65	<b>68</b>	62%	5%
Total income	1,089	1,050	1,055	1,122	<b>1,161</b>	7%	3%

**Analysis of impairment by****sector**

Residential mortgages	19	47	14	30	<b>33</b>	74%	10%
Home equity	65	131	23	10	<b>56</b>	(14%)	-
Corporate and commercial	99	107	150	77	<b>113</b>	14%	47%
Other consumer	48	11	65	87	<b>10</b>	(79%)	(89%)
Securities impairment losses	-	-	-	20	<b>2</b>	-	(90%)
Total impairment	231	296	252	224	<b>214</b>	(7%)	(4%)

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

Residential mortgages	0.6%	1.7%	0.5%	1.2%	<b>1.3%</b>	70bp	10bp
Home equity	1.0%	2.0%	0.4%	0.2%	<b>0.9%</b>	(10p)	70bp
Corporate and commercial	1.2%	1.3%	1.9%	1.0%	<b>1.5%</b>	30bp	50bp
Other consumer	1.4%	0.3%	2.1%	2.9%	<b>0.3%</b>	(110bp)	(260bp)
	1.1%	1.5%	1.3%	1.1%	<b>1.1%</b>	-	-



## Appendix 2 Analysis by quarter

## US Retail and Commercial (US Dollar) (continued)

Key metrics	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
<b>Performance ratios</b>							
Return on equity (1)							
Net interest margin	(0.7%)	(2.2%)	(1.0%)	2.1%	<b>6.5%</b>	720bp	440bp
Cost:income ratio	2.32%	2.37%	2.45%	2.69%	<b>2.78%</b>	46bp	9bp
	81%	78%	79%	74%	<b>65%</b>	1,600bp	900bp

Capital and balance sheet	2009			2010		30 June 2010 vs.	
	30 June \$bn	30 Sept \$bn	31 Dec \$bn	31 Mar \$bn	30 June \$bn	30 June 2009	31 Mar 2010
Total third party assets (excluding derivatives)	124.4	122.9	121.3	118.6	<b>115.9</b>	(7%)	(2%)
Loans and advances to customers (gross)							
- residential mortgages	12.0	11.0	10.6	10.1	<b>9.9</b>	(18%)	(2%)
- home equity	26.1	25.6	25.0	24.6	<b>24.4</b>	(7%)	(1%)
- corporate and commercial	33.6	32.7	31.6	31.1	<b>30.9</b>	(8%)	(1%)
- other consumer	13.7	12.5	12.1	12.1	<b>12.0</b>	(12%)	(1%)
Customer deposits (excluding							
repos)	98.5	99.1	97.4	94.8	<b>93.3</b>	(5%)	(2%)

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Risk elements in lending							
- retail	0.4	0.5	0.6	0.6	<b>0.6</b>	50%	-
- commercial	0.3	0.3	0.4	0.5	<b>0.7</b>	133%	40%
Loan:deposit ratio (excluding							
repos)	86%	81%	80%	81%	<b>81%</b>	(500bp)	-
Risk-weighted assets	91.3	100.4	96.9	96.8	<b>98.1</b>	7%	1%

Note:

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







**Appendix 2 Analysis by quarter****RBS Insurance**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Earned premiums	1,119	1,145	1,149	1,130	<b>1,118</b>	-	(1%)
Reinsurers' share	(40)	(43)	(37)	(34)	<b>(38)</b>	(5%)	12%
Net premium income	1,079	1,102	1,112	1,096	<b>1,080</b>	-	(1%)
Fees and commissions	(95)	(95)	(84)	(89)	<b>(91)</b>	(4%)	2%
Instalment income	35	37	38	35	<b>35</b>	-	-
Other income	6	7	5	6	<b>7</b>	17%	17%
Total income	1,025	1,051	1,071	1,048	<b>1,031</b>	1%	(2%)
Net claims	(758)	(928)	(1,156)	(974)	<b>(1,132)</b>	49%	16%
Underwriting profit/(loss)	267	123	(85)	74	<b>(101)</b>	(138%)	-
Staff expenses	(69)	(67)	(61)	(63)	<b>(66)</b>	(4%)	5%
Other expenses	(54)	(47)	(54)	(47)	<b>(48)</b>	(11%)	2%
Total direct expenses	(123)	(114)	(115)	(110)	<b>(114)</b>	(7%)	4%

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Indirect expenses	(65)	(64)	(75)	(65)	<b>(62)</b>	(5%)	(5%)
	(188)	(178)	(190)	(175)	<b>(176)</b>	(6%)	1%
Technical result	79	(55)	(275)	(101)	<b>(277)</b>	-	174%
Impairment losses	(1)	(2)	-	-	-	-	-
Investment income	63	68	105	51	<b>74</b>	17%	45%
Operating profit/(loss)	141	11	(170)	(50)	<b>(203)</b>	-	-
<b>Analysis of income by product</b>							
Own-brand							
- motor	473	497	495	486	<b>476</b>	1%	(2%)
- household and life	199	207	214	212	<b>212</b>	7%	-
Partnerships and broker							
- motor	133	131	137	126	<b>120</b>	(10%)	(5%)
- household and life	75	75	85	77	<b>77</b>	3%	-
Other (international, commercial and central)	145	141	140	147	<b>146</b>	1%	(1%)
Total income	1,025	1,051	1,071	1,048	<b>1,031</b>	1%	(2%)
<b>In-force policies (thousands)</b>							
- Motor own-brand	4,789	4,894	4,858	4,715	<b>4,513</b>	(6%)	(4%)
- Own-brand non-motor (home, pet, rescue, HR24)	5,890	6,150	6,307	6,367	<b>6,309</b>	7%	(1%)
- Partnerships & broker (motor, home, pet, rescue, HR24)	5,609	5,371	5,328	5,185	<b>4,945</b>	(12%)	(5%)
- Other (international, commercial and central)	1,210	1,212	1,217	1,411	<b>1,322</b>	9%	(6%)

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Total in-force policies	17,498	17,627	17,710	17,678	<b>17,089</b>	(2%)	(3%)
Gross written premium (£m)	1,147	1,186	1,024	1,090	<b>1,092</b>	(5%)	-



**Appendix 2 Analysis by quarter****RBS Insurance (continued)**

	2009			2010		Q2 2010 vs.	
	Q2	Q3	Q4	Q1	Q2	Q2 2009	Q1 2010
<b>Performance ratios</b>							
Return on equity (1)	17.7%	1.2%	(19.1%)	(5.4%)	<b>(21.8%)</b>	(3,950bp)	(1,640bp)
Cost:income ratio (2)	17%	16%	16%	16%	<b>16%</b>	100bp	-
Loss ratio (3)	69.1%	84.0%	105.8%	89.1%	<b>106.3%</b>	3,720 bp	1720bp
Combined operating ratio (4)	91.3%	104.7%	127.9%	111.9%	<b>128.7%</b>	3,740 bp	1,680bp
<b>Balance sheet</b>							
General insurance reserves -							
total (£m)	6,601	6,839	7,030	7,101	<b>7,326</b>	11%	3%

## Notes:

- (1) Based on divisional operating profit/(loss) after tax, divided by divisional notional equity (based on regulatory capital).
- (2) Cost:income ratio is based on total income, including investment income and total expenses.
- (3) Loss ratio is based on net claims divided by net premium income for the UK businesses.
- (4) Combined operating ratio is the expenses (including fees & commissions) divided by gross written premium income, added to the loss ratio, for the UK businesses.







**Appendix 2 Analysis by quarter****Central items**

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	<b>Q2</b> <b>£m</b>	Q2 2009	Q1 2010
Fair value of own debt	(478)	(163)	164	(137)	<b>288</b>	-	-
Other	166	283	(169)	337	<b>49</b>	(70%)	(85%)
Central items not allocated	(312)	120	(5)	200	<b>337</b>	-	69%

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## Appendix 2 Analysis by quarter

## Non-Core

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Income statement</b>							
Net interest income from banking activities	274	287	578	568	<b>534</b>	95%	(6%)
Net fees and commissions							
receivable	79	130	129	104	<b>158</b>	100%	52%
Income from trading activities	(1,184)	(579)	(781)	(131)	<b>33</b>	(103%)	(125%)
Insurance net premium income	196	173	171	168	<b>173</b>	(12%)	3%
Other operating income							
- rental income	160	179	178	187	<b>181</b>	13%	(3%)
- other	(212)	(136)	(167)	38	<b>(206)</b>	(3%)	-
Non-interest income	(961)	(233)	(470)	366	<b>339</b>	(135%)	(7%)
Total income	(687)	54	108	934	<b>873</b>	-	(7%)
Direct expenses							
- staff	(153)	(150)	(247)	(252)	<b>(202)</b>	32%	(20%)
- other	(247)	(244)	(297)	(282)	<b>(269)</b>	9%	(5%)
Indirect expenses	(137)	(132)	(141)	(122)	<b>(121)</b>	(12%)	(1%)
	(537)	(526)	(685)	(656)	<b>(592)</b>	10%	(10%)
Operating (loss)/profit before other operating charges and							
impairment losses	(1,224)	(472)	(577)	278	<b>281</b>	(123%)	1%
Insurance net claims	(137)	(126)	(148)	(133)	<b>(215)</b>	57%	62%
Impairment losses	(3,516)	(2,066)	(1,811)	(1,704)	<b>(1,390)</b>	(60%)	(18%)
Operating loss	(4,877)	(2,664)	(2,536)	(1,559)	<b>(1,324)</b>	(73%)	(15%)

**Key metrics****Performance ratios**

Net interest margin	0.45%	0.55%	1.17%	1.25%	<b>1.22%</b>	77bp	(3bp)
Cost:income ratio	(78%)	974%	634%	70%	<b>68%</b>	(14,600bp)	200bp

	2009			2010		30 June 2010 vs.	
	30 June	30 Sept	31 Dec	31 Mar	<b>30 June</b>	30 June	31 Mar
	£bn	£bn	£bn	£bn	<b>£bn</b>	2009	2010

**Capital and balance sheet**

Total third party assets  
(including

derivatives)	246.5	233.0	220.9	212.6	<b>193.3</b>	(22%)	(9%)
Loans and advances to customers (gross)	164.1	159.1	149.5	141.2	<b>126.4</b>	(23%)	(10%)
Customer deposits	15.0	16.0	12.6	10.2	<b>7.4</b>	(51%)	(27%)
Risk elements in lending	20.5	23.3	22.9	24.0	<b>22.0</b>	7%	(8%)
Risk-weighted assets	174.0	200.7	171.3	164.3	<b>175.0</b>	1%	7%



**Appendix 2 Analysis by quarter**

**Non-Core** (continued)

	2009			2010		Q2 2010 vs.	
	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q2 2009	Q1 2010
<b>Analysis of income</b>							
Banking & Portfolio International Businesses &	(973)	(271)	37	271	<b>239</b>	(125%)	(12%)
Portfolios	570	537	493	632	<b>606</b>	6%	(4%)
Markets	(284)	(212)	(422)	31	<b>28</b>	(110%)	(10%)
	(687)	54	108	934	<b>873</b>	-	(7%)
<b>Impairment losses</b>							
Banking & Portfolio International Businesses &	1,155	1,347	895	697	<b>256</b>	(78%)	(63%)
Portfolios	1,638	1,234	902	951	<b>1,124</b>	(31%)	18%
Markets	723	(515)	14	56	<b>10</b>	(99%)	(82%)
Total impairment	3,516	2,066	1,811	1,704	<b>1,390</b>	(60%)	(18%)
<b>Loan impairment charge as % of gross customer loans and advances (1)</b>							
Banking & Portfolio International Businesses &	4.7%	6.0%	4.1%	3.3%	<b>1.8%</b>	(290bp)	(150bp)
Portfolios	8.9%	6.9%	5.3%	5.7%	<b>7.4%</b>	(150bp)	170bp
Markets	301.2%	(126.8%)	0.4%	33.6%	<b>3.6%</b>	(29,760bp)	(3,000bp)
	8.2%	5.4%	4.6%	4.6%	<b>4.4%</b>	(380bp)	(20bp)
Note:							
(1) Includes disposal groups.							
	£bn	£bn	£bn	£bn	<b>£bn</b>		

**Gross customer loans and****advances**

Banking & Portfolio	92.1	88.2	82.0	78.6	<b>67.8</b>	(26%)	(14%)
International Businesses &							
Portfolios	69.4	68.3	65.6	62.3	<b>58.2</b>	(16%)	(7%)
Markets	2.6	2.6	1.9	0.3	<b>0.4</b>	(85%)	33%
	164.1	159.1	149.5	141.2	<b>126.4</b>	(23%)	(10%)

**Risk-weighted assets**

Banking & Portfolio	57.5	61.1	58.2	57.2	<b>55.1</b>	(4%)	(4%)
International Businesses &							
Portfolios	48.5	46.1	43.8	45.4	<b>40.4</b>	(17%)	(11%)
Markets	68.0	93.5	69.3	61.7	<b>79.5</b>	17%	29%
	174.0	200.7	171.3	164.3	<b>175.0</b>	1%	7%

**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: August 6, 2010

THE ROYAL BANK OF SCOTLAND  
GROUP plc (Registrant)

By: /s/ Jan Cargill



Name: Jan Cargill

Title: Deputy Secretary