

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

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 ___

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 X

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:

The Royal Bank of Scotland Group plc
Interim Results 2015

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Introduction

Presentation of information

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ('the Act'). The statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

In this document, 'RBSG plc' or the 'company' refers to The Royal Bank of Scotland Group plc, and 'RBS' or the 'Group' refers to RBSG plc and its subsidiaries. Some of the financial information contained in this document, prepared using Group accounting policies, shows the operating performance of RBS on a non-statutory basis which excludes own credit adjustments, gain on redemption of own debt, write down of goodwill and strategic disposals and includes the results of Citizens which is classified as a discontinued operation in the statutory results. RFS Holdings minority interest (RFS MI) was also excluded in the periods ended 30 June 2014. Such information is provided to give a better understanding of the results of RBS's operations.

RBS is committed to a leaner, less volatile business based around its core franchises of Personal & Business Banking (PBB) and Commercial & Private Banking (CPB). To achieve this goal a number of initiatives have been announced which include, but are not limited to, the restructuring of Corporate & Institutional Banking (CIB) into CIB Go-forward and CIB Capital Resolution, the divestment of the remaining stake in Citizens, the sale of the International Private Banking business (the remaining Private Banking UK business is within the Go-forward Bank (Private Banking Go-forward)), the exit of Williams & Glyn (mainly within UK Personal & Business Banking (UK PBB)) and the continued run down of RBS Capital Resolution (RCR). Significant progress towards these exits is expected in 2015. This document contains some information to illustrate the impact on certain key performance measures of these initiatives by showing the future profile of the bank (the 'Go-forward Bank') and the segments, businesses and portfolios which it intends to exit (the 'Exit Bank'). This information is presented to illustrate the strategy and its impact on the business and is on a non-statutory basis and should be read in conjunction with the notes attached as well as the section titled Forward-looking Statements. There has been no change to the reportable segments in the period.

Statutory results

The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and related Notes presented on pages 67 to 122 inclusive are on a statutory basis. Reconciliations between the non-statutory basis and statutory basis are included in Appendix 2.

Contacts

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Introduction

Analysts and investors presentation

RBS will be hosting a presentation for analysts and investors which will also be available via live webcast and audio call. The details are as follows:

Date: Thursday 30 July 2015
Time: 9.30 am UK time
Webcast: www.rbs.com/results
Dial in details: International - +44 (0) 1452 568 172
UK Free Call - 0800 694 8082
US Toll Free - 1 866 966 8024

Slides

This announcement and background slides are available on www.rbs.com/results

Financial supplement

A financial supplement containing income statement and balance sheet information for the nine quarters ending 30 June 2015 is available on www.rbs.com/results

Highlights

The Royal Bank of Scotland Group (RBS) continues to deliver on its plan to build a stronger, simpler and fairer bank for both customers and shareholders.

A strong operating performance from Personal & Business Banking (PBB) and Commercial & Private Banking (CPB) contributed to an attributable profit of £293 million for Q2 2015 (loss of £153 million for H1 2015):

Q2 operating profit(1) was £304 million, in line with Q1 2015. Litigation and conduct costs were lower at £459 million compared with £856 million in Q1 2015, while restructuring costs rose to £1,050 million from £453 million in Q1 2015 as the pace of restructuring accelerated.

Adjusted operating profit(2) was £1,813 million, up 11% from Q1 2015 but down 7% from Q2 2014, principally driven by reduced income in Corporate & Institutional Banking (CIB) following the planned scaling back of the business. Q2 2015 income benefited from a £205 million credit for IFRS volatility(3), compared with a £123 million charge in Q1 2015. H1 2015 adjusted operating profit was £3,447 million, up 2% from H1 2014.

Discontinued operations included a fair value gain of £517 million, of which £211 million was attributable to RBS, reflecting the rise in market value of Citizens shares and broadly reversing the loss recorded in Q1 2015.

Tangible net asset value per ordinary and equivalent B share was 380p at 30 June 2015 compared with 384p at 31 March 2015.

RBS is making good progress against its 2015 targets, moving faster in delivering its plan:

Positive lending momentum across UK Personal & Business Banking (UK PBB) and Commercial Banking.

Statistically significant improvement in Net Promoter Scores (NPS) year-on-year in four of the seven businesses where it is measured.

Adjusted return on equity⁽⁴⁾ in the Go-forward Bank is estimated at 14% for H1 2015.

Capital position strengthened further with Common Equity Tier 1 ratio up 80 basis points in Q2 2015 to 12.3%.

Exit Bank ahead of plan with continuing progress on sales and run-off.

On track to achieve £800 million cost reduction target⁽⁵⁾.

Creating a strong Go-forward Bank

RBS continues to target lending growth in strategic segments, UK PBB and Commercial Banking, in line with or above nominal UK GDP growth. Annualised growth across these segments was 2% in H1 2015. Investment in these businesses is paying dividends through improving returns.

Following a slow start to 2015, the updated mortgage platform enabled RBS to meet increased demand for mortgage products through Q2 2015, with applications up 43% year-on-year and gross new lending up 43% to £5.4 billion relative to the previous quarter. Market share of new mortgages reached 9.7% for Q2 2015, well in excess of RBS's current stock share of 8.3%. Commercial Banking increased loans and advances by £1.4 billion year-on-year, excluding transfers, while continuing to run down non-strategic books.

Notes:

- (1) Operating profit/(loss) before tax, own credit adjustments, gain on redemption of own debt and strategic disposals and includes the results of Citizens (excluding any fair value adjustment) which are classified as discontinued operations in the statutory results. The half year and quarter ended 30 June 2014 are stated before RFS minority interest.
- (2) Excluding restructuring, litigation and conduct costs.
- (3) IFRS volatility relates to loans which are economically hedged but for which hedge accounting is not permitted under IFRS.
- (4) Calculated using operating profit after tax on a non-statutory basis excluding restructuring and litigation and conduct costs adjusted for preference share dividends divided by average notional equity (based on 13% of average RWA equivalent (RWAE)).
- (5) Excluding restructuring, litigation and conduct costs, write-off of intangible assets, and operating expenses of Citizens and Williams & Glyn.

Highlights

RBS's ambition is to be the number one bank for customer service, trust and advocacy. Customer NPS across our businesses have seen statistically significant improvement year-on-year, specifically NatWest Personal Banking, NatWest Business Banking, RBS Business Banking and Ulster Bank (Northern Ireland) Personal Banking reflecting recent initiatives to make the bank fairer and simpler to do business with.

RBS is focused on improving performance and returns in the remaining Go-forward Bank (Ulster Bank, Private Banking and CIB) by improving service and reducing operating costs and risk where appropriate.

The Go-forward Bank is estimated to have generated an adjusted operating profit of £1.4 billion in the quarter, up 17% from Q1 2015, with adjusted return on equity estimated at 16%, up from 12% in Q1 2015 (see appendix 3).

Accelerated run-down of the Exit Bank

RBS remains ahead of plans to exit a number of businesses through sale or run-off, with good execution to date. Good momentum has been maintained with risk-weighted assets (RWAs) down by an estimated £24 billion since the start of 2015 to £148 billion.

CIB is on course to reduce RWAs by £25 billion by the end of 2015, with substantial progress across exit portfolios.

Plans to complete the exit from Citizens remain on track.

RBS Capital Resolution (RCR) continued on its path to complete its targeted rundown before the end of 2015, one year ahead of schedule, as it continues to benefit from attractive exit values. Funded assets fell by 44% in the first half of 2015 taking the balance down to £8.4 billion. RWAs also decreased 35% to £14.4 billion in the same period.

By 30 June 2015 considerable progress had been made toward the disposal of the North American corporate loan portfolio identified for exit, with a substantial proportion sold to Mizuho Bank through two separate transactions. Upon final settlement expected in Q3 2015, RWAs will have been reduced by approximately US\$9 billion.

RBS has partnered with BNP Paribas to offer existing international customers an alternative to Global Transaction Services (GTS) as part of the decision to refocus the business. Businesses in the UK and Ireland, including those outwith the UK but with significant links to the UK, will continue to receive GTS capabilities from RBS.

The majority of the Australian and United Arab Emirates corporate loan books have been sold.

The sale of most of the RBS International Private Banking business to Union Bancaire Privée remains on track for Q4 2015.

RBS is continuing to work towards the separation of Williams & Glyn in the summer of 2016 and IPO by the end of 2016. In May 2015 the Competition & Markets Authority announced that it had been asked by the Chancellor to advise on the competition implications of the Williams & Glyn divestment. The review is expected to be completed later this year and at this stage its outcome cannot be predicted.

Highlights

Making RBS safer and dealing with ongoing issues

Balance sheet and capital strength and resilience continue to build. RWAs decreased to £326 billion, down from £356 billion at the start of the year and £392 billion from 30 June 2014, driven by RCR and CIB. A Common Equity Tier 1 (CET1) ratio of 12.3% at 30 June 2015 was up 80 basis points from 31 March 2015 and 110 basis points from 31 December 2014. Citizens Financial Group's RWAs (£70 billion) remain for the time being fully consolidated for regulatory purposes, although RBS's holding has been reduced to 40.8% as at 30 June 2015.

Risk elements in lending (REIL) fell to £18.7 billion, representing 4.8% of gross customers loans, down from 5.4% at 31 March 2015. REIL for RBS excluding RCR were £11.3 billion, down from £12.1 billion at 31 March 2015.

RBS plans to return excess capital to shareholders through dividends or buybacks, subject to regulatory approval. This is dependent on the achievement of certain strategic objectives, including sustained profitability, improved stress test results and resolving our major conduct and litigation issues. As a result we do not expect to be in a position to return capital before Q1 2017 at the earliest.

RBS continues to be party to legal proceedings and regulatory and governmental investigations, including with respect to US mortgage-backed securities, foreign exchange trading and its treatment of UK SME customers and continues to incur conduct related costs, including in relation to payment protection insurance and interest rate hedging products. While addressing these ongoing issues, RBS is continuing its endeavours to embed a strong and comprehensive risk and compliance culture throughout the organisation.

In June 2015 RBS experienced an issue with its secure connection used to process BACS payments resulting in a one or two day delay to payments being applied to some customer accounts. RBS has agreed to reimburse customers for any loss suffered as a result. A comprehensive root cause analysis is ongoing and correspondence with our regulators continues.

Making good progress on 2015 targets

Strategy Goal	2015 Target	H1 2015 Progress
	Reduce RWAs to <£300 billion	£326 billion
Strength and sustainability	RCR exit substantially completed	Funded assets down 78% since initial pool of assets identified(1)
	Citizens deconsolidation	40.8% holding
	£2 billion AT1 issuance	Inaugural AT1 to be launched shortly(2)
Customer experience	Improve NPS in every UK franchise(3)	Year-on-year, statistically significant improvement in NPS in 4 of the 7 businesses where it is measured
Simplifying the bank	Reduce costs by £800 million(4)	Annualised cost savings of over £700 million achieved in H1
Supporting growth	Lending growth in strategic segments ≥ nominal UK GDP growth	2% annualised growth in UK PBB and Commercial Banking
Employee engagement	Raise employee engagement index to within 8% of Global Financial Services (GFS) norm	Annual metric

Notes:

- (1) Funded assets are down 71% since 1 January 2014.
- (2) Issuance subject to market conditions.
- (3) Further details are available on page 7.
- (4) Excluding restructuring, litigation and conduct costs, write-off of intangible assets, and operating expenses of Citizens and Williams & Glyn.

Highlights

Building the number one bank for customer service, trust and advocacy in the UK

Investment in new products - Reward, the new current account proposition, was launched in July to a small number of customers. Through the Reward account customers can receive 3% cashback on certain household bills paid by direct debit. Full launch is scheduled for later in the year.

Continued commitment to be fairer for customers - RBS is making overdrafts more accessible with 600,000 customers now newly eligible for a £100 overdraft. This is in addition to allowing a £250 limit to customers who have had positive behaviour with RBS but historical issues with other lenders.

Investment in service - The mortgage platform was upgraded and the number of mortgage advisors increased to 869 in UK PBB (up 8% compared with the start of 2015 or 28% compared with Q2 2014) which provides increased lending capacity. The NatWest mobile banking app customer NPS became joint number one in the market(1) during Q2 2015, with real time registration allowing customers to begin using the app as their account is opened. Around 2,800 staff registered for a bespoke lending skills training programme and RBS rolled out a customer relationship management (CRM) tool to around 3,000 staff, allowing them to have a single view of all customer needs and thus improve service.

Making RBS simpler to do business with - The time to open a personal current account has been halved to 30 minutes as the bank transforms its systems, becoming simpler and quicker. The Commercial Bank has delivered a 75% reduction in customer paperwork and a 25% reduction in the time to open an account.

Leading on innovation and collaboration - RBS is the first bank to launch TouchID login and adopt Apple Pay whilst launching the first Royal National Institute of Blind People (RNIB) approved cards.

Backing UK business - RBS launched a mid-market initiative to attract and support more businesses with a turnover of between £10 million and £50 million or borrowing in excess of £1 million. The aim is to achieve 300 new customer relationships, providing the means to grow and support UK business. In partnership with Entrepreneurial Spark, the first of eight business accelerator hubs was opened in Birmingham providing free space, mentoring and financial support to small businesses. A new £2.5 million Skills & Opportunities Fund to help people from disadvantaged communities learn new skills, get into the world of work or set up their own business was also launched.

Building a more capable and diverse workforce - RBS is raising professional standards by supporting staff to undertake the Chartered Banker foundation qualification. RBS is the first bank to achieve Investors in Young People Accreditation. In 2015 we will increase the number of apprentices from 50 to over 300. RBS has set a target of having 30% female leaders in every business by 2020.

RBS remains committed to achieving its target of being number one bank for customer service, trust and advocacy by 2020.

We use independent surveys to measure our customers' experience and track our progress against our goal in each of our markets.

Net Promoter Score (NPS)

Customers are asked how likely they would be to recommend their bank to a friend or colleague, and respond based on a 0-10 scale with 10 indicating 'extremely likely' and 0 indicating 'not at all likely'. Customers scoring 0 to 6 are termed detractors and customers scoring 9 to 10 are termed promoters. NPS is established by subtracting the proportion of detractors from the proportion of promoters.

Note:

(1) Source: internal NPD Drivers study, June 15 based on 3 month roll with latest base size 2234.

Highlights

The table below lists all of the businesses for which we have an NPS for Q2 2015. Year-on-year, NatWest Personal Banking, NatWest Business Banking, RBS Business Banking and Ulster Bank (Northern Ireland) Personal Banking have all seen statistically significant improvements in NPS.

In recent years, the bank has launched a number of initiatives to make it simpler, fairer and easier to do business, and it continues to deliver on the commitments that it made to its customers in 2014.

		Q2 2014	Q1 2015	Q2 2015	Year end 2015 target
Personal Banking	NatWest (England & Wales)(1)	4	5	8	9
	RBS (Scotland)(1)	-10	-18	-10	-10
	Ulster Bank (Northern Ireland)(2)	-34	-18	-11	-21
	Ulster Bank (Republic of Ireland)(2)	-22	-16	-14	-15
Business Banking	NatWest (England & Wales)(3)	-15	-6	4	-7
	RBS (Scotland)(3)	-30	-17	-17	-21
Commercial Banking(4)		9	12	10	15

Customer Trust

We also use independent experts to measure our customers' trust in the bank. Each quarter we ask customers to what extent they trust or distrust their bank to do the right thing. The score is a net measure of those customers that trust their bank (a lot or somewhat) minus those that distrust their bank (a lot or somewhat).

Trust in the RBS brand was impacted by the IT incident on 17 June 2015.

		Q2 2014	Q1 2015	Q2 2015	Year end 2015 target
Customer Trust(5)	NatWest (England & Wales)(1)	49%	44%	48%	46%
	RBS (Scotland)	0%	10%	-2%	11%

Notes:

Suitable measures for Private Banking and for Corporate & Institutional Banking are in development. NPS for Ulster Bank Business Banking is measured at Q4.

- (1) Source: GfK FRS 6 month rolling data. Latest base sizes: NatWest England & Wales (3,444) RBS Scotland (520). Based on the question: "How likely is it that you would recommend (brand) to a relative, friend or colleague in the next 12 months for current account banking?".
- (2) Source: Coyne Research 12 month rolling data. Question: "Please indicate to what extent you would be likely to recommend (brand) to your friends or family using a scale of 0 to 10 where 0 is not at all likely and 10 is extremely likely".
- (3) Source: Charterhouse Research Business Banking Survey, based on interviews with businesses with an annual turnover up to £2 million. 12 month rolling data. Latest base sizes: NatWest England & Wales (1,240), RBS Scotland (419). Weighted by region and turnover to be representative of businesses in England & Wales/Scotland.
- (4) Source: Charterhouse Research Business Banking Survey, based on interviews with businesses with annual turnover between £2 million and £1 billion. Latest base size: RBSG Great Britain (965). Weighted by region and turnover to be representative of businesses in Great Britain.
- (5) Source: Populus. Latest quarter's data. Measured as a net of those that trust RBS/NatWest to do the right thing, less those that do not. Latest base sizes: NatWest, England & Wales (916), RBS Scotland (209).

Highlights

Recent developments

Citizens

On 29 July 2015, RBS announced the final pricing for a further offering of 86 million shares in Citizens and the grant of a 15% over-allotment option to underwriters giving them a 30-day option to purchase an additional 12.9 million shares. Gross proceeds will be US\$2.2 billion (£1.4 billion), (\$2.6 billion (£1.6 billion) assuming exercise in full of the over-allotment option). Concurrently, Citizens intends to repurchase 9.6 million shares (US\$250 million) from RBS. Once these transactions have completed and assuming the over-allotment option is exercised in full, RBS will own 110.5 million shares - 20.9% of Citizens' common stock and will record an estimated £1.1 billion profit (including £0.9 billion reclassified from equity).

Following this significant reduction in its voting interest, RBS will no longer control Citizens for accounting purposes and will cease to consolidate it; reducing total assets by approximately £78 billion. RBS's remaining investment in Citizens will be an associate classified as held for sale.

Citizens will however continue to be consolidated for the purposes of regulatory capital as RBS will retain certain veto rights notwithstanding the reduction in its interest in CFG.

Capital

AT1 securities

As part of our commitment to continue building our capital ratios, we plan to launch our inaugural Additional Tier 1 securities offering over the next few days, subject to market conditions.

Preference shares

RBS intends to redeem US\$1.9 billion of its outstanding Series M, N, P and Q non-cumulative dollar preference shares, represented by American depositary shares, on 1 September 2015.

July Budget

On 8 July 2015 a number of proposed changes to the UK corporate tax system were announced. In accordance with IFRS these changes will be accounted for when they are substantively enacted which is expected to be in October 2015.

The most relevant proposed measures include:

Cuts in the rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Existing temporary differences on which deferred tax has been provided may reverse at these reduced rates;

A corporation tax surcharge of 8% on UK banking entities from 1 January 2016. This is expected to increase RBS's corporation tax liabilities and vary the carrying value of its deferred tax balances;

A reduction in the bank levy rate from 0.21% to 0.18% from 1 January 2016 and subsequent annual reductions to 0.1% from 1 January 2021; and

Making compensation in relation to misconduct non-deductible for corporation tax.

It is expected that these measures will increase the normalised tax rate to around 27% in the medium term and trending lower thereafter. The bank levy for 2015 is expected to be £280 million and is projected to fall progressively to £150 million by 2019.

Highlights

Outlook

Following the sale of a further tranche of shares, RBS now plans to complete the exit from Citizens by the end of 2015, subject to market conditions.

The divestment, together with the strong progress being made in CIB and RCR, will enable RBS to meet its target of reducing RWAs to below £300 billion in 2015.

The restructuring of CIB is planned to accelerate during the second half of 2015. This is expected to result in lower revenues, partially due to higher disposal losses, and elevated restructuring costs.

Targeted cost savings of £800 million in 2015 are expected to be delivered, notwithstanding the adverse impact of the increased UK bank levy.

RBS expects to meet its objective of lending growth in strategic segments, UK PBB and Commercial Banking, in line with or above nominal UK GDP growth.

Investments to make the bank simpler and fairer for customers are having a positive impact on NPS. The target to improve NPS in all customer franchises is stretching but achievable.

Whilst legacy issues continue to be addressed, material further and incremental costs and provisions related to historical conduct are expected. The timing and quantum of any future costs, provisions and settlements, however,

remain uncertain.

Letter from the Chairman

These results demonstrate the strength of our underlying customer businesses with operating profit - excluding restructuring and conduct charges - of £1.8 billion for the quarter, up 11% on Q1. We have reported an attributable profit for the quarter, albeit a loss for the half year, which reflects the restructuring and conduct costs we are continuing to work through.

We are seeing progress in our UK retail and commercial businesses. More customers are choosing us to help them buy their homes than ever before, while the commercial business grew its loan book by £1.4 billion since 30 June 2014.

RBS is closely involved in the UK's improving economic performance. In partnership with Entrepreneurial Spark, RBS is opening business accelerator hubs in Birmingham, Brighton, Bristol and Leeds, with plans to open further hubs in major cities across the UK as we continue to support UK entrepreneurs and businesses providing free space, mentoring and financial support. The latest data from UK Export Finance shows that we are currently the biggest backer (by volume and value) of export contracts for 2015/16 and we are well on track to exceed our business for the previous financial year.

In the first six months of the year we have increased our UK focus by further reducing our stake in Citizens in the US and by agreeing to sell our International Private Bank. We have made excellent progress running down the parts of the business that no longer fit with our strategy.

We have also once again improved our core capital position, and have had six consecutive quarters of capital growth. RBS is now a much better capitalised bank.

The RBS of today is of course very different from the bank of 2009. It has a greater focus on the quality of earnings and the control of risks.

There have naturally been ups and downs along the way, which have required the strategy to change, but the focus on making this a stronger, simpler and fairer organisation has been the right one. The decisions to sell or run-off significant parts of the business while investing in our core customer franchises has meant we are better positioned to deal with the constraints of structural regulatory reform, notably ring-fencing.

Of course there are still some obstacles to overcome especially the resolution of outstanding conduct issues, including the investigations into our sale of residential mortgage-backed securities in the US between 2005-07, and the investigation by UK authorities into the bank's approach to distressed businesses.

Past experience at RBS and many other banks has demonstrated the readiness of regulators to impose substantial fines and costly redress schemes. These conduct and litigation costs have greatly exceeded the expectations of banks and their investors. Judging the ultimate scale of conduct costs remains extremely challenging.

Looking forward, however, making customer service, trust and advocacy the focus of our strategy is starting to deliver results and by the end of this year I am confident that shareholders will see a clearer picture of the bank that RBS will become.

This is an appropriate backdrop to the sale of shares by the UK government, which will be a significant moment for this bank.

Philip Hampton
Chairman

Summary consolidated income statement for the period ended 30 June 2015

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Net interest income	5,522	5,496	2,766	2,756	2,798
Non-interest income	3,178	4,482	1,603	1,575	2,127
Total income	8,700	9,978	4,369	4,331	4,925
Litigation and conduct costs	(1,315)	(250)	(459)	(856)	(250)
Restructuring costs	(1,503)	(514)	(1,050)	(453)	(385)
Other costs	(5,485)	(6,344)	(2,697)	(2,788)	(3,065)
Operating expenses	(8,303)	(7,108)	(4,206)	(4,097)	(3,700)
Profit before impairment releases/(losses)	397	2,870	163	234	1,225
Impairment releases/(losses)	232	(269)	141	91	93
Operating profit (1)	629	2,601	304	325	1,318
Own credit adjustments	288	(51)	168	120	(190)
Gain on redemption of own debt	-	20	-	-	-
Write down of goodwill	-	(130)	-	-	(130)
Strategic disposals	(135)	191	-	(135)	-
Citizens discontinued operations	(489)	(426)	(232)	(257)	(274)
RFS Holdings minority interest	-	21	-	-	12
Operating profit before tax	293	2,226	240	53	736
Tax charge	(293)	(592)	(100)	(193)	(278)
Profit/(loss) from continuing operations	-	1,634	140	(140)	458
Profit/(loss) from discontinued operations, net of tax					
- Citizens (2)	354	285	674	(320)	181
- Other	4	35	-	4	26
Profit/(loss) from discontinued operations net of tax	358	320	674	(316)	207
Profit/(loss) for the period	358	1,954	814	(456)	665
Non-controlling interests	(344)	(42)	(428)	84	(23)
Other owners' dividends	(167)	(167)	(93)	(74)	(92)
Dividend access share	-	(320)	-	-	(320)

(Loss)/profit attributable to ordinary and B shareholders	(153)	1,425	293	(446)	230
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Memo:

Operating expenses - adjusted (3)	(5,485)	(6,344)	(2,697)	(2,788)	(3,065)
Operating profit - adjusted (3)	3,447	3,365	1,813	1,634	1,953

For the notes to this table refer to the following page.

Summary consolidated income statement for the period ended 30 June 2015

Key metrics and ratios	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Net interest margin	2.24%	2.17%	2.23%	2.26%	2.22%
Cost:income ratio	95%	71%	96%	95%	75%
(Loss)/earnings per share from continuing operations (4)					
- basic	(1.9p)	9.9p	0.2p	(2.1p)	0.3p
- adjusted (5)	(2.7p)	9.5p	(0.9p)	(1.7p)	2.7p
Return on tangible equity (6)	(0.7%)	6.9%	2.7%	(4.1%)	2.2%
Average tangible equity (6)	£43,524m	£41,579m	£43,062m	£43,879m	£42,122m
Average number of ordinary shares and equivalent B shares outstanding during the period (millions)	11,481	11,308	11,511	11,451	11,335

Key metrics and ratios - excluding Citizens (7)

Net interest margin	2.14%	2.06%	2.13%	2.15%	2.11%
Cost:income ratio	103%	72%	103%	102%	77%

Notes:

- (1) Operating profit before tax, own credit adjustments, gain on redemption of own debt, write down of goodwill and strategic disposals and includes the results of Citizens (prior to any fair value adjustment) which are classified as discontinued operations in the statutory results. The half year and quarter ended 30 June 2014 are stated before RFS minority interest.
- (2) Included within Citizens discontinued operations are the results of the reportable operating segment Citizens Financial Group (CFG), the fair value remeasurement of the loss on transfer to disposal groups, and certain Citizens related activities in Central items and related one-off and other items.
- (3) Excluding restructuring costs and litigation and conduct costs.
- (4) Refer to Note 11 on page 84 for further details.

- (5) Adjusted earnings excludes own credit adjustments, gain on redemption of own debt, write down of goodwill, strategic disposals and RFS MI.
- (6) Tangible equity is equity attributable to ordinary and B shareholders less intangible assets.
- (7) Assuming Citizens was fully divested of at its carrying value on 30 June 2015.

Details of other comprehensive income are provided on page 68.

Summary consolidated balance sheet as at 30 June 2015

	30 June 2015 £m	31 March 2015 £m	31 December 2014 £m
Cash and balances at central banks	81,900	75,521	74,872
Net loans and advances to banks (1,2)	20,714	25,002	23,027
Net loans and advances to customers (1,2)	314,993	333,173	334,251
Reverse repurchase agreements and stock borrowing	67,606	69,400	64,695
Debt securities and equity shares	80,550	85,557	92,284
Assets of disposal groups (3)	89,071	93,673	82,011
Other assets	28,010	31,721	26,033
Funded assets	682,844	714,047	697,173
Derivatives	281,857	390,565	353,590
Total assets	964,701	1,104,612	1,050,763
Bank deposits (2,4)	30,978	37,235	35,806
Customer deposits (2,4)	342,023	349,289	354,288
Repurchase agreements and stock lending	66,362	69,383	62,210
Debt securities in issue	41,819	45,855	50,280
Subordinated liabilities	19,683	22,004	22,905
Derivatives	273,589	386,056	349,805
Liabilities of disposal groups (3)	80,388	85,244	71,320
Other liabilities	48,090	47,265	43,957
Total liabilities	902,932	1,042,331	990,571
Non-controlling interests	5,705	5,473	2,946
Owners' equity	56,064	56,808	57,246
Total liabilities and equity	964,701	1,104,612	1,050,763

Notes:

- (1) Excludes reverse repurchase agreements and stock borrowing.
- (2) Excludes disposal groups.
- (3) Primarily Citizens and International Private Banking in 2015 and Citizens at 31 December 2014 - refer to Note 13 on page 91.

(4) Excludes repurchase agreements and stock lending.

Summary consolidated balance sheet as at 30 June 2015

	30 June 2015	31 March 2015	December 2014
Balance sheet related key metrics and ratios			31
Tangible net asset value per ordinary and equivalent B share (1)	380p	384p	387p
Loan:deposit ratio (2,3)	92%	95%	95%
Short-term wholesale funding (2,4)	£25bn	£27bn	£28bn
Wholesale funding (2,4)	£76bn	£84bn	£90bn
Liquidity portfolio	£161bn	£157bn	£151bn
Liquidity coverage ratio (5)	117%	112%	112%
Net stable funding ratio (6)	115%	110%	112%
Common Equity Tier 1 ratio	12.3%	11.5%	11.2%
Risk-weighted assets	£326.4bn	£348.6bn	£355.9bn
Leverage ratio (7)	4.6%	4.3%	4.2%
Tangible equity (8)	£43,919m	£44,242m	£44,368m
Number of ordinary shares and equivalent B shares in issue (millions) (9)	11,570	11,514	11,466

	30 June 2015
Key metrics and ratios - excluding Citizens (10)	
Tangible net asset value per ordinary and equivalent B share (1)	380p
Loan:deposit ratio (2,3)	91%
Short-term wholesale funding (2,4)	£21bn
Wholesale funding (2,4)	£71bn
Liquidity portfolio	£148bn
Liquidity coverage ratio (5)	118%
Net stable funding ratio (6)	112%
Common Equity Tier 1 ratio	15.3%
Risk-weighted assets	£261.5bn
Leverage ratio (7)	5.1%
Tangible equity (8)	£43,919m
Return on tangible equity (8)	(1.0%)
Average tangible equity (8)	£43,524m

Notes:

- (1) Tangible net asset value per ordinary and equivalent B share represents total tangible equity divided by the number of ordinary and equivalent B shares in issue.
- (2) Includes disposal groups.
- (3) Excludes repurchase agreements and stock lending.
- (4) Excludes derivative collateral.

- (5) In January 2013, the BCBS published its final guidance for calculating LCR currently expected to come into effect from October 2015 on a phased basis. Pending the finalisation of the LCR rules within the EU, RBS monitors LCR based on its interpretation of current guidance available for EU LCR reporting. The reported LCR will change over time with regulatory developments. Due to differences in interpretation, RBS's ratio may not be comparable with those of other financial institutions.
- (6) NSFR for both periods has been calculated using RBS's current interpretations of the revised BCBS guidance on NSFR issued in late 2014. Therefore, reported NSFR will change over time with regulatory developments. Due to differences in interpretation, RBS's ratio may not be comparable with those of other financial institutions.
- (7) Based on end-point CRR Tier 1 capital and revised 2014 Basel III leverage ratio framework.
- (8) Tangible equity is equity attributable to ordinary and B shareholders less intangible assets.
- (9) Includes 26 million Treasury shares (31 March 2015 - 27 million; 31 December 2014 - 28 million).
- (10) Assuming Citizens was fully divested of at carrying value on 30 June 2015 and excluding only credit risk and counterparty risk RWA.

Highlights

Q2 2015 performance

Attributable profit of £293 million was reported in Q2 2015 including £1,050 million of restructuring costs as the pace of restructuring accelerated and £459 million of litigation and conduct costs. The attributable profit for Q2 2015 was up from a loss of £446 million in Q1 2015 and a profit of £230 million in Q2 2014.

Total income was £4,369 million, with net interest income broadly stable, but non-interest income down 25% from Q2 2014, reflecting the reduction in the scale of CIB.

Operating expenses totalled £4,206 million, with other costs at £2,697 million, down 3% from Q1 2015 and 12% from Q2 2014. Restructuring costs were significantly higher at £1,050 million, principally relating to CIB (£734 million) and to Williams & Glyn separation (£126 million). Litigation and conduct costs in Q2 2015 amounted to £459 million, principally related to mortgage-backed securities litigation in the United States.

Credit conditions remained generally benign, with net impairment releases of £141 million, up from £91 million in Q1 2015 and from £93 million in Q2 2014, principally reflecting releases on disposals within RCR.

Operating profit was £304 million, down slightly from £325 million in Q1 2015 and more markedly from £1,318 million in Q2 2014. Excluding restructuring, litigation and conduct costs, operating profit was £1,813 million, up 11% from Q1 2015 but down 7% from Q2 2014.

Statutory operating profit before tax, including £168 million of own credit adjustments, was £240 million. After a tax charge of £100 million, the profit from continuing operations was £140 million, compared with a loss of £140 million in Q1 2015 and a profit of £458 million in Q2 2014.

Profit from discontinued operations of £674 million reflected the rise in the market value of Citizens shares during the quarter.

Tangible net asset value per ordinary and equivalent B share was 380p at 30 June 2015 compared with 384p at 31 March 2015, reflecting cash flow hedging and currency translation losses recognised in other comprehensive income, partly offset by the second quarter attributable profit.

Highlights

H1 2015 performance

An attributable loss of £153 million was reported for the first half of 2015, including £1,503 million of restructuring costs and £1,315 million of litigation and conduct costs. The attributable loss for H1 2015 was down from a profit of £1,425 million in H1 2014 as income attrition in the Exit Bank businesses preceded the delivery of cost reductions and higher restructuring, litigation, and conduct costs were incurred.

Total income was £8,700 million, 13% lower than in H1 2014, with net interest income up slightly but non-interest income down 29%, reflecting the reduction in scale of CIB.

Cost reductions of £859 million were achieved relative to H1 2014, leaving operating expenses excluding restructuring, litigation and conducts costs down 14% at £5,485 million and putting RBS on track to deliver its targeted £800 million of cost savings in 2015.

Net impairment releases of £232 million were reported in H1 2015, compared with net impairment losses of £269 million in H1 2014. Net releases were recorded in all segments except Commercial Banking and CFG, where impairments nevertheless remained low at 0.1% and 0.3% respectively of loans and advances.

Operating profit in H1 2015 was £629 million down from £2,601 million in H1 2014. Excluding restructuring, litigation and conduct costs, operating profit was £3,447 million, up 2% from H1 2014. After a tax charge of £293 million, net profit from continuing operations was nil, while results from discontinued operations included a net profit of £354 million reflecting the rise in the market value of Citizens shares.

Balance sheet and capital

Net loans and advances to customers at 30 June 2015 were £315 billion, down 5% from 31 March 2015 and 6% from 31 December 2014. This was driven by run-off in CIB and RCR, partially offset by strong UK mortgage growth.

Funded assets at 30 June 2015 were £683 billion, down 4% from 31 March 2015 and 2% from 31 December 2014, principally reflecting run-off in CIB and RCR.

Customer deposits of £342 billion at 30 June 2015 were down 2% from 31 March 2015 and 3% from 31 December 2014, with good growth in UK personal current and savings accounts more than offset by the reduction in scale of CIB and by the impact of the weakening euro on balances in Ulster Bank.

CET1 and leverage ratios improved from 11.5% and 4.3% at 31 March 2015 to 12.3% and 4.6% respectively at 30 June 2015, principally driven by asset reduction in CIB and RCR.

Analysis of results

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Net interest income	£m	£m	£m	£m	£m

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Net interest income					
RBS	5,522	5,496	2,766	2,756	2,798
- UK Personal & Business Banking	2,290	2,276	1,147	1,143	1,152
- Ulster Bank	265	323	132	133	169
- Commercial Banking	1,108	999	562	546	511
- Private Banking	254	344	126	128	174
- Corporate & Institutional Banking	376	365	174	202	186
- Central items	150	203	88	62	100
- RCR	(25)	(1)	(14)	(11)	7
RBS excluding Citizens Financial Group	4,418	4,509	2,215	2,203	2,299
- Citizens Financial Group	1,104	987	551	553	499
Average interest-earning assets					
RBS	495,726	507,268	496,835	494,605	502,347
- UK Personal & Business Banking	128,468	126,696	128,569	128,366	126,964
- Ulster Bank	27,518	28,089	27,404	27,633	28,884
- Commercial Banking	77,985	74,749	78,880	77,079	74,971
- Private Banking	15,850	18,663	15,729	15,973	18,698
- Corporate & Institutional Banking	71,269	83,778	69,437	73,114	83,477
- Central items	77,793	71,071	82,471	73,071	66,586
- RCR	17,436	36,383	14,758	20,144	34,533
RBS excluding Citizens Financial Group	416,319	439,429	417,248	415,380	434,113
- Citizens Financial Group	79,407	67,839	79,587	79,225	68,234
Gross yield on interest-earning assets of banking business					
	2.98%	3.03%	2.94%	3.02%	3.05%
Cost of interest-bearing liabilities of banking business					
	(1.06%)	(1.18%)	(1.03%)	(1.09%)	(1.16%)
Interest spread of banking business					
	1.92%	1.85%	1.91%	1.93%	1.89%
Benefit from interest free funds					
	0.32%	0.32%	0.32%	0.33%	0.33%
Net interest margin (1)					
RBS	2.24%	2.17%	2.23%	2.26%	2.22%
- UK Personal & Business Banking	3.59%	3.62%	3.58%	3.61%	3.64%
- Ulster Bank	1.94%	2.32%	1.93%	1.95%	2.35%
- Commercial Banking	2.87%	2.70%	2.86%	2.87%	2.73%
- Private Banking	3.23%	3.72%	3.21%	3.25%	3.73%
- Corporate & Institutional Banking	1.06%	0.88%	1.00%	1.12%	0.90%
- Central items	0.37%	0.50%	0.41%	0.32%	0.52%
- RCR	(0.29%)	(0.01%)	(0.38%)	(0.22%)	0.08%
RBS excluding Citizens Financial Group	2.14%	2.06%	2.13%	2.15%	2.11%
- Citizens Financial Group	2.80%	2.94%	2.78%	2.83%	2.93%

Note:

- (1) For the purposes of net interest margin calculations, a decrease of £8 million arising in Central Items (H1 2014 - £28 million; Q2 2015 - £3 million; Q1 2015 - £5 million; Q2 2014 - £14 million) was made in respect of interest on financial assets and liabilities designated as at fair value through profit or loss. Related interest-earning assets and interest-bearing liabilities have also been adjusted.

Analysis of results

Key points

H1 2015 compared with H1 2014

- Net interest income was stable, with asset growth in UK PBB and Commercial Banking. Segmental splits are affected by the transfer of a number of portfolios between businesses, including the transfer to Commercial Banking of the UK corporate coverage business from CIB and of the RBS International business from Private Banking.
- Net interest margin (NIM) rose 7 basis points, with progressive repricing of deposits helping to offset continuing competitive pressures on asset margins.

Q2 2015 compared with Q1 2015

- Asset growth was driven by rising mortgage volumes, supported by increased mortgage adviser capacity and increasingly competitive pricing.
- Modest downward pressure on NIM reflected competitive conditions in domestic markets and a further slight decline in the standard variable rate mortgage book, partially offset by some further small adjustments to deposit pricing.

Q2 2015 compared with Q2 2014

- Net interest income was down 1%, with good asset growth in UK mortgages and Commercial Banking partially offsetting declines in other portfolios.
- NIM was 1 basis point higher, with deposit repricing offsetting continuing pressure on asset margins.

Analysis of results

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Non-interest income					
Net fees and commissions	1,966	2,118	974	992	1,063
Income from trading activities	734	1,482	464	270	626
Other operating income	478	882	165	313	438

Total non-interest income	3,178	4,482	1,603	1,575	2,127
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Key points

H1 2015 compared with H1 2014

- Non-interest income was down 29%, principally reflecting reduced trading income, in line with CIB's risk and resource reduction.
- Losses of £69 million were recorded on the disposal of available-for-sale securities, compared with gains of £215 million in H1 2014.

Q2 2015 compared with Q1 2015

- Non-interest income was up 2%, reflecting seasonal movements offset by volatile items under IFRS.

Q2 2015 compared with Q2 2014

- Non-interest income was 25% lower, principally reflecting the reduction in CIB's scale.
- A loss of £42 million on the disposal of available-for-sale securities compared with a gain of £13 million in Q2 2014.

Analysis of results

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
	£m	£m	£m	£m	£m
Operating expenses					
Staff expenses	3,075	3,340	1,517	1,558	1,693
Premises and equipment	859	1,079	372	487	485
Other	1,133	1,292	622	511	605
Restructuring costs*	1,503	514	1,050	453	385
Litigation and conduct costs	1,315	250	459	856	250
Administrative expenses	7,885	6,475	4,020	3,865	3,418
Depreciation and amortisation	418	551	186	232	282
Write down of intangible assets	-	82	-	-	-
Operating expenses	8,303	7,108	4,206	4,097	3,700
Adjusted operating expenses (1)	5,485	6,344	2,697	2,788	3,065
*Restructuring costs comprise:					
- staff expenses	348	196	293	55	153

- premises, equipment, depreciation and amortisation	341	199	51	290	138
- other	814	119	706	108	94
Restructuring costs	1,503	514	1,050	453	385
Staff costs as a % of total income	35%	33%	35%	36%	34%
Cost:income ratio	95%	71%	96%	95%	75%
Cost:income ratio - adjusted (1)	63%	64%	62%	64%	62%
Employee numbers (FTE - thousands)	109.2	113.6	109.2	109.2	113.6

Note:

(1) Excluding restructuring costs and litigation and conduct costs.

Key points

H1 2015 compared with H1 2014

- Operating expenses rose as a result of higher restructuring and litigation and conduct costs.
- Adjusted operating expenses were 14% lower, reflecting the benefits of the bank's cost reduction programme. This included an 8% reduction in staff expenses, driven by a 4,400 reduction in headcount, principally in higher cost businesses.

Q2 2015 compared with Q1 2015

- Operating expenses were 3% higher, with an increase in restructuring costs (up £597 million) partially offset by lower litigation and conduct charges (down £397 million).
- Adjusted operating expenses fell by 3%, including an 8% reduction within CIB.

Q2 2015 compared with Q2 2014

- Operating expenses were 14% higher reflecting increased restructuring and litigation and conduct costs.
- Adjusted operating expenses fell by 12%, driven by a reduction in staff expenses.

Analysis of results

Restructuring costs

- Restructuring costs totalled £1,050 million for Q2 2015 and £1,503 million for H1 2015, principally relating to CIB (Q2 2015 - £734 million) and to Williams & Glyn separation (Q2 2015 - £126 million). Restructuring costs included intangible software write-offs in CIB and Private Banking totalling £606 million, which have no impact on CET1 capital or tangible net asset value.
- Total restructuring charges are still expected to total c.£5 billion over the five year period 2015-2019 including:

Williams & Glyn separation c.£1.1 billion of which £259 million was taken in H1 2015. The remainder is expected to be incurred over the period to Q4 2016;

Independent Commission on Banking (ICB) preparation c.£800 million. The bulk is expected to be incurred in 2016-2018; and

Restructuring of CIB and Go-forward Bank transformation just over c.£3 billion, of which £1,244 million was taken in H1 2015, with the majority relating to CIB. Most of the CIB restructuring is expected to be incurred in 2015.

Litigation and conduct costs

- £459 million of additional litigation and conduct costs taken in Q2 2015 related principally to mortgage-backed securities litigation in the United States. An additional £69 million provision was taken in relation to interest rate hedging products redress.

Analysis of results

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Impairment (releases)/losses					
Loans	(342)	271	(152)	(190)	(89)
Securities	110	(2)	11	99	(4)
Total impairment (releases)/losses	(232)	269	(141)	(91)	(93)
Loan impairment (releases)/losses					
- individually assessed	(102)	113	(96)	(6)	(42)
- collectively assessed	90	348	21	69	221
- latent	(330)	(180)	(77)	(253)	(258)
Customer loans	(342)	281	(152)	(190)	(79)
Bank loans	-	(10)	-	-	(10)
Loan impairment (releases)/losses	(342)	271	(152)	(190)	(89)
RBS excluding RCR	13	290	43	(30)	36
RCR	(355)	(19)	(195)	(160)	(125)
Loan impairment (releases)/losses	(342)	271	(152)	(190)	(89)
Customer loan impairment (releases)/losses as a % of gross loans and advances (1)					
RBS	(0.2%)	0.1%	(0.2%)	(0.2%)	(0.1%)
RBS excluding RCR	-	0.2%	-	-	-
RCR	(6.5%)	(0.1%)	(7.1%)	(4.2%)	(1.7%)

	31		
	30 June	31 March	December
	2015	2015	2014
Loan impairment provisions			
- RBS	£11.3bn	£13.8bn	£18.0bn
- RBS excluding RCR	£6.2bn	£6.6bn	£7.1bn
- RCR	£5.1bn	£7.2bn	£10.9bn
Risk elements in lending (REIL)			
- RBS	£18.7bn	£22.3bn	£28.2bn
- RBS excluding RCR	£11.3bn	£12.1bn	£12.8bn
- RCR	£7.4bn	£10.2bn	£15.4bn
Provisions as a % of REIL			
- RBS	60%	62%	64%
- RBS excluding RCR	54%	55%	55%
- RCR	69%	70%	71%
REIL as a % of gross customer loans			
- RBS	4.8%	5.4%	6.8%
- RBS excluding RCR	3.0%	3.0%	3.3%
- RCR	67%	68%	70%

Note:

(1) Excludes reverse repurchase agreements and includes disposals groups.

Analysis of results

Key points

H1 2015 compared with H1 2014

- Net impairment releases of £232 million were recorded in H1 2015, compared with net impairment losses of £269 million in H1 2014. Net loan impairment releases were recorded in all operating segments except Commercial Banking and CFG, where impairments nevertheless remained low at 0.1% and 0.3% respectively of gross loans and advances.
- RCR saw loan impairment releases of £355 million, largely arising from disposals.
- REIL totalled £18.7 billion at 30 June 2015, and represented 4.8% of gross customer loans, down £9.5 billion from 31 December 2014, when they represented 6.8% of gross customer loans.
- The £112 million increase in securities impairments related to a small number of single name exposures, predominantly an exposure in the RBS N.V. liquidity portfolio.

Q2 2015 compared with Q1 2015

- Net impairment releases of £141 million were up from net releases of £91 million in Q1 2015. Loan impairment releases were lower, reflecting reduced latent releases, but securities impairments recorded in Q1 2015 were not

repeated on the same scale.

- REIL were £3.6 billion lower, representing 4.8% of gross customer loans, with the bulk of the reduction in RCR.
- Provision coverage of REIL was 60%, compared with 62% at 31 March 2015, reflecting the continuing reduction in the more heavily provisioned portfolios of RCR.

Q2 2015 compared with Q2 2014

- Net impairment releases of £141 million were up from Q2 2014, during which higher latent releases were partially offset by greater collectively assessed impairment charges.

Analysis of results

Capital and leverage ratios

	End-point CRR basis (1)			PRA transitional basis		
	30 June 2015	31 March 2015	31 December 2014	30 June 2015	31 March 2015	31 December 2014
Risk asset ratios	%	%	%	%	%	%
CET1	12.3	11.5	11.2	12.3	11.5	11.1
Tier 1	12.3	11.5	11.2	14.3	13.3	13.2
Total	14.8	14.0	13.7	18.5	17.0	17.1
Capital	£m	£m	£m	£m	£m	£m
Tangible equity	43,919	44,242	44,368	43,919	44,242	44,368
Expected loss less impairment provisions	(1,319)	(1,512)	(1,491)	(1,319)	(1,512)	(1,491)
Prudential valuation adjustment	(366)	(393)	(384)	(366)	(393)	(384)
Deferred tax assets	(1,206)	(1,140)	(1,222)	(1,206)	(1,140)	(1,222)
Own credit adjustments	345	609	500	345	609	500
Pension fund assets	(250)	(245)	(238)	(250)	(245)	(238)
Other deductions	(1,070)	(1,436)	(1,614)	(1,047)	(1,414)	(1,884)
Total deductions	(3,866)	(4,117)	(4,449)	(3,843)	(4,095)	(4,719)
CET1 capital	40,053	40,125	39,919	40,076	40,147	39,649
AT1 capital	-	-	-	6,709	6,206	7,468
Tier 1 capital	40,053	40,125	39,919	46,785	46,353	47,117
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
Risk-weighted assets						
Credit risk						
- non-counterparty	245,000	263,000	264,700	245,000	263,000	264,700

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- counterparty	27,500	31,200	30,400	27,500	31,200	30,400
Market risk	22,300	22,800	24,000	22,300	22,800	24,000
Operational risk	31,600	31,600	36,800	31,600	31,600	36,800
Total RWAs	326,400	348,600	355,900	326,400	348,600	355,900

Leverage (2)

Derivatives	282,300	391,100	354,000
Loans and advances	402,800	429,400	419,600
Reverse repos	67,800	69,900	64,700
Other assets	211,800	214,200	212,500
Total assets	964,700	1,104,600	1,050,800
Derivatives			
- netting	(266,600)	(379,200)	(330,900)
- potential future exposures	83,500	96,000	98,800
Securities financing transactions gross up	6,200	20,200	25,000
Undrawn commitments	84,700	94,900	96,400
Regulatory deductions and other adjustments (3)	2,000	900	(600)
Leverage exposure	874,500	937,400	939,500
CET1 capital	40,053	40,125	39,919
Leverage ratio %	4.6	4.3	4.2

Notes:

- (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 AFS securities which has been included from 2015 for the PRA transitional basis.
- (2) Based on end-point CRR Tier 1 capital and leverage exposure under the revised 2014 Basel III leverage ratio framework and the CRR Delegated Act.
- (3) The increase in regulatory adjustments in Q2 2015 was driven by higher disallowable settlement balances.

Analysis of results

Key points

30 June 2015 compared with 31 March 2015

- RBS's CET1 ratio improved by 80 basis points to 12.3%, driven by good progress in RWA reduction in RCR and CIB.

- Citizens, in which RBS had a 40.8% stake at 30 June 2015, remains fully consolidated for regulatory capital purposes. On a pro forma basis, assuming the full deconsolidation of all Citizens credit and counterparty risk RWAs at 30 June 2015, the CET1 ratio would have been 300 basis points higher.
- RBS's leverage ratio improved by 30 basis points to 4.6% at 30 June 2015, with leverage exposures down 7% to £875 billion.
- On 29 July 2015, RBS approved plans for an issue of AT1 instruments.

30 June 2015 compared with 31 December 2014

- The CET1 ratio was 110 basis points higher at 12.3%, while the leverage ratio improved by 40 basis points to 4.6%. The improvement was principally driven by continued good progress on run-off and disposals in RCR and CIB.

Segment performance

	Half year ended 30 June 2015										
	PBB			CPB			CIB			Total	
	UK PBB	Bank	Total	Banking	Banking	Total	Central items	CFG	RCR	RBS	
£m	£m	£m	£m	£m	£m	£m	(1) £m	£m	£m	£m	
Income statement											
Net interest income	2,290	265	2,555	1,108	254	1,362	376	150	1,104	(25)	5,522
Non-interest income	631	103	734	606	167	773	948	43	490	190	3,178
Total income	2,921	368	3,289	1,714	421	2,135	1,324	193	1,594	165	8,700
Direct expenses											
- staff costs	(456)	(120)	(576)	(255)	(143)	(398)	(322)	(1,159)	(564)	(56)	(3,075)
- other costs	(140)	(33)	(173)	(110)	(26)	(136)	(149)	(1,517)	(422)	(13)	(2,410)
Indirect expenses	(913)	(126)	(1,039)	(433)	(194)	(627)	(1,061)	2,759	-	(32)	-
Restructuring costs											
- direct	-	(18)	(18)	(10)	(3)	(13)	(211)	(1,228)	(33)	-	(1,503)
- indirect	(50)	-	(50)	(8)	(80)	(88)	(814)	952	-	-	-
Litigation and conduct costs	(364)	8	(356)	(59)	(28)	(87)	(873)	1	-	-	(1,315)
Operating expenses	(1,923)	(289)	(2,212)	(875)	(474)	(1,349)	(3,430)	(192)	(1,019)	(101)	(8,303)

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Profit/(loss) before impairment losses	998	79	1,077	839	(53)	786	(2,106)	1	575	64	397
Impairment releases/(losses)	17	52	69	(27)	3	(24)	31	(48)	(89)	293	232
Operating profit/(loss)	1,015	131	1,146	812	(50)	762	(2,075)	(47)	486	357	629
Additional information											
Operating expenses - adjusted (£m) (2)	(1,509)	(279)	(1,788)	(798)	(363)	(1,161)	(1,532)	83	(986)	(101)	(5,485)
Operating profit/(loss) - adjusted (£m) (2)	1,429	141	1,570	889	61	950	(177)	228	519	357	3,447
Return on equity (3)	23.6%	8.0%	18.4%	11.6%	(7.5%)	9.2%	(24.6%)	nm	6.8%	nm	(0.7%)
Return on equity - adjusted (2,3)	34.0%	8.7%	25.7%	12.8%	5.1%	11.9%	(3.5%)	nm	7.3%	nm	9.8%
Cost:income ratio	66%	79%	67%	51%	113%	63%	259%	nm	64%	nm	95%
Cost:income ratio - adjusted (2)	52%	76%	54%	47%	86%	54%	116%	nm	62%	nm	63%
Total assets (£bn)	135.4	26.5	161.9	94.5	17.0	111.5	482.4	105.2	87.2	16.5	964.7
Funded assets (£bn)	135.4	26.4	161.8	94.5	16.9	111.4	211.1	102.9	86.8	8.4	682.4
Risk-weighted assets (RWAs) (£bn)	41.0	21.2	62.2	66.9	9.8	76.7	88.0	15.3	69.8	14.4	326.4
RWA equivalent (£bn) (4)	44.6	20.7	65.3	72.0	9.8	81.8	89.7	15.4	70.0	17.9	340.1
Employee numbers (FTEs - thousands)	25.4	4.2	29.6	6.2	2.7	8.9	3.1	49.5	17.6	0.5	109.2

nm = not meaningful

For the notes to this table refer to page 30.

Segment performance

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	Quarter ended 30 June 2015										
	PBB			CPB			CIB			Total	
	Ulster			Commercial Private			Central items			RBS	
UK PBB	Bank	Total	Banking	Banking	Total	(1)	CFG	RCR			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income statement											
Net interest income	1,147	132	1,279	562	126	688	174	88	551	(14)	2,766
Non-interest income	322	46	368	330	81	411	346	173	246	59	1,603
Total income	1,469	178	1,647	892	207	1,099	520	261	797	45	4,369
Direct expenses											
- staff costs	(231)	(60)	(291)	(126)	(67)	(193)	(142)	(585)	(275)	(31)	(1,517)
- other costs	(69)	(16)	(85)	(56)	(14)	(70)	(71)	(732)	(215)	(7)	(1,180)
Indirect expenses	(463)	(63)	(526)	(208)	(96)	(304)	(521)	1,366	-	(15)	-
Restructuring costs											
- direct	-	(18)	(18)	(10)	(3)	(13)	(195)	(797)	(27)	-	(1,050)
- indirect	(20)	(1)	(21)	(7)	(81)	(88)	(539)	648	-	-	-
Litigation and conduct costs	(10)	8	(2)	(59)	(26)	(85)	(373)	1	-	-	(459)
Operating expenses	(793)	(150)	(943)	(466)	(287)	(753)	(1,841)	(99)	(517)	(53)	(4,206)
Profit/(loss) before impairment losses	676	28	704	426	(80)	346	(1,321)	162	280	(8)	163
Impairment (losses)/releases	(9)	52	43	(26)	2	(24)	(13)	2	(51)	184	141
Operating profit/(loss)	667	80	747	400	(78)	322	(1,334)	164	229	176	304
Additional information											
Operating expenses - adjusted (£m) (2)	(763)	(139)	(902)	(390)	(177)	(567)	(734)	49	(490)	(53)	(2,697)
Operating profit/(loss) - adjusted (£m) (2)	697	91	788	476	32	508	(227)	312	256	176	1,813
Return on equity (3)	32.1%	9.9%	24.7%	11.3%	(20.1%)	7.5%	(33.0%)	nm	6.5%	nm	2.7%
Return on equity - adjusted (2,3)	33.6%	11.3%	26.1%	13.7%	5.6%	12.7%	(6.9%)	nm	7.2%	nm	14.1%
Cost:income ratio	54%	84%	57%	52%	139%	69%	354%	nm	65%	nm	96%
	52%	78%	55%	44%	86%	52%	141%	nm	62%	nm	62%

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Cost:income ratio - adjusted (2)												
Total assets (£bn)	135.4	26.5	161.9	94.5	17.0	111.5	482.4	105.2	87.2	16.5	964.7	
Funded assets (£bn)	135.4	26.4	161.8	94.5	16.9	111.4	211.1	102.9	86.8	8.4	682.4	
Risk-weighted assets (RWAs) (£bn)	41.0	21.2	62.2	66.9	9.8	76.7	88.0	15.3	69.8	14.4	326.4	
RWA equivalent (£bn) (4)	44.6	20.7	65.3	72.0	9.8	81.8	89.7	15.4	70.0	17.9	340.1	
Employee numbers (FTEs - thousands)	25.4	4.2	29.6	6.2	2.7	8.9	3.1	49.5	17.6	0.5	109.2	

nm = not
meaningful

For the notes to this table refer
to page 30.

Segment performance

	Half year ended 30 June 2014											
	PBB			CPB			CIB			Total		
	Ulster			Commercial			Private			Central		RBS
	UK	Bank	Total	Banking	Banking	Total	(1)	CFG	RCR			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Income statement												
Net interest income	2,276	323	2,599	999	344	1,343	365	203	987	(1)	5,496	
Non-interest income	686	89	775	569	201	770	2,062	146	620	109	4,482	
Total income	2,962	412	3,374	1,568	545	2,113	2,427	349	1,607	108	9,978	
Direct expenses												
- staff costs	(469)	(125)	(594)	(266)	(151)	(417)	(487)	(1,241)	(512)	(89)	(3,340)	
- other costs	(224)	(35)	(259)	(122)	(29)	(151)	(250)	(1,811)	(501)	(32)	(3,004)	
Indirect expenses	(958)	(126)	(1,084)	(402)	(217)	(619)	(1,180)	2,938	-	(55)	-	
Restructuring costs												
- direct	(6)	8	2	(40)	(2)	(42)	(22)	(383)	(69)	-	(514)	
- indirect	(13)	(22)	(35)	(22)	(1)	(23)	(169)	227	-	-	-	
Litigation and conduct costs	(150)	-	(150)	(50)	-	(50)	(50)	-	-	-	(250)	
Operating expenses	(1,820)	(300)	(2,120)	(902)	(400)	(1,302)	(2,158)	(270)	(1,082)	(176)	(7,108)	
	1,142	112	1,254	666	145	811	269	79	525	(68)	2,870	

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Profit/(loss) before impairment losses												
Impairment (losses)/releases	(148)	(57)	(205)	(31)	-	(31)	39	12	(104)	20	(269)	
Operating profit/(loss)	994	55	1,049	635	145	780	308	91	421	(48)	2,601	
Additional information												
Operating expenses - adjusted (£m) (2)	(1,651)	(286)	(1,937)	(790)	(397)	(1,187)	(1,917)	(114)	(1,013)	(176)	(6,344)	
Operating profit/(loss) - adjusted (£m) (2)	1,163	69	1,232	747	148	895	549	247	490	(48)	3,365	
Return on equity (3)	21.8%	2.9%	15.5%	9.5%	12.9%	10.0%	1.6%	nm	6.9%	nm	6.9%	
Return on equity - adjusted (2,3)	25.7%	3.7%	18.3%	11.3%	13.2%	11.6%	3.5%	nm	8.0%	nm	9.7%	
Cost:income ratio	61%	73%	63%	58%	73%	62%	89%	nm	67%	nm	71%	
Cost:income ratio - adjusted (2)	56%	69%	57%	50%	73%	56%	79%	nm	63%	nm	64%	
Total assets (£bn)	133.6	26.7	160.3	88.6	20.8	109.4	537.6	93.3	76.1	34.4	1,011.1	
Funded assets (£bn)	133.6	26.6	160.2	88.6	20.8	109.4	278.7	91.3	75.7	20.9	736.2	
Risk-weighted assets (£bn)	47.0	27.7	74.7	63.0	11.8	74.8	127.8	19.0	60.7	35.1	392.1	
RWA equivalent (RWAs) (£bn) (4)	48.8	23.0	71.8	69.2	11.8	81.0	129.8	19.3	60.7	43.5	406.1	
Employee numbers (FTEs - thousands)	25.1	4.5	29.6	7.1	3.4	10.5	4.3	50.6	17.7	0.9	113.6	

nm = not meaningful

For the notes to this table refer to page 30.

Segment performance

	Quarter ended 31 March 2015										
	PBB			CPB			CIB			Total	
	Ulster			Commercial Private			Central items			RBS	
	UK	PBB	Bank	Total	Banking	Banking	Total	(1)	CFG	RCR	RBS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income statement											
Net interest income	1,143	133	1,276	546	128	674	202	62	553	(11)	2,756
Non-interest income	309	57	366	276	86	362	602	(130)	244	131	1,575

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Total income	1,452	190	1,642	822	214	1,036	804	(68)	797	120	4,331
Direct expenses											
- staff costs	(225)	(60)	(285)	(129)	(76)	(205)	(180)	(574)	(289)	(25)	(1,558)
- other costs	(71)	(17)	(88)	(54)	(12)	(66)	(78)	(785)	(207)	(6)	(1,230)
Indirect expenses	(450)	(63)	(513)	(225)	(98)	(323)	(540)	1,393	-	(17)	-
Restructuring costs											
- direct	-	-	-	-	-	-	(16)	(431)	(6)	-	(453)
- indirect	(30)	1	(29)	(1)	1	-	(275)	304	-	-	-
Litigation and conduct costs	(354)	-	(354)	-	(2)	(2)	(500)	-	-	-	(856)
Operating expenses	(1,130)	(139)	(1,269)	(409)	(187)	(596)	(1,589)	(93)	(502)	(48)	(4,097)
Profit/(loss) before impairment losses	322	51	373	413	27	440	(785)	(161)	295	72	234
Impairment releases/(losses)	26	-	26	(1)	1	-	44	(50)	(38)	109	91
Operating profit/(loss)	348	51	399	412	28	440	(741)	(211)	257	181	325
Additional information											
Operating expenses - adjusted (£m) (2)	(746)	(140)	(886)	(408)	(186)	(594)	(798)	34	(496)	(48)	(2,788)
Operating profit/(loss) - adjusted (£m) (2)	732	50	782	413	29	442	50	(84)	263	181	1,634
Return on equity (3)	15.4%	6.2%	12.3%	11.9%	4.4%	10.9%	(17.1%)	nm	7.2%	nm	(4.1%)
Return on equity - adjusted (2,3)	34.3%	6.1%	25.2%	11.9%	4.6%	11.0%	(0.4%)	nm	7.4%	nm	5.6%
Cost:income ratio	78%	73%	77%	50%	87%	58%	198%	nm	63%	nm	95%
Cost:income ratio - adjusted (2)	51%	74%	54%	50%	87%	57%	99%	nm	62%	nm	64%
Total assets (£bn)	134.6	26.6	161.2	93.3	17.9	111.2	623.8	93.8	91.8	22.8	1,104.6
Funded assets (£bn)	134.6	26.5	161.1	93.3	17.8	111.1	248.4	90.6	91.3	11.1	713.6
Risk-weighted assets (£bn)	42.6	22.4	65.0	65.5	10.2	75.7	102.8	15.9	72.0	17.2	348.6
RWA equivalent (£bn) (4)	46.4	21.5	67.9	71.0	10.2	81.2	105.1	16.2	72.2	21.7	364.3
Employee numbers (FTEs - thousands)	25.1	4.3	29.4	6.2	2.8	9.0	3.5	49.2	17.5	0.6	109.2

nm= not meaningful

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Segment performance

	Quarter ended 30 June 2014										
	PBB			CPB			CIB			Total	
	UK PBB	Bank	Total	Banking	Banking	Total	Central	(1)	CFG	RCR	RBS
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income statement											
Net interest income	1,152	169	1,321	511	174	685	186	100	499	7	2,798
Non-interest income	347	42	389	287	98	385	890	44	391	28	2,127
Total income	1,499	211	1,710	798	272	1,070	1,076	144	890	35	4,925
Direct expenses											
- staff costs	(235)	(62)	(297)	(133)	(75)	(208)	(217)	(659)	(261)	(51)	(1,693)
- other costs	(95)	(18)	(113)	(60)	(14)	(74)	(140)	(779)	(252)	(14)	(1,372)
Indirect expenses	(446)	(63)	(509)	(189)	(109)	(298)	(587)	1,426	-	(32)	-
Restructuring costs											
- direct	(6)	8	2	(40)	(2)	(42)	(9)	(267)	(69)	-	(385)
- indirect	(23)	(20)	(43)	(21)	(1)	(22)	(143)	208	-	-	-
Litigation and conduct costs	(150)	-	(150)	(50)	-	(50)	(50)	-	-	-	(250)
Operating expenses	(955)	(155)	(1,110)	(493)	(201)	(694)	(1,146)	(71)	(582)	(97)	(3,700)
Profit/(loss) before impairment losses	544	56	600	305	71	376	(70)	73	308	(62)	1,225
Impairment (losses)/releases	(60)	(10)	(70)	9	(1)	8	45	13	(31)	128	93
Operating profit/(loss)	484	46	530	314	70	384	(25)	86	277	66	1,318
Additional information											
Operating expenses - adjusted (£m) (2)	(776)	(143)	(919)	(382)	(198)	(580)	(944)	(12)	(513)	(97)	(3,065)
Operating profit - adjusted (£m) (2)	663	58	721	425	73	498	177	145	346	66	1,953
	21.6%	4.9%	15.8%	9.3%	12.3%	9.7%	(1.5%)	nm	9.0%	nm	2.2%

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Return on equity

(3)

Return on equity -

adjusted (2,3)	29.9%	6.2%	21.8%	12.9%	12.8%	12.9%	1.9%	nm	11.2%	nm	6.8%
Cost:income ratio	64%	73%	65%	62%	74%	65%	107%	nm	65%	nm	75%
Cost:income ratio -											
adjusted (2)	52%	68%	54%	48%	73%	54%	88%	nm	58%	nm	62%
Total assets (£bn)	133.6	26.7	160.3	88.6	20.8	109.4	537.6	93.3	76.1	34.4	1,011.1
Funded assets											
(£bn)	133.6	26.6	160.2	88.6	20.8	109.4	278.7	91.3	75.7	20.9	736.2
Risk-weighted											
assets (£bn)	47.0	27.7	74.7	63.0	11.8	74.8	127.8	19.0	60.7	35.1	392.1
RWA equivalent											
(£bn) (4)	48.8	23.0	71.8	69.2	11.8	81.0	129.8	19.3	60.7	43.5	406.1
Employee numbers											
(FTEs - thousands)	25.1	4.5	29.6	7.1	3.4	10.5	4.3	50.6	17.7	0.9	113.6

nm = not meaningful

Notes:

- (1) Central items include unallocated transactions, principally Treasury AFS portfolio sales of £69 million loss in H1 2015 (H1 2014 - £215 million gain; Q2 2015 - £42 million loss; Q1 2015 - £27 million loss; Q2 2014 - £13 million gain) and profit and loss on hedges that do not qualify for hedge accounting.
- (2) Excluding restructuring costs and litigation and conduct costs.
- (3) Segmental return on equity based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average RWA equivalents (RWAE)).
- (4) RWAE is an internal metric based on target CET 1 ratio of 13%, for all segments except RCR, set at 10% at creation. RWAE converts performing and non-performing exposures into a consistent capital measure comprising RWAs and capital deductions.

UK Personal & Business Banking

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Income statement					
Net interest income	2,290	2,276	1,147	1,143	1,152
Net fees and commissions	603	637	309	294	304
Other non-interest income	28	49	13	15	43

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Non-interest income	631	686	322	309	347
Total income	2,921	2,962	1,469	1,452	1,499
Direct expenses					
- staff costs	(456)	(469)	(231)	(225)	(235)
- other costs	(140)	(224)	(69)	(71)	(95)
Indirect expenses	(913)	(958)	(463)	(450)	(446)
Restructuring costs					
- direct	-	(6)	-	-	(6)
- indirect	(50)	(13)	(20)	(30)	(23)
Litigation and conduct costs	(364)	(150)	(10)	(354)	(150)
Operating expenses	(1,923)	(1,820)	(793)	(1,130)	(955)
Profit before impairment losses	998	1,142	676	322	544
Impairment releases/(losses)	17	(148)	(9)	26	(60)
Operating profit	1,015	994	667	348	484
Operating profit - adjusted (1)	1,429	1,163	697	732	663
Of which: Williams & Glyn (2)					
Total income	414	423	211	203	213
Operating expenses	(168)	(169)	(90)	(78)	(83)
Impairment releases/(losses)	10	(31)	(11)	21	(9)
Operating profit	256	223	110	146	121

Notes:

- (1) Excluding restructuring costs and litigation and conduct costs.
- (2) Williams & Glyn has not operated as a separate legal entity therefore these figures are not necessarily indicative of results that would have occurred if Williams & Glyn had been standalone - see appendix 4.

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Analysis of income by product					
Personal advances	433	467	217	216	232
Personal deposits	400	302	210	190	160
Mortgages	1,234	1,287	617	617	649
Cards	337	374	162	175	176
Business banking	547	490	278	269	245
Other	(30)	42	(15)	(15)	37

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Total income	2,921	2,962	1,469	1,452	1,499
Analysis of impairments by sector					
Personal advances	53	79	18	35	40
Mortgages	(2)	5	-	(2)	4
Business banking	(79)	30	(13)	(66)	1
Cards	11	34	4	7	15
Total impairment (releases)/losses	(17)	148	9	(26)	60
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector					
Personal advances	1.5%	2.1%	1.0%	1.9%	2.1%
Business banking	(1.2%)	0.4%	(0.4%)	(1.8%)	-
Cards	0.5%	1.3%	0.4%	0.6%	1.1%
Total	-	0.2%	-	(0.1%)	0.2%

UK Personal & Business Banking

Key metrics

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Performance ratios					
Return on equity (1)	23.6%	21.8%	32.1%	15.4%	21.6%
Return on equity - adjusted (1,2)	34.0%	25.7%	33.6%	34.3%	29.9%
Net interest margin	3.59%	3.62%	3.58%	3.61%	3.64%
Cost:income ratio	66%	61%	54%	78%	64%
Cost:income ratio - adjusted (2)	52%	56%	52%	51%	52%

	30 June 2015	31 March 2015	Change	31 December 2014	Change
	£bn	£bn		£bn	
Capital and balance sheet					
Loans and advances to customers (gross)					
- personal advances	7.2	7.2	-	7.4	(3%)
- mortgages	105.4	103.6	2%	103.2	2%
- business	13.7	14.5	(6%)	14.3	(4%)
- cards	4.4	4.5	(2%)	4.9	(10%)

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Total loans and advances to customers (gross)	130.7	129.8	1%	129.8	1%
Loan impairment provisions	(2.1)	(2.4)	(13%)	(2.6)	(19%)
Net loans and advances to customers	128.6	127.4	1%	127.2	1%
Total assets	135.4	134.6	1%	134.3	1%
Funded assets	135.4	134.6	1%	134.3	1%
Risk elements in lending	3.2	3.6	(11%)	3.8	(16%)
Provision coverage (3)	66%	67%	(100bp)	69%	(300bp)
Customer deposits					
- personal current accounts	36.5	36.3	1%	35.9	2%
- personal savings	82.5	81.1	2%	81.0	2%
- business/commercial	32.0	30.6	5%	31.8	1%
Total customer deposits	151.0	148.0	2%	148.7	2%
Assets under management (excluding deposits)	4.6	4.9	(6%)	4.9	(6%)
Loan:deposit ratio (excluding repos)	85%	86%	(100bp)	86%	(100bp)
Risk-weighted assets (4)					
- Credit risk (non-counterparty)	32.0	33.6	(5%)	33.4	(4%)
- Operational risk	9.0	9.0	-	9.4	(4%)
Total risk-weighted assets	41.0	42.6	(4%)	42.8	(4%)
Of which: Williams & Glyn (5)					
Total assets	19.5	19.6	(1%)	19.6	(1%)
Net loans and advances to customers	19.5	19.5	-	19.5	-
Customer deposits	23.4	22.1	6%	22.0	6%
Risk-weighted assets (4)	10.3	10.5	(2%)	10.1	2%

Notes:

- (1) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).
- (2) Excluding restructuring costs and litigation and conduct costs.
- (3) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (4) RWAs on an end-point CRR basis.
- (5) Williams & Glyn has not operated as a separate legal entity therefore these figures do not necessarily reflect the cost base, funding and capital profile of a standalone bank see Appendix 4.

UK Personal & Business Banking

Key points

The strategic goal of UK PBB is to become the number one personal and business bank for customer service, trust and advocacy in the UK. Throughout 2015, the business has continued to progress a number of fair banking initiatives and technology investments.

- Continued to recruit further mortgage advisers, supporting an increase in applications, up 43% on Q2 2014 to £9.4 billion and up 42% compared with the prior quarter, providing a strong pipeline for third quarter completions and subsequent balance growth.
- Successfully trialled the opening of key branches on the two May bank holidays with mortgage advisers and business managers available to meet UK PBB customers' banking needs.
- Enhancements to our current account opening process have halved the time to open an account to 30 minutes.
- The Reward current account which will provide 3% cashback on certain household bills paid by direct debit launched in July to a small number of customers with a full launch scheduled for later in the year.
- Completed our Personal savings product simplification programme which included increasing the interest rate received by 4.5 million personal customers.
- Provided more than 22,000 fixed rate business loans since launch, to a value of £1.8 billion helping customers concentrate on growing their businesses without having to worry about interest rates or hidden charges.
- In partnership with Entrepreneurial Spark, RBS opened business accelerator hubs in Birmingham, Bristol and Leeds, with plans to open further hubs in major cities across the UK in the future as the bank continues to support UK entrepreneurs and small businesses.
- Customers using the mobile application increased 12% to 3.3 million in the year to 30 June 2015, supported by developments including the launch of instant mobile application activation. Such developments have helped the NatWest mobile banking customer NPS to become joint number one in the market.
- Became the first UK-based bank to offer TouchID technology within its mobile app, allowing customers to use only their fingerprint for access, with over 1 million unique customer logins since launch.

UK Personal & Business Banking

Key points (continued)

H1 2015 compared with H1 2014

- Operating profit increased £21 million to £1,015 million for H1 2015 with a net impairment release largely offset by higher conduct costs. Adjusted operating profit of £1,429 million was £266 million higher as adjusted operating expenses decreased by 9%. Return on equity rose 1.8 percentage points to 23.6%.
- Total income decreased £41 million to £2,921 million. Net interest income increased by 1% to £2,290 million driven by improved deposit income from increased balances and stronger margins partly offset by lower asset income as a result of asset margin compression outweighing strong balance sheet growth.
- Net interest margin decreased from 3.62% to 3.59% reflecting strong new business mortgage growth at lower margin, together with an increase in the level of standard

variable rate customers switching to new lower margin fixed rate products. This has been partly offset by a continued improvement in deposit margins.

- Non-interest income decreased by 8% to £631 million reflecting the impacts of changes that were introduced to support customers, in particular current account charges and investment fund charges. In addition, card interchange income fell as a result of the implementation of EU regulations on interchange rates.
- Operating expenses increased by £103 million or 6%, largely reflecting higher restructuring costs and litigation and conduct costs from increased levels of customer redress provision. Adjusted expenses were £142 million or 9% lower, supported by a headcount decrease of 4%, lower FSCS levy charges and lower complaints and compensation costs. Indirect expenses were £45 million lower largely due to the non-repeat of a £60 million technology write-off in the first half of 2014.
- A £17 million net impairment release compared with a net loss of £148 million, resulting from lower levels of defaults across all portfolios and increased portfolio provision releases, particularly in business banking.
- Mortgage balances increased to £105.4 billion, up £3.6 billion year-on-year, or 4% above the overall mortgage market for the same period. Gross new mortgage lending in the first half of 2015 was £9.1 billion representing a market share of approximately 9%, above our stock share of 8%. Deposit balances increased £5.0 billion driven by instant access growth in personal savings, current accounts and business.
- RWAs declined 13% to £41.0 billion primarily due to improved credit quality and lower unsecured balances.

UK Personal & Business Banking

Key points (continued)

Q2 2015 compared with Q1 2015

- Operating profit was £667 million, up £319 million or 92%. This reflected higher income, up 1% to £1,469 million and lower expenses, down 30% to £793 million. Impairments remained low at £9 million, compared to a £26 million net release in the prior quarter.
- Net interest income was broadly stable, with a small reduction in net interest margin of 3bps due to contraction in mortgage margins partially offset by balance growth.
- Non-interest income increased by 4% to £322 million, due to a largely seasonal increase in card transaction levels, partly offset by reduced interchange income following implementation of new EU regulations on interchange rates.
- Operating expenses decreased 30% to £793 million, largely reflecting lower restructuring, litigation and conduct costs. Adjusted expenses increased by £17 million due to increased technology spend and the increase in Williams & Glyn functional staff costs as the business prepares for divestment.

- The impairment losses increased by £35 million to £9 million as provision releases in Q2 were lower than Q1. Underlying default levels continue to be low.
- Mortgage balances increased £1.8 billion in the quarter, achieving approximately 10% of the gross new lending market share, driven by increased adviser capacity and competitive pricing.
- Business loan balances decreased £0.8 billion, largely reflecting the transfer of £0.4 billion to Commercial Banking in Q2, a decrease in Williams & Glyn (Commercial/Corporate) and asset write offs; underlying balances were broadly stable in the quarter. Business deposit balances decreased £0.1 billion, driven by the transfer of £0.6 billion of balances to Commercial & Private Banking in Q2. Underlying deposit balances increased 2% in the quarter.
- RWAs declined 4% to £41.0 billion with improved credit quality, lower unsecured balances and Business Banking data and model improvements.

Q2 2015 compared with Q2 2014

- Operating profit of £667 million, increased £183 million or 38%, while adjusted operating profit totalled £697 million compared with £663 million in the second quarter of 2014.
- Net interest income is broadly stable at £1,147 million with lower asset income primarily from lower asset margins partly offset by increased deposit income.
- Non-interest income decreased by 7% to £322 million largely due to lower insurance profit share and lower cards interchange income.
- Operating expenses decreased £162 million or 17%, largely reflecting lower restructuring costs and litigation and conduct costs. Adjusted expenses decreased by £13 million supported by an underlying 4% decrease in headcount, lower FSCS levy charges and lower complaints and compensation costs partly offset by increased investment in technology.
- Net impairment losses of £9 million were significantly lower, driven by lower defaults across all portfolios and higher levels of portfolio provision releases, particularly in business banking.
- RWAs declined 13% to £41.0 billion with improved credit quality and lower unsecured balances.

Ulster Bank

Half year ended		Quarter ended		
30 June	30 June	30 June	31 March	30 June
2015	2014	2015	2015	2014

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	£m	£m	£m	£m	£m
Income statement					
Net interest income	265	323	132	133	169
Net fees and commissions	64	66	31	33	34
Other non-interest income	39	23	15	24	8
Non-interest income	103	89	46	57	42
Total income	368	412	178	190	211
Direct expenses					
- staff costs	(120)	(125)	(60)	(60)	(62)
- other costs	(33)	(35)	(16)	(17)	(18)
Indirect expenses	(126)	(126)	(63)	(63)	(63)
Restructuring costs					
- direct	(18)	8	(18)	-	8
- indirect	-	(22)	(1)	1	(20)
Litigation and conduct costs	8	-	8	-	-
Operating expenses	(289)	(300)	(150)	(139)	(155)
Profit before impairment losses	79	112	28	51	56
Impairment releases/(losses)	52	(57)	52	-	(10)
Operating profit	131	55	80	51	46
Operating profit - adjusted (1)	141	69	91	50	58
Average exchange rate	1.365	1.218	1.385	1.345	1.228

Note:

(1) Excluding restructuring costs and litigation and conduct costs.

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Analysis of income by business					
Corporate	95	134	45	50	65
Retail	221	190	112	109	100
Other	52	88	21	31	46
Total income	368	412	178	190	211
Analysis of impairments by sector					
Mortgages	(51)	35	(38)	(13)	16

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Commercial real estate					
- investment	12	9	11	1	1
- development	18	(6)	18	-	(3)
Other corporate	(25)	8	(37)	12	(9)
Other lending	(6)	11	(6)	-	5
Total impairment (releases)/losses	(52)	57	(52)	-	10

Loan impairment charge as % of gross

customer loans and advances

(excluding

reverse repurchase agreements)

by sector

Mortgages	(0.6%)	0.4%	(1.0%)	(0.3%)	0.4%
Commercial real estate					
- investment	3.0%	1.8%	5.5%	0.4%	0.4%
- development	12.0%	(3.0%)	24.0%	-	(3.0%)
Other corporate	(1.1%)	0.3%	(3.1%)	1.0%	(0.7%)
Other lending	(1.3%)	2.2%	(2.7%)	-	2.0%
Total	(0.5%)	0.4%	(0.9%)	-	0.2%

Ulster Bank

Key metrics

	Half		Quarter ended		
	year ended		30 June		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
Performance ratios					
Return on equity (1)	8.0%	2.9%	9.9%	6.2%	4.9%
Return on equity - adjusted (1,2)	8.7%	3.7%	11.3%	6.1%	6.2%
Net interest margin	1.94%	2.32%	1.93%	1.95%	2.35%
Cost:income ratio	79%	73%	84%	73%	73%
Cost:income ratio - adjusted (2)	76%	69%	78%	74%	68%

	30 June	31 March	31 December	
	2015	2015	2014	
	£bn	£bn	Change	£bn
				Change

Capital and balance sheet

Loans and advances to customers (gross)

Mortgages	15.9	16.3	(2%)	17.5	(9%)
Commercial real estate					
- investment	0.8	0.9	(11%)	1.0	(20%)

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- development	0.3	0.3	- 0.3	-
Other corporate	4.7	4.6	2%4.9	(4%)
Other lending	0.9	0.9	- 1.0	(10%)
Total loans and advances to customers (gross)	22.6	23.0	(2%)24.7	(9%)
Loan impairment provisions				
Mortgages	(1.2)	(1.3)	(8%)(1.4)	(14%)
Commercial real estate				
- investment	(0.2)	(0.2)	- (0.2)	-
- development	(0.2)	(0.1)	100%(0.2)	-
Other corporate	(0.7)	(0.8)	(13%)(0.8)	(13%)
Other lending	(0.1)	(0.1)	- (0.1)	-
Total loan impairment provisions	(2.4)	(2.5)	(4%)(2.7)	(11%)
Net loans and advances to customers (3)	20.2	20.5	(1%)22.0	(8%)
Total assets	26.5	26.6	- 27.6	(4%)
Funded assets	26.4	26.5	- 27.5	(4%)
Risk elements in lending				
Mortgages	2.9	3.0	(3%)3.4	(15%)
Commercial real estate				
- investment	0.2	0.2	- 0.3	(33%)
- development	0.2	0.2	- 0.2	-
Other corporate	0.8	0.9	(11%)0.8	-
Other lending	0.1	0.1	- 0.1	-
Total risk elements in lending	4.2	4.4	(5%)4.8	(13%)
Provision coverage (4)	58%	58%	- 57%	100bp
Customer deposits	18.7	19.2	(3%)20.6	(9%)
Loan:deposit ratio (excluding repos)	108%	107%	100bp107%	100bp
Risk-weighted assets (5,6)				
- Credit risk				
- non-counterparty	19.6	20.8	(6%)22.2	(12%)
- counterparty	0.1	0.1	- 0.1	-
- Operational risk	1.5	1.5	- 1.5	-
Total risk-weighted assets	21.2	22.4	(5%)23.8	(11%)
Spot exchange rate - €/£	1.411	1.382	1.285	

Notes:

- (1) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).
- (2) Excluding restructuring costs and litigation and conduct costs.
- (3) Includes £9.4 billion relating to tracker mortgages (31 March 2015 - £9.7 billion; 31 December 2014 - £10.5 billion).

- (4) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (5) RWAs on an end-point CRR basis.
- (6) Includes £8.1 billion in relating to tracker mortgages (31 March 2015 - £8.5 billion; 31 December 2014 - £9.6 billion).

Ulster Bank

Ulster Bank retains a strong capital and funding position as it continues to support the economic recovery across the island of Ireland. New lending activity increased further during H1 2015 with mortgage drawdowns up 45% versus H1 2014 and £0.8 billion of new lending made available to business customers, an increase of 57% from H1 2014. Impairment releases have continued driven by proactive debt management and the improving economic conditions.

During H1 2015 Ulster Bank continued to make it simpler and easier for customers to do business:

- The launch of the "Mortgage you can live with" campaign offers a range of new product options to both new and existing mortgage customers including a suite of fixed rate options.
The bank has also introduced a dedicated team of mobile mortgage managers and returned to the mortgage broker market.
- Ulster Bank continues to support Commercial customers and launched new propositions for businesses operating in the food and drink, agriculture and international business sectors during H1 2015.
- A fully digitalised account opening option was introduced for personal customers in Northern Ireland as the digital proposition continued to be enhanced.
Customers continue to move towards direct channels with over 88% of all transactional activity now outside the traditional branch.
- Significant progress has been made to improve the customer service proposition. The announcement of a new partnership with 'An Post' in the Republic of Ireland will provide customers with 1,140 new points of presence. The bank's award winning customer contact centre announced 350 new jobs which will handle customer calls across a number of RBS brands.
- The launch of a set of customer commitments specifically designed to support customers in arrears on their home loan has been positively received by the market.

A significant weakening in the euro relative to sterling during H1 2015 had a material impact on Ulster Bank's financial performance as reported and in comparison to prior periods.

H1 2015 compared with H1 2014

- Operating profit increased by £76 million to £131 million for H1 2015 with the benefit of net impairment releases. Adjusted operating profit was £141 million for H1 2015, compared with a profit of £69 million for H1 2014. The reduction in profit before impairment losses to £79 million is partly attributable to a weakening of the euro, (an impact of £17 million), a decrease in income on free funds and an increase in pension servicing costs. Return on equity increased 5.1 percentage points to 8%.

- Total income decreased by £44 million primarily driven by the weakening of the euro (an impact of £33 million) and a lower return on free funds. While deposit pricing improved steadily and loan margins remained stable in a competitive market, the net interest margin of 1.94% reflected the lower return on free funds and the impact of liquidity management requirements. The offsetting income movements between the Corporate and Retail businesses primarily reflect a transfer of management responsibility for a specific business channel to align with the bank's distribution strategy.
- Operating expenses decreased by £11 million to £289 million principally from a reduction in headcount and the property footprint coupled with a benefit from the weakening of the euro (an impact of £16 million), offset partly by higher pensions charges and investment in technology and infrastructure.
- A net impairment release of £52 million for H1 2015 reflected the benefits of proactive debt management and improving macroeconomic conditions.

Ulster Bank

Key points (continued)

H1 2015 compared with H1 2014 (continued)

- The significant growth in new lending volumes has been offset by continued customer deleveraging. The loan:deposit ratio was steady over the period with the weakening euro driving reductions in the reported net loans and advances to customers and customer deposit balances. The low yielding tracker mortgage portfolio declined by a further £1.1 billion, or 10% during H1 2015 to £9.4 billion reflecting customer repayments and the weakening of the euro.
- RWAs reduced by £2.6 billion during H1 2015 to £21.2 billion reflecting an improvement in credit metrics and the impact of exchange rate movements, contributing to the improvement in return on equity. £1.5 billion of the RWA reduction related to the tracker mortgage portfolio which now totals £8.1 billion.

Q2 2015 compared with Q1 2015

- Operating profit increased by £29 million to £80 million due primarily to impairment releases, partly offset by lower income and higher restructuring costs. Adjusted operating profit was £91 million for Q2 2015 compared with an operating profit of £50 million for Q1 2015.
- Total income decreased by £12 million to £178 million primarily driven by the weakening of the euro (an impact of £4 million) and a lower return on free funds. Operating expenses increased by £11 million with the impact of higher restructuring costs partly offset by a release of provision reflecting the outcome of reviews on Interest Rate Hedging Products.

Q2 2015 compared with Q2 2014

- Operating profit increased by £34 million to £80 million driven by impairment releases and lower expenses, partly offset by lower income. Adjusted operating profit increased by £33 million to £91 million.
- Total income decreased by £33 million primarily driven by exchange rate movements (an impact of £17 million) and a lower return on free funds. Operating expenses decreased by £5 million reflecting the continued focus on cost management.

Commercial Banking

	Half year ended		30 June 2015 £m	Quarter ended	
	30 June 2015 £m	30 June 2014 £m		31 March 2015 £m	30 June 2014 £m
Income statement					
Net interest income	1,108	999	562	546	511
Net fees and commissions	433	448	226	207	227
Other non-interest income	173	121	104	69	60
Non-interest income	606	569	330	276	287
Total income	1,714	1,568	892	822	798
Direct expenses					
- staff costs	(255)	(266)	(126)	(129)	(133)
- other costs	(110)	(122)	(56)	(54)	(60)
Indirect expenses	(433)	(402)	(208)	(225)	(189)
Restructuring costs					
- direct	(10)	(40)	(10)	-	(40)
- indirect	(8)	(22)	(7)	(1)	(21)
Litigation and conduct costs	(59)	(50)	(59)	-	(50)
Operating expenses	(875)	(902)	(466)	(409)	(493)
Profit before impairment losses	839	666	426	413	305
Impairment (losses)/releases	(27)	(31)	(26)	(1)	9
Operating profit	812	635	400	412	314
Operating profit - adjusted (1)	889	747	476	413	425

Note:

(1) Excluding restructuring costs and litigation and conduct costs.

Commercial Banking

	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	£m	£m	£m	£m	£m
Analysis of income by business					
Commercial lending	948	894	499	449	448
Deposits	240	153	124	116	81
Asset and invoice finance	358	366	180	178	186
Other	168	155	89	79	83
Total income	1,714	1,568	892	822	798
Analysis of impairments by sector					
Commercial real estate	8	(6)	10	(2)	(17)
Asset and invoice finance	3	2	2	1	-
Private sector services (education, health, etc)	3	(10)	-	3	-
Banks & financial institutions	1	1	1	-	(1)
Wholesale and retail trade repairs	-	14	2	(2)	2
Hotels and restaurants	(1)	(1)	2	(3)	(4)
Manufacturing	-	7	(1)	1	4
Construction	2	4	2	-	2
Other	11	20	8	3	5
Total impairment losses/(releases)	27	31	26	1	(9)
Loan impairment charge as % of gross customer loans and advances by sector					
Commercial real estate	0.1%	(0.1%)	0.2%	-	(0.4%)
Asset and invoice finance	-	-	0.1%	-	-
Private sector services (education, health, etc)	0.1%	(0.3%)	-	0.2%	-
Banks & financial institutions	-	-	0.1%	-	(0.1%)
Wholesale and retail trade repairs	-	0.5%	0.1%	(0.1%)	0.1%
Hotels and restaurants	(0.1%)	(0.1%)	0.3%	(0.4%)	(0.5%)
Manufacturing	-	0.4%	(0.1%)	0.1%	0.4%
Construction	0.2%	0.4%	0.4%	-	0.4%
Other	0.1%	0.2%	0.1%	-	0.1%
Total	0.1%	0.1%	0.1%	-	-

Commercial Banking

Key metrics

Quarter ended

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	Half year ended				
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Performance ratios					
Return on equity (1)	11.6%	9.5%	11.3%	11.9%	9.3%
Return on equity - adjusted (1,2)	12.8%	11.3%	13.7%	11.9%	12.9%
Net interest margin	2.87%	2.70%	2.86%	2.87%	2.73%
Cost:income ratio	51%	58%	52%	50%	62%
Cost:income ratio - adjusted (2)	47%	50%	44%	50%	48%

	30 June	31 March	Change	31	Change
	2015	2015		December	
	£bn	£bn		£bn	
Capital and balance sheet					
Loans and advances to customers (gross)					
- Commercial real estate	17.9	18.4	(3%)	18.3	(2%)
- Asset and invoice finance	14.1	13.9	1%	14.2	(1%)
- Private sector services (education, health etc)	7.0	7.1	(1%)	6.9	1%
- Banks & financial institutions	7.2	7.0	3%	7.0	3%
- Wholesale and retail trade repairs	6.6	6.3	5%	6.0	10%
- Hotels and restaurants	3.2	3.4	(6%)	3.4	(6%)
- Manufacturing	4.6	3.9	18%	3.7	24%
- Construction	1.8	1.7	6%	1.9	(5%)
- Other	28.6	28.0	2%	24.7	16%
Total loans and advances to customers (gross)	91.0	89.7	1%	86.1	6%
Loan impairment provisions	(0.9)	(0.9)	-	(1.0)	(10%)
Net loans and advances to customers (3)	90.1	88.8	1%	85.1	6%
Total assets	94.5	93.3	1%	89.4	6%
Funded assets	94.5	93.3	1%	89.4	6%
Risk elements in lending	2.3	2.4	(4%)	2.5	(8%)
Provision coverage (4)	39%	38%	100bp	38%	100bp
Customer deposits	97.0	99.0	(2%)	86.8	12%
Loan:deposit ratio (excluding repos)	93%	90%	300bp	98%	(500bp)
Risk-weighted assets (3,5)					
- Credit risk (non-counterparty)	60.7	59.4	2%	57.6	5%
- Operational risk	6.2	6.1	2%	6.4	(3%)
Total risk-weighted assets	66.9	65.5	2%	64.0	5%

Notes:

- (1) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).
- (2) Excluding restructuring costs and litigation and conduct costs.
- (3) 30 June 2015 includes £13.3 billion third party assets and £10.2 billion risk-weighted asset equivalents relating to the run-down legacy book.
- (4) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (5) RWAs on an end-point CRR basis.

Commercial Banking

Key points

Commercial Banking made a strong start to the year with the business continuing to make a significant contribution to overall bank profitability, whilst focussing on customer service, trust and advocacy. Continued simplification of processes, as well as investment in technology and relationship managers has contributed to organic H1 2015 net lending growth of £0.5 billion.

- As the business continues to focus on supporting the UK economy, special emphasis is being placed on supporting businesses with a turnover of between £10 million and £50 million or borrowing in excess of £1 million.
- Commercial Banking continued to simplify its customer proposition; improvements in account opening have delivered a 75% reduction in customer paperwork and a 25% reduction in the time to open an account.
- Further investment in relationship managers included the introduction of a new Customer Relationship Management tool for 3,000 staff, enabling a more coherent view of all customer needs. In addition, 2,800 staff registered for a bespoke lending skills training programme.
- During H1 complaints reduced by 21%, highlighting the success of the franchise's focus on customer service, delivered through empowering staff, enhancing capability and process simplification.

On 1 January 2015, the Private Banking RBSI business was transferred to Commercial Banking, accounting for £31 million of operating profit in the half year, followed on 1 May 2015 by the Corporate & Institutional Banking UK coverage business, accounting for £13 million of operating profit from the date of transfer. On 1 August 2014, Commercial Cards for UK Personal & Business Banking related customers, with revenue of £22 million, was transferred to UK Personal & Business Banking. The transferred businesses affect comparisons with prior periods. (1)

H1 2015 compared with H1 2014

- Commercial Banking recorded an operating profit of £812 million compared with £635 million in the comparative period. Adjusted operating profit was £889 million, compared with £747 million in H1 2014, with income up 9%. Return on equity improved 2.1 percentage points to 11.6%.
- Total income was £1,714 million, compared with £1,568 million in the prior year. Net interest income increased by £109 million to £1,108 million, driven by increased deposits and asset volumes and higher deposit margins, partially offset by lower asset margins. Non-interest income increased £37 million to £606 million mostly reflecting higher gains on equity disposals.

- Operating expenses decreased £27 million to £875 million, principally from lower restructuring costs, and lower headcount. This was partially offset by higher litigation and conduct costs of £59 million, up £9 million, primarily a top-up for interest rate hedging product provisions.
- Net impairment losses decreased £4 million to £27 million driven by reduced individual and collective charges, down £51 million, offsetting lower net latent releases.
- Headline net loans and advances to customers increased by £5.0 billion from December 2014 to £90.1 billion, including £4.5 billion from the transferred businesses. Underlying gross lending compared with H1 2014 was up £1.4 billion.
- Deposits were £97.0 billion at 30 June 2015, including £6.4 billion from the transferred businesses, with organic deposit growth of £3.8 billion from 31 December 2014.
- RWAs increased by £3.9 billion year-on-year to £66.9 billion, including £3.8 billion from the transferred businesses.

Note:

- (1) The business transfer included: total income of £108 million (H1 2014 - £78 million; Q2 2015 - £56 million; Q1 2015 - £53 million; Q2 2014 - £42 million); operating expenses of £46 million (H1 2014 - £57 million; Q2 2015 - £24 million; Q1 2015 - £21 million; Q2 2014 - £30 million); net loans and advances to customers of £4.5 billion (31 March 2015 - £4.4 billion; 31 December 2014 - £4.4 billion); customer deposits of £6.4 billion (31 March 2015 - £6.2 billion; 31 December 2014 - £6.5 billion); and RWAs of £3.8 billion (31 March 2015 - £3.6 billion; 31 December 2014 - £3.5 billion). Comparatives have not been restated.

Commercial Banking

Key points (continued)

Q2 2015 compared with Q1 2015

- Operating profit was £400 million compared with £412 million in the previous quarter. Adjusted operating profit was £476 million, compared with £413 million.
- Total income increased £70 million in the quarter to £892 million. Net interest income increased 3% to £562 million reflecting an increase in asset and deposit volumes and higher deposit margins, which more than offset lower asset margins. Non-interest income increased by £54 million or 20%, reflecting higher gains on equity disposals in the quarter.
- Operating expenses increased £57 million to £466 million driven by a £59 million provision for litigation and conduct costs and increased restructuring costs.
- Impairment losses increased to £26 million, reflecting increased individual charges and the non-repeat of a net latent release of £13 million in Q1 2015.

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- Net loans and advances to customers increased £1.3 billion, reflecting £2.1 billion from the transferred business offset by seasonal reductions and a high level of contractual maturities in June. Lower deposits, down £2.0 billion, reflected the outflow of short term funds placed by customers at the end of Q1 2015.
- RWAs increased £1.4 billion to £66.9 billion, including £2.1 billion from the transferred businesses.

Q2 2015 compared with Q2 2014

- Operating profit improved £86 million to £400 million. Adjusted operating profit rose by £51 million with increased income and cost management initiatives partially offset by increased impairment losses.
- Total income rose to £892 million, up from £798 million in Q2 2014. Net interest income increased by £51 million or 10%, reflecting increased asset and deposit volumes and higher deposit margins, which more than offset reduced asset margins. Non-interest income increased by £43 million or 15%, reflecting higher gains on equity disposals.
- Operating expenses were £27 million lower reflecting reduced restructuring costs, discretionary cost initiatives and lower headcount.
- Net impairment losses increased by £35 million reflecting the non-repeat of a Q2 2014 latent provision release of £59 million, partially offset by lower individual and collective charges.

Private Banking

	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	£m	£m	£m	£m	£m
Income statement					
Net interest income	254	344	126	128	174
Net fees and commissions	145	172	70	75	84
Other non-interest income	22	29	11	11	14
Non-interest income	167	201	81	86	98
Total income	421	545	207	214	272
Direct expenses					
- staff costs	(143)	(151)	(67)	(76)	(75)
- other costs	(26)	(29)	(14)	(12)	(14)
Indirect expenses	(194)	(217)	(96)	(98)	(109)
Restructuring costs					
- direct	(3)	(2)	(3)	-	(2)

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- indirect	(80)	(1)	(81)	1	(1)
Litigation and conduct costs	(28)	-	(26)	(2)	-
Operating expenses	(474)	(400)	(287)	(187)	(201)
(Loss)/profit before impairment losses	(53)	145	(80)	27	71
Impairment releases/(losses)	3	-	2	1	(1)
Operating (loss)/profit	(50)	145	(78)	28	70
Operating profit - adjusted (1)	61	148	32	29	73
Of which: international private banking activities (2)					
Total income	100	115	48	52	57
Operating expenses	(113)	(87)	(68)	(45)	(42)
Operating (loss)/profit	(13)	28	(20)	7	15

Notes:

- (1) Excluding restructuring costs and litigation and conduct costs.
- (2) International private banking business reclassified to disposal groups.

	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Analysis of income by business					
Investments	74	90	35	39	45
Banking	347	455	172	175	227
Total income	421	545	207	214	272

Private Banking

Key metrics

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Performance ratios					
Return on equity (1)	(7.5%)	12.9%	(20.1%)	4.4%	12.3%
Return on equity - adjusted (1,2)	5.1%	13.2%	5.6%	4.6%	12.8%
Net interest margin	3.23%	3.72%	3.21%	3.25%	3.73%

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	113%	73%	139%	87%	74%
Cost:income ratio					
Cost:income ratio - adjusted (2)	86%	73%	86%	87%	73%
	30 June	31 March		31	
	2015	2015		December	
	£bn	£bn	Change	2014	Change
				£bn	
Capital and balance sheet					
Loans and advances to customers (gross)					
- Personal	4.8	5.3	(9%)	5.4	(11%)
- Mortgages	6.6	6.6	-	8.9	(26%)
- Other	2.1	2.2	(5%)	2.3	(9%)
Total loans and advances to customers (gross)	13.5	14.1	(4%)	16.6	(19%)
Loan impairment provisions	-	(0.1)	(100%)	(0.1)	(100%)
Net loans and advances to customers	13.5	14.0	(4%)	16.5	(18%)
Total assets	17.0	17.9	(5%)	20.5	(17%)
Funded assets	16.9	17.8	(5%)	20.4	(17%)
Assets under management	27.1	29.2	(7%)	28.3	(4%)
Risk elements in lending	0.2	0.1	100%	0.2	-
Provision coverage (3)	31%	34%	(300bp)	34%	(300bp)
Customer deposits	29.8	29.6	1%	36.1	(17%)
Loan:deposit ratio (excluding repos)	45%	47%	(200bp)	46%	(100bp)
Risk-weighted assets (4)					
- Credit risk					
- non-counterparty	8.2	8.6	(5%)	9.5	(14%)
- counterparty	0.1	0.1	-	0.1	-
- Operational risk	1.5	1.5	-	1.9	(21%)
Total risk-weighted assets	9.8	10.2	(4%)	11.5	(15%)
Of which: international private banking activities (5)					
Total assets	5.3	6.2	(15%)	5.6	(5%)
Net loans and advances to customers	2.7	3.1	(13%)	3.1	(13%)
Assets under management	13.6	15.0	(9%)	14.6	(7%)
Customer deposits (excluding repos)	6.7	7.7	(13%)	7.5	(11%)
Risk-weighted assets (4)	1.7	2.0	(15%)	1.8	(6%)

Notes:

- (1) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).
- (2) Excluding restructuring costs and litigation and conduct costs.

- (3) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (4) RWAs on an end-point CRR basis.
- (5) International private banking business reclassified to disposal groups.

Private Banking

Key points

Private Banking continued to focus on its UK strengths as the business is repositioned to enable sustainable returns over the long run, and to meet its ambition to be the leading UK-based private bank and wealth manager for wealthy individuals. A new Executive Committee was created with end-to-end accountabilities around banking, credit and investments, to ensure the business delivers solutions to clients in a responsive, rapid and efficient manner.

- Growth initiatives included working more closely with colleagues in RBS and NatWest, resulting in hundreds of referrals of individuals potentially suitable for a private banking relationship with Coutts & Co or Adam & Company.
- A series of client campaigns are underway to ensure client needs are proactively addressed which have resulted in over a thousand clients starting to use online banking and the refinancing of over £1 billion of expiring credit facilities.
- The sale of most of the International Private Banking business to Union Bancaire Privée remains on track for Q4 2015.

On 1 January 2015, the Private Banking RBSI business, accounting for £31 million of operating profit in the half year was transferred to Commercial Banking. This transfer affects comparisons with prior periods(1).

H1 2015 compared with H1 2014

- Operating loss was £50 million compared with a profit of £145 million a year prior. Results were affected by the transfer of the RBSI business, lower income, higher restructuring costs and increased litigation and conduct costs. Private Banking Go-forward business reported an operating loss of £37 million, including £82 million write-down of an intangible asset, compared with a £117 million profit for H1 2014.
- Total income was £421 million, down from £545 million in H1 2014 with net interest income decreasing 26%. Underlying performance was adversely affected by lower income from hedging activities and reduced investment and transactional income.
- Operating expenses increased £74 million to £474 million, reflecting an £80 million increase in restructuring costs, arising from the write-down of an intangible asset of £82 million and litigation and conduct costs of £28 million, principally incurred in Q2 2015, offsetting a reduction in direct and indirect costs.
- Assets under management were £27.1 billion, down £1.6 billion year-on-year and £1.2 billion from 31 December 2014, with the Greek financial crisis adversely impacting European stock market indices and reducing portfolio values. Private Banking Go-forward business assets under management were £13.5 billion, down £0.3 billion year-on-year and down £0.2 billion from 31 December 2014.

Note:

- (1) The business transfer included: total income of £76 million (H1 2014 - £69 million; Q2 2015 - £37 million; Q1 2015 - £38 million; Q2 2014 - £37 million); operating expenses of £44 million (H1 2014 - £53 million; Q2 2015 - £23 million; Q1 2015 - £20 million; Q2 2014 - £28 million); net loans and advances to customers of £2.4 billion (31 March 2015 - £2.4 billion; 31 December 2014 - £2.6 billion); customer deposits of £6.4 billion (31 March 2015 - £6.2 billion; 31 December 2014 - £6.5 billion); and RWAs of £1.5 billion (31 March 2015 - £1.5 billion; 31 December 2014 - £1.4 billion). Comparatives have not been restated.

Private Banking

Key points (continued)

Q2 2015 compared with Q1 2015

- Operating loss was £78 million compared with a profit of £28 million in Q1, with higher restructuring and litigation and conduct costs.
- Total income decreased by 3% to £207 million, with net interest income flat and lower non-interest income reflecting lower investment and transactional income.
- Operating expenses increased by 53%, driven by higher restructuring costs as a result of an £82 million write-down of an intangible asset together with higher litigation and conduct costs by £24 million.
- Assets under management reduced to £27.1 billion from £29.2 billion in the previous quarter with the Greek financial crisis adversely impacting European stock market indices reducing portfolio values.

Q2 2015 compared with Q2 2014

- Operating loss was £78 million compared with a £70 million profit in Q2 2014, partly due to the transfer of Private Banking RBSI business to Commercial Banking on 1 January 2015; performance was also impacted by higher restructuring costs, increased litigation and conduct costs and lower income.
- Total income decreased 24%, partly due to the transfer of RBSI business; the underlying performance adversely impacted by lower income from hedging activities and reduced investment and transactional income.
- Operating expenses increased £86 million, or 43%, with the underlying performance impacted by higher restructuring costs, as a result of the write-down of an intangible asset of £82 million, increased litigation and conduct costs of £26 million, offset in part by a fall in direct and indirect costs.

Corporate & Institutional Banking

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	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	£m	£m	£m	£m	£m
Income statement					
Net interest income from banking activities	376	365	174	202	186
Net fees and commissions	395	490	160	235	247
Income from trading activities	559	1,482	250	309	597
Other operating income	(6)	90	(64)	58	46
Non-interest income	948	2,062	346	602	890
Total income	1,324	2,427	520	804	1,076
Direct expenses					
- staff costs	(322)	(487)	(142)	(180)	(217)
- other costs	(149)	(250)	(71)	(78)	(140)
Indirect expenses	(1,061)	(1,180)	(521)	(540)	(587)
Restructuring costs					
- direct	(211)	(22)	(195)	(16)	(9)
- indirect	(814)	(169)	(539)	(275)	(143)
Litigation and conduct costs	(873)	(50)	(373)	(500)	(50)
Operating expenses	(3,430)	(2,158)	(1,841)	(1,589)	(1,146)
(Loss)/profit before impairment losses	(2,106)	269	(1,321)	(785)	(70)
Impairment releases/(losses)	31	39	(13)	44	45
Operating (loss)/profit	(2,075)	308	(1,334)	(741)	(25)
Operating (loss)/profit - adjusted (1)	(177)	549	(227)	50	177
	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	£m	£m	£m	£m	£m
Analysis of income by product					
Rates	372	523	164	208	221
Currencies	195	247	107	88	111
Credit	242	384	86	156	170
Banking/Other	(69)	(73)	(47)	(22)	(46)
Total CIB (Go-forward)	740	1,081	310	430	456
Transfers to other areas (2)	223	269	102	121	136

CIB Capital Resolution excluding disposal losses	502	1,077	221	281	484
Disposal losses	(141)	-	(113)	(28)	-
CIB Capital Resolution (3)	361	1,077	108	253	484
Total income	1,324	2,427	520	804	1,076

Notes:

- (1) Excluding restructuring costs and litigation and conduct costs.
- (2) Transfer to other areas comprises the UK Portfolio which was transferred to Commercial Banking on 1 May 2015, the Western European Portfolio is expected to be transferred to Commercial Banking during H2 2015 and UK Transaction services which is expected to transfer to Commercial Banking in 2016.
- (3) The CIB segment is being restructured into Go-forward and CIB Capital Resolution elements. The split is subject to further refinement.

Corporate & Institutional Banking

Key metrics

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Performance ratios					
Return on equity (1)	(24.6%)	1.6%	(33.0%)	(17.1%)	(1.5%)
Return on equity - adjusted (1,2)	(3.5%)	3.5%	(6.9%)	(0.4%)	1.9%
Net interest margin	1.06%	0.88%	1.00%	1.12%	0.90%
Cost:income ratio	259%	89%	354%	198%	107%
Cost:income ratio - adjusted (2)	116%	79%	141%	99%	88%

	30 June	31 March	Change	31	Change
	2015	2015		December	
	£bn	£bn		£bn	
Capital and balance sheet					
Loans and advances to customers (gross, excluding reverse repos)	57.9	76.8	(25%)	73.0	(21%)
Loan impairment provisions	(0.1)	(0.1)	-	(0.2)	(50%)
Total loans and advances to customers (excluding reverse repos)	57.8	76.7	(25%)	72.8	(21%)
Loans and advances to banks (excluding reverse repos) (3)	13.6	18.5	(26%)	16.9	(20%)
Reverse repos	63.0	68.4	(8%)	61.6	2%

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Securities	40.8	48.2	(15%)	57.0	(28%)
Cash and eligible bills	22.4	20.8	8%	23.2	(3%)
Other	13.5	15.8	(15%)	9.6	41%
Total assets	482.4	623.8	(23%)	577.2	(16%)
Funded assets	211.1	248.4	(15%)	241.1	(12%)
Provision coverage (4)	65%	82%	(1,700bp)	105%	(4,000bp)
Customer deposits (excluding repos)	49.2	58.4	(16%)	59.4	(17%)
Bank deposits (excluding repos)	28.7	34.7	(17%)	33.3	(14%)
Repos	61.0	68.3	(11%)	61.1	-
Debt securities in issue	10.5	12.4	(15%)	14.1	(26%)
Loan:deposit ratio (excluding repos)	117%	131%	(1,400bp)	122%	(500bp)
Risk-weighted assets (5)					
- Credit risk					
- non-counterparty	38.6	49.8	(22%)	51.3	(25%)
- counterparty	22.9	26.1	(12%)	25.1	(9%)
- Market risk	18.1	18.4	(2%)	18.9	(4%)
- Operational risk	8.4	8.5	(1%)	11.8	(29%)
Total risk-weighted assets	88.0	102.8	(14%)	107.1	(18%)
Of which: CIB Capital Resolution (6)					
Funded assets	62.3	85.8	(27%)	95.0	(34%)
Risk-weighted assets	45.2	57.8	(22%)	63.8	(29%)

Notes:

- (1) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).
- (2) Excluding restructuring costs and litigation and conduct costs.
- (3) Excludes disposal groups.
- (4) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (5) RWAs on an end-point CRR basis. £88 billion includes £9 billion of RWAs related to businesses that will transfer out of CIB, comprising the Western European Large Corporate portfolio (expected to move to Commercial Banking in H2 2015) and UK Transaction Services (to Commercial Banking in 2016).
- (6) The CIB segment is being restructured into CIB Go-forward and CIB Capital Resolution elements. The split is subject to further refinement.

Corporate & Institutional Banking

Key points

Corporate & Institutional Banking (CIB) announced its new business strategy in February 2015 and plans to restructure into CIB Go-forward and CIB Capital Resolution are well advanced. Reviews of the business are complete and the new management teams are in place, however, the business continues to be managed as a single reportable segment.

The CIB Go-forward business is currently undergoing a multi-year transformation, implementing a simpler operating model to support two main lines of business: debt financing and risk management. The business has completed its client communication programme outlining a commitment to maintaining strong market positions in the UK and Western Europe. Assuming normal seasonal trends, we expect the CIB Go-forward business will generate full year income in the region of £1.3 billion excluding revenues of approximately £400 million relating to the UK and European large corporate business which have been or will be transferred during the second half of 2015 to Commercial Banking, and the UK GTS business which will transfer in 2016. We now expect the steady state RWAs of the CIB Go-forward business to be around £30 billion.

Following February's announcement, CIB Capital Resolution will run down certain parts of the CIB business, removing risk from the balance sheet. CIB Capital Resolution is currently ahead of both its cost reduction and RWA rundown targets. The first half of the year saw substantial progress in the sale of corporate loan portfolios including a substantial proportion of the North American portfolio to Mizuho Bank and the majority of the Australian and United Arab Emirates portfolios. A partnership with BNP Paribas was also announced to offer existing international customers an alternative Global Transaction Services (GTS) provider as the business is refocused.

As part of the restructuring, effective from 1 May 2015, the UK Corporate loan portfolio transferred to Commercial Banking(1) accounting for £2 billion of funded assets and £2.1 billion of RWAs at the date of transfer. Work is also underway to transfer the Go-forward Western European loan portfolio to Commercial Banking accounting for £4 billion of assets and £5 billion of RWAs at 30 June 2015. The UK Transaction Services business will transfer to Commercial Banking in 2016.

H1 2015 compared with H1 2014

An operating loss of £2,075 million was reported in H1 2015, compared with a profit of £308 million in H1 2014, impacted by litigation and conducts costs of £873 million and a heightened level of restructuring costs totalling £1,025 million following the strategic announcement in February. Adjusted operating loss in the first half of the year was £177 million, a fall from a profit of £549 million in H1 2014. This reflected lower income partly offset by lower adjusted expenses.

Total income decreased by £1,103 million to £1,324 million compared with H1 2014. This is broadly in line with expectations given CIB's reduction in scale and scope. The bulk of the income reduction was in CIB Capital Resolution where: Markets income fell from £683 million in H1 2014 to £116 million in H1 2015 (primarily due to the wind down of US asset-backed products); Portfolio income fell from £184 million in H1 2014 to £165 million in H1 2015; Transaction Services income fell from £292 million in H1 2014 to £230 million in H1 2015; disposal losses of £141 million were incurred in H1 2015 (nil in H1 2014). Within the Go-forward business Rates and Credit were impacted by uncertainty in the Eurozone while Currencies incurred a loss when the Swiss central bank removed unexpectedly the Swiss Franc's peg to the Euro.

Note:

- (1) The business transfer from CIB to CPB was effective from 1 May 2015. Comparatives were not restated and for the whole period the financials of the UK large corporate business were: total income of £32 million in H1 2015 (H1 2014 - £31 million; Q2 2015 - £19 million; Q1 2015 - £15 million; Q2 2014 - £16 million); operating expenses of £2

million in H1 2015 (H1 2014 - £4 million; Q2 2015 - £1 million; Q1 2015 - £1 million; Q2 2014 - £2 million); net loans and advances to customers of £2.1 billion (31 March 2015 - £2.0 billion; 31 December 2014 - £1.8 billion); and RWAs of £2.3 billion (31 March 2015 - £2.1 billion; 31 December 2014 - £2.1 billion).

Corporate & Institutional Banking

Key points (continued)

H1 2015 compared with H1 2014 (continued)

Operating expenses increased from £2,158 million to £3,430 million in H1 2015 due to a higher level of litigation and conduct costs and restructuring costs. The increased restructuring costs of £1,025 million reflect February's strategic announcement and were driven by the write-down of intangible assets totalling £521 million and provision for staff redundancies, as the business strives to become a smaller, simpler bank. Adjusted expenses fell by 20% to £1,532 million as headcount continued to be reduced and discretionary expenditure tightly controlled.

RWAs fell substantially, from £128 billion at 30 June 2014 to £88 billion at 30 June 2015 reflecting the ongoing drive to reduce both the scale and risk of the business. This was reinforced by the creation of CIB Capital Resolution where an acceleration of disposals means RWAs have fallen by £19 billion since 31 December 2014 and are ahead of plan. CIB is on track to deliver the previously announced target of a £25 billion reduction in 2015.

Q2 2015 compared with Q1 2015

Operating loss increased by £593 million to £1,334 million, reflecting lower income and higher restructuring costs, partially offset by lower litigation and conduct costs. Adjusted operating loss was £227 million compared with a profit of £50 million in Q1 2015 as the reduction in adjusted expenses was more than offset by lower income.

Total income fell by £284 million to £520 million. This was driven by the wind down of CIB Capital Resolution where: Markets income fell from £94 million in Q1 2015 to £21 million in Q2 2015; Portfolio income increased from £80 million in Q1 2015 to £85 million in Q2 2015; Transaction Services income fell from £126 million in Q1 2015 to £104 million in Q2 2015; disposal losses increased from £28 million in Q1 2015 to £113 million in Q2 2015. CIB Go-forward income declined by 28% from £430 million to £310 million, driven by uncertainty in European markets, impacting both rates trading and debt capital market issuance.

Operating expenses increased by £252 million to £1,841 million as a lower level of litigation and conduct expenses was more than offset by higher restructuring costs. Adjusted expenses fell by £64 million to £734 million due to ongoing reductions in both headcount and discretionary expenditure.

RWAs fell by £15 billion to £88 billion, £13 billion of which was in CIB Capital Resolution driven by reductions in both the loan portfolio and the trading book.

Q2 2015 compared with Q2 2014

Operating loss totalled £1,334 million, compared with £25 million in Q2 2014. This reflected lower income, an increase in restructuring costs to £734 million following the recent strategic announcement and higher litigation and conduct costs of £373 million, partially offset by lower adjusted expenses falling by 22% to £734 million. Adjusted operating loss was £227 million, compared with a profit of £177 million in Q2 2014.

Note:

- (1) The business transfer from CIB to CPB was effective from 1 May 2015. Comparatives were not restated and for the whole period the financials of the UK large corporate business were: total income of £32 million in H1 2015 (H1 2014 - £31 million; Q2 2015 - £19 million; Q1 2015 - £15 million; Q2 2014 - £16 million); operating expenses of £2 million in H1 2015 (H1 2014 - £4 million; Q2 2015 - £1 million; Q1 2015 - £1 million; Q2 2014 - £2 million); net loans and advances to customers of £2.1 billion (31 March 2015 - £2.0 billion; 31 December 2014 - £1.8 billion); and RWAs of £2.3 billion (31 March 2015 - £2.1 billion; 31 December 2014 - £2.1 billion).

Corporate & Institutional Banking

Key points (continued)

Q2 2015 compared with Q2 2014 (continued)

The reduction in total income of £556 million was driven by CIB Capital Resolution, where: Markets income fell from £282 million in Q2 2014 to £21 million in Q2 2015 (primarily due to the wind down of US asset-backed products); Portfolio income was at £85 million in both periods; Transaction Services income fell from £145 million in Q2 2014 to £104 million in Q2 2015; disposal losses of £113 million were incurred in Q2 2015 (nil in Q2 2014). In CIB Go-forward lower Credit income was driven by the market-wide reduction in EMEA debt capital market issuance compared to the same period last year.

Operating expenses increased by £695 million to £1,841 million and included a £582 million increase in restructuring costs and a £323 million increase in litigation and conduct costs. Adjusted expenses fell by 22% reflecting the ongoing drive to reduce costs and simplify the business.

Note:

- (1) The business transfer from CIB to CPB was effective from 1 May 2015. Comparatives were not restated and for the whole period the financials of the UK large corporate business were: total income of £32 million in H1 2015 (H1 2014 - £31 million; Q2 2015 - £19 million; Q1 2015 - £15 million; Q2 2014 - £16 million); operating expenses of £2 million in H1 2015 (H1 2014 - £4 million; Q2 2015 - £1 million; Q1 2015 - £1 million; Q2 2014 - £2 million); net loans and advances to customers of £2.1 billion (31 March 2015 - £2.0 billion; 31 December 2014 - £1.8 billion); and RWAs of £2.3 billion (31 March 2015 - £2.1 billion; 31 December 2014 - £2.1 billion).

Central items

	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	£m	£m	£m	£m	£m
Central items not allocated	(47)	91	164	(211)	86

Funding and operating costs have been allocated to operating segments based on direct service usage, the requirement for market funding and other appropriate drivers where services span more than one segment.

Residual unallocated items relate to volatile corporate items that do not naturally reside within a segment.

Key points

H1 2015 compared with H1 2014

- Central items not allocated represented a charge of £47 million compared with a credit of £91 million in H1 2014. This includes a loss of £69 million on the disposal of available-for-sale securities in Treasury, compared with a gain of £215 million in the first half of 2014. Partially offsetting this, Treasury funding costs, including volatile items under IFRS, were a gain of £93 million in H1 2015 compared with a charge of £4 million in H1 2014.

Q2 2015 compared with Q1 2015

- Central items not allocated represented a credit of £164 million compared with a charge of £211 million in Q1 2015. This was principally driven by Treasury funding costs, including volatile items under IFRS, resulting in a £201 million gain against a £108 million charge in Q1 2015.

Q2 2015 compared with Q2 2014

- Central items not allocated represented a credit of £164 million compared with a credit of £86 million in Q2 2014. Treasury funding costs, including volatile items under IFRS, resulted in a gain of £201 million compared with £46 million in Q2 2014. Partially offsetting this, restructuring charges relating to Williams & Glyn were £126 million in the quarter, £67 million higher than Q2 2014. In addition, losses on the disposal of available-for-sale securities in Treasury were £42 million compared to a gain of £13 million in Q2 2014.

Citizens Financial Group (£ Sterling)

Half year ended

Quarter ended

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	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Income statement					
Net interest income	1,104	987	551	553	499
Net fees and commissions	371	350	191	180	181
Other non-interest income	119	270	55	64	210
Non-interest income	490	620	246	244	391
Total income	1,594	1,607	797	797	890
Direct expenses					
- staff costs	(564)	(512)	(275)	(289)	(261)
- other costs	(422)	(501)	(215)	(207)	(252)
Restructuring costs	(33)	(69)	(27)	(6)	(69)
Operating expenses	(1,019)	(1,082)	(517)	(502)	(582)
Profit before impairment losses	575	525	280	295	308
Impairment losses	(89)	(104)	(51)	(38)	(31)
Operating profit	486	421	229	257	277
Operating profit - adjusted (1)	519	490	256	263	346
Average exchange rate - US\$/£	1.524	1.669	1.532	1.514	1.683
Key metrics					
	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
Performance ratios					
Return on equity (2)	6.8%	6.9%	6.5%	7.2%	9.0%
Return on equity - adjusted (1,2)	7.3%	8.0%	7.2%	7.4%	11.2%
Net interest margin	2.80%	2.94%	2.78%	2.83%	2.93%
Cost:income ratio	64%	67%	65%	63%	65%
Cost:income ratio - adjusted (1)	62%	63%	62%	62%	58%

Notes:

- (1) Excluding restructuring costs.
- (2) Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of

segmental RWAs).

Citizens Financial Group (£ Sterling)

	30 June 2015 £bn	31 March 2015 £bn	Change	31 December 2014 £bn	Change
Capital and balance sheet					
Loans and advances to customers (gross)	61.9	64.0	(3%)	60.1	3%
Loan impairment provisions	(0.5)	(0.6)	(17%)	(0.5)	-
Net loans and advances to customers	61.4	63.4	(3%)	59.6	3%
Total assets	87.2	91.8	(5%)	84.9	3%
Funded assets	86.8	91.3	(5%)	84.5	3%
Investment securities	16.0	16.9	(5%)	15.8	1%
Risk elements in lending	1.2	1.4	(14%)	1.3	(8%)
Provision coverage (1)	43%	41%	200bp	40%	300bp
Customer deposits (excluding repos)	63.8	65.8	(3%)	60.6	5%
Bank deposits (excluding repos)	4.5	5.1	(12%)	5.1	(12%)
Loan:deposit ratio (excluding repos)	96%	96%	-	98%	(200bp)
Risk-weighted assets (2)					
- Credit risk					
- non-counterparty	64.0	66.1	(3%)	62.4	3%
- counterparty	0.9	1.0	(10%)	0.9	-
- Operational risk	4.9	4.9	-	5.1	(4%)
Total risk-weighted assets	69.8	72.0	(3%)	68.4	2%
Spot exchange rate - US\$/£	1.572	1.485		1.562	

Notes:

- (1) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (2) RWAs on an end-point CRR basis.

Key points

Sterling strengthened against the US Dollar during the first half of 2015, with the spot exchange rate at the 30 June 2015 increasing 1% compared with 31 December 2014.

Performance is described in full in the US Dollar based financial statements set out on pages 57 to 59.

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Citizens Financial Group (US dollar)

	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
	\$m	\$m	\$m	\$m	\$m
Income statement					
Net interest income	1,682	1,647	845	837	838
Net fees and commissions	565	584	293	272	305
Other non-interest income	181	452	84	97	353
Non-interest income	746	1,036	377	369	658
Total income	2,428	2,683	1,222	1,206	1,496
Direct expenses					
- staff costs	(859)	(855)	(423)	(436)	(439)
- other costs	(643)	(835)	(330)	(313)	(423)
Restructuring costs	(50)	(115)	(40)	(10)	(115)
Operating expenses	(1,552)	(1,805)	(793)	(759)	(977)
Profit before impairment losses	876	878	429	447	519
Impairment losses	(135)	(174)	(77)	(58)	(53)
Operating profit	741	704	352	389	466
Operating profit - adjusted (1)	791	819	392	399	581

	Half year ended		Quarter ended		
	30 June	30 June	30 June	31 March	30 June
	2015	2014	2015	2015	2014
Performance ratios					
Return on equity (2)	6.8%	6.9%	6.5%	7.2%	9.0%
Return on equity - adjusted (1,2)	7.3%	8.0%	7.2%	7.4%	11.2%
Net interest margin	2.80%	2.94%	2.78%	2.83%	2.93%
Cost:income ratio	64%	67%	65%	63%	65%
Cost:income ratio - adjusted (1)	62%	63%	62%	62%	58%

Notes:

(1) Excluding restructuring costs.

(2)

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Return on equity is based on operating profit after tax adjusted for preference share dividends divided by average notional equity (based on 13% of the monthly average of segmental RWAE).

Citizens Financial Group (US dollar)

	30 June 2015 \$bn	31 March 2015 \$bn	Change	31 December 2014 \$bn	Change
Capital and balance sheet					
Loans and advances to customers (gross)	97.3	94.9	3%	93.9	4%
Loan impairment provisions	(0.8)	(0.8)	-	(0.8)	-
Net loans and advances to customers	96.5	94.1	3%	93.1	4%
Total assets	137.0	136.3	1%	132.6	3%
Funded assets	136.4	135.6	1%	132.0	3%
Investment securities	25.1	25.1	-	24.7	2%
Risk elements in lending	1.9	2.0	(5%)	2.1	(10%)
Provision coverage (1)	43%	41%	200bp	40%	300bp
Customer deposits (excluding repos)	100.3	97.7	3%	94.6	6%
Bank deposits (excluding repos)	7.0	7.6	(8%)	8.0	(13%)
Loan:deposit ratio (excluding repos)	96%	96%	-	98%	(200bp)
Risk-weighted assets (2)					
- Credit risk					
- non-counterparty	100.5	98.1	2%	97.4	3%
- counterparty	1.5	1.5	-	1.4	7%
- Operational risk	7.7	7.3	5%	8.0	(4%)
Total risk-weighted assets	109.7	106.9	3%	106.8	3%

Notes:

- (1) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (2) RWAs on an end-point CRR basis.

Key points

Sterling and US dollar period on period movements are not necessarily directly comparable due to the impact of exchange rate movements.

H1 2015 compared with H1 2014

- Operating profit increased £65 million (\$37 million) or 15% (5%), to £486 million (\$741 million) and was impacted by the weakening of sterling against the US dollar, and lower

income, reflecting the Q2 2014 gain on the sale of the Illinois franchise, partially offset by lower expenses. Excluding the impact of the Illinois sale, £170 million (\$283 million) net gain, restructuring costs and the depreciation and amortisation change(1), operating profit was up £102 million (\$107 million), or 32% (20%) reflecting higher income and lower expenses and impairments.

- Excluding the gain on the sale of the Illinois franchise, total income was up £157 million (\$28 million), or 11% (1%), despite an estimated £30 million (\$50 million) reduction related to the Illinois franchise sale. The net interest income improvement was driven by the benefit of earning asset growth and a reduction in pay-fixed swap costs partially offset by continued pressure from the relatively persistent low rate environment on loan yields and mix, the impact of the Illinois franchise sale and higher borrowing costs related to the issuance of subordinated debt and senior notes. Non-interest income decline is driven by the impact from the Illinois franchise sale and lower leasing income partially offset by strength in mortgage banking fees.
- Operating expenses, excluding restructuring costs and the depreciation and amortisation change, increased by £70 million, or 7% to £1,083 million reflecting the weakening of sterling against the US dollar. On a US dollar basis operating expenses were down \$40 million, or 2%, to \$1,650 million due to lower regulatory costs and the impact of the Illinois franchise sale.
- Impairment losses decreased £15 million (\$39 million), or 14% (22%), to £89 million (\$135 million) reflecting continued improvement in asset quality, and a reduction in net charge-offs somewhat offset by loan growth.

Note:

- (1) Starting Q1 2015, as it is a disposal group, CFG will no longer charge depreciation and amortisation.

Citizens Financial Group (US dollar)

Key points (continued)

H1 2015 compared with H1 2014 (continued)

- Average loans and advances were up 18% (8% on a US dollar basis) due to commercial loan growth and retail loan growth driven by auto, residential mortgage and student loans partially offset by home equity run-off.
- Average customer deposits were up 16% (6% on a US dollar basis), driven by growth in money market, term deposits and checking accounts with interest.

Q2 2015 compared with Q1 2015

- Operating profit decreased by £28 million (\$37 million), or 11% (10%), to £229 million (\$352 million) reflecting on a US dollar basis, higher expenses and impairments partially offset by higher income. Adjusted operating profit was down £7 million (\$7 million), or 3% (2%), to £256 million (\$392 million) with an increase in impairment losses largely offset by revenue growth and expense discipline.

- Total income remained stable at £797 million. On a US dollar basis total income increased by \$16 million, or 1%, to \$1,222 million. Net interest income was down £2 million to £551 million. On a US dollar basis net interest income was up \$8 million to \$845 million, reflecting the benefit of loan growth and an additional day in the quarter, muted by the continued downward impact of the rate environment on earning asset yields. Non-interest income remained stable at £246 million. On a US dollar basis non-interest income increase of \$8 million was driven by improvement across most categories partially offset by a gain on sale of mortgage loans in Q1 2015 of \$10 million.
- Operating expenses, excluding restructuring costs, remained stable as the benefit of seasonally lower salary and benefits expense was offset by the effect of more normalised outside services costs.
- Impairment losses increased £13 million (\$19 million), or 34% (33%), to £51 million (\$77 million) reflecting a return to more normalised net charge-off levels from the prior quarter, which benefited from a large commercial real estate loan recovery.

Q2 2015 compared with Q2 2014

- Operating profit decreased by £48 million (\$114 million), or 17% (24%), to £229 million (\$352 million). Excluding the impact of the Illinois franchise sale, £170 million (\$283 million) net gain, restructuring costs and the depreciation and amortisation change, operating profit was up £34 million (\$23 million), or 19% (8%), to £210 million (\$321 million).
- Total income, excluding the Q2 2014 gain on the sale of the Illinois franchise, was up £77 million (\$9 million), or 11% (1%), to £797 million (\$1,222 million) despite an estimated £15 million (\$25 million) reduction related to the Illinois franchise sale. Drivers are consistent with H1 2015 compared with H1 2014.
- Operating expenses, excluding restructuring costs and the depreciation and amortisation change were up £23 million, or 4%, to £536 million, reflecting the weakening of sterling against the US dollar with the average exchange rate decreasing 9%. On a US dollar basis operating expenses were down \$38 million, or 4%, to \$824 million reflecting the decrease related to the impact of the Illinois franchise sale and lower regulatory costs.
- Impairment losses increased £20 million (\$24 million), or 65% (45%), to £51 million (\$77 million) as the benefit of underlying improvement in credit quality was more than offset by increases related to overall loan growth.

RBS Capital Resolution

RCR is managed and analysed in four asset management groups - Ulster Bank (RCR Ireland), Real Estate Finance, Corporate and Markets. Real Estate Finance excludes commercial real estate lending in Ulster Bank.

Half year ended		Quarter ended		
30 June	30 June	30 June	31 March	30 June
2015	2014	2015	2015	2014

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	£m	£m	£m	£m	£m
Income statement					
Net interest income	(20)	11	(12)	(8)	16
Net fees and commissions	8	31	5	3	17
Income from trading activities (1)	48	(53)	40	8	(69)
Other operating income (1)	129	119	12	117	71
Non-interest income	185	97	57	128	19
Total income	165	108	45	120	35
Direct expenses					
- staff costs	(56)	(89)	(31)	(25)	(51)
- other costs	(13)	(32)	(7)	(6)	(14)
Indirect expenses	(32)	(55)	(15)	(17)	(32)
Operating expenses	(101)	(176)	(53)	(48)	(97)
Profit/(loss) before impairment losses	64	(68)	(8)	72	(62)
Impairment releases (1)	293	20	184	109	128
Operating profit/(loss)	357	(48)	176	181	66
Total income					
Ulster Bank	(32)	1	(15)	(17)	14
Real Estate Finance	60	96	35	25	13
Corporate	75	(14)	(16)	91	(12)
Markets	62	25	41	21	20
Total income	165	108	45	120	35
Impairment (releases)/losses					
Ulster Bank	(172)	(15)	(33)	(139)	(67)
Real Estate Finance	(72)	(34)	(44)	(28)	(123)
Corporate	(107)	39	(117)	10	73
Markets	58	(10)	10	48	(11)
Total impairment releases	(293)	(20)	(184)	(109)	(128)
Loan impairment charge as % of gross loans and advances (2)					
Ulster Bank	(7.3%)	(0.2%)	(2.8%)	(8.6%)	(1.9%)
Real Estate Finance	(5.5%)	(0.9%)	(6.8%)	(3.2%)	(6.6%)
Corporate	(6.9%)	1.0%	(15.1%)	0.9%	3.7%
Markets	(1.3%)	(2.0%)	(0.7%)	(2.0%)	(3.6%)
Total	(6.5%)	(0.1%)	(7.1%)	(4.2%)	(1.7%)

Notes:

- (1) Asset disposals contributed £283 million in H1 2015 and £164 million in Q2 2015 (H1 2014 - £281 million; Q1 2015 - £119 million; Q2 2014 - £225 million) to RCR's operating profit: impairment provision releases of £231 million in H1 2015 and £167 million in Q2 2015 (H1 2014 - £321 million; Q1 2015 - £64 million; Q2 2014 - £257 million); loss in income from trading activities of £25 million in H1 2015 and £6 million in Q2 2015 (H1 2014 - £1 million gain; Q1 2015 - £19 million loss; Q2 2014 - £6 million gain) and gain in other operating income of £77 million in H1 2015 and £3 million in Q2 2015 (H1 2014 - £41 million loss; Q1 2015 - £74 million gain; Q2 2014 - £38 million loss).
- (2) Includes disposal groups.

RBS Capital Resolution

	30 June 2015 £bn	31 March 2015 £bn	31 December 2014 £bn
Capital and balance sheet			
Loans and advances to customers (gross) (1)	11.0	15.1	21.9
Loan impairment provisions	(5.1)	(7.1)	(10.9)
Net loans and advances to customers	5.9	8.0	11.0
Debt securities	0.6	0.8	1.0
Total assets	16.5	22.8	29.0
Funded assets	8.4	11.1	14.9
Risk elements in lending (1)	7.4	10.2	15.4
Provision coverage (2)	69%	70%	71%
Risk-weighted assets			
- Credit risk			
- non-counterparty	7.8	9.7	13.6
- counterparty	3.0	3.8	4.0
- Market risk	4.0	4.1	4.4
- Operational risk	(0.4)	(0.4)	-
Total risk-weighted assets	14.4	17.2	22.0
Total RWA equivalent (3)	17.9	21.7	27.3
Gross loans and advances to customers (1)			
Ulster Bank	4.7	6.5	11.0
Real Estate Finance	2.6	3.5	4.1
Corporate	3.1	4.5	6.2
Markets	0.6	0.6	0.6
	11.0	15.1	21.9

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Funded assets - Ulster Bank						
Commercial real estate - investment			0.6		0.7	1.2
Commercial real estate - development			0.2		0.4	0.7
Other corporate			0.2		0.4	0.7
			1.0		1.5	2.6
Funded assets - Real Estate Finance (4)						
UK			1.7		2.3	2.5
Germany			0.2		0.3	0.4
Spain			0.3		0.5	0.5
Other			0.3		0.4	0.8
			2.5		3.5	4.2
Funded assets - Corporate						
Structured finance			0.6		0.9	1.7
Shipping			1.1		1.5	1.8
Other			1.5		1.8	2.3
			3.2		4.2	5.8
Funded assets - Markets						
Securitised products			1.3		1.5	1.8
Emerging markets			0.4		0.4	0.5
			1.7		1.9	2.3

Notes:

- (1) Includes disposal groups.
- (2) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (3) RWA equivalent (RW Ae) is an internal metric that measures the equity capital employed in segments. RW Ae converts both performing and non-performing exposures into a consistent capital measure, being the sum of the regulatory RWAs and the regulatory capital deductions, the latter converted to RW Ae by applying a multiplier. RBS applies a CET1 ratio of 10% for RCR; this results in an end point CRR RW Ae conversion multiplier of 10.
- (4) Includes investment properties.

RBS Capital Resolution

Funded assets	Beginning		Disposals			End of period
	of period	Repayments	(1) Impairments	Other	period	
Half year ended 30 June 2015	£bn	£bn	£bn	£bn	£bn	£bn

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Ulster Bank	2.6	-	(1.6)	0.2	(0.2)	1.0
Real Estate Finance	4.2	(0.4)	(1.2)	-	(0.1)	2.5
Corporate	5.8	(1.0)	(1.8)	0.1	0.1	3.2
Markets	2.3	(0.2)	(0.3)	-	(0.1)	1.7
Total	14.9	(1.6)	(4.9)	0.3	(0.3)	8.4

Quarter ended 30 June
2015

Ulster Bank	1.5	-	(0.5)	0.1	(0.1)	1.0
Real Estate Finance	3.5	(0.3)	(0.7)	-	-	2.5
Corporate	4.2	(0.4)	(0.6)	0.1	(0.1)	3.2
Markets	1.9	(0.1)	-	-	(0.1)	1.7
Total	11.1	(0.8)	(1.8)	0.2	(0.3)	8.4

Life to date

Ulster Bank	4.8	(0.2)	(4.4)	1.3	(0.5)	1.0
Real Estate Finance	9.5	(2.7)	(4.1)	0.1	(0.3)	2.5
Corporate	9.8	(3.3)	(3.7)	0.1	0.3	3.2
Markets	4.8	(1.3)	(1.8)	-	-	1.7
Total	28.9	(7.5)	(14.0)	1.5	(0.5)	8.4

Risk-weighted assets

	Beginning of period	Repayments	Disposals (1)	Risk parameters (2)	Impairments	Other (3)	End of period
Half year ended 30 June 2015	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Ulster Bank	1.3	-	(0.5)	(0.3)	-	-	0.5
Real Estate Finance	4.7	(0.5)	(0.8)	(0.8)	-	(0.2)	2.4
Corporate	7.2	(0.6)	(1.7)	(0.8)	-	0.1	4.2
Markets	8.8	(0.6)	(0.5)	(0.1)	-	(0.3)	7.3
Total	22.0	(1.7)	(3.5)	(2.0)	-	(0.4)	14.4

Quarter ended 30 June
2015

Ulster Bank	0.7	-	(0.1)	(0.1)	-	-	0.5
Real Estate Finance	3.7	(0.4)	(0.3)	(0.5)	-	(0.1)	2.4
Corporate	4.9	(0.3)	(0.4)	0.1	-	(0.1)	4.2
Markets	7.9	(0.4)	(0.1)	(0.1)	-	-	7.3
Total	17.2	(1.1)	(0.9)	(0.6)	-	(0.2)	14.4

Life to date

Ulster Bank	3.3	(0.5)	(1.0)	(1.2)	-	(0.1)	0.5
Real Estate Finance	13.5	(2.7)	(2.2)	(6.0)	-	(0.2)	2.4
Corporate	16.4	(2.8)	(4.7)	(4.9)	(0.4)	0.6	4.2
Markets	13.5	(3.3)	(3.2)	0.1	-	0.2	7.3
Total	46.7	(9.3)	(11.1)	(12.0)	(0.4)	0.5	14.4

For the notes to this table refer to the following page.

RBS Capital Resolution

Capital deductions

	Beginning of period	Repayments	Disposals (1)	Risk parameters (2)Impairments	Other (3)	End of period	
Half year ended 30 June 2015	£m	£m	£m	£m	£m	£m	
Ulster Bank	258	(1)	(156)	(14)	85	(27)	145
Real Estate Finance	111	(27)	(86)	96	1	(24)	71
Corporate	112	(47)	(43)	87	(4)	(9)	96
Markets	53	(8)	(5)	(4)	-	(3)	33
Total	534	(83)	(290)	165	82	(63)	345

Quarter ended 30 June
2015

Ulster Bank	236	(1)	(49)	(27)	-	(14)	145
Real Estate Finance	158	(7)	(87)	20	(7)	(6)	71
Corporate	15	9	24	46	15	(13)	96
Markets	37	(5)	-	1	-	-	33
Total	446	(4)	(112)	40	8	(33)	345

Life to date

Ulster Bank	559	(31)	(382)	(130)	166	(37)	145
Real Estate Finance	505	(423)	(769)	717	79	(38)	71
Corporate	477	(239)	(156)	104	(106)	16	96
Markets	291	(23)	(85)	(143)	1	(8)	33
Total	1,832	(716)	(1,392)	548	140	(67)	345

RWA equivalent (4)

Beginning of period	Repayments	Risk Impairments	Other (3)	End of period
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	Disposals parameters						
			(1)	(2)			
Half year ended 30 June 2015	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Ulster Bank	3.9	-	(2.0)	(0.4)	0.8	(0.3)	2.0
Real Estate Finance	5.8	(0.8)	(1.6)	0.2	(0.1)	(0.4)	3.1
Corporate	8.3	(1.0)	(2.2)	0.1	(0.1)	0.1	5.2
Markets	9.3	(0.8)	(0.5)	(0.1)	-	(0.3)	7.6
Total	27.3	(2.6)	(6.3)	(0.2)	0.6	(0.9)	17.9
Quarter ended 30 June 2015							
Ulster Bank	3.1	-	(0.6)	(0.4)	-	(0.1)	2.0
Real Estate Finance	5.3	(0.5)	(1.2)	(0.3)	(0.1)	(0.1)	3.1
Corporate	5.0	(0.1)	(0.2)	0.6	0.1	(0.2)	5.2
Markets	8.3	(0.5)	(0.1)	(0.1)	-	-	7.6
Total	21.7	(1.1)	(2.1)	(0.2)	-	(0.4)	17.9
Life to date							
Ulster Bank	8.9	(0.8)	(4.7)	(2.5)	1.5	(0.4)	2.0
Real Estate Finance	18.6	(7.0)	(9.8)	1.1	0.6	(0.4)	3.1
Corporate	21.1	(5.0)	(6.2)	(3.9)	(1.5)	0.7	5.2
Markets	16.4	(3.6)	(4.0)	(1.2)	-	-	7.6
Total	65.0	(16.4)	(24.7)	(6.5)	0.6	(0.1)	17.9

Notes:

- (1) Includes all effects relating to disposals, including associated removal of deductions from regulatory capital.
- (2) Principally reflects credit migration and other technical adjustments.
- (3) Includes fair value adjustments and foreign exchange movements.
- (4) RWA equivalent (RWAE) is an internal metric that measures the equity capital employed in segments. RWAE converts both performing and non-performing exposures into a consistent capital measure, being the sum of the regulatory RWAs and the regulatory capital deductions, the latter converted to RWAE by applying a multiplier. RBS applies a CET1 ratio of 10% for RCR; this results in an end point CRR RWAE conversion multiplier of 10.

RBS Capital Resolution

Gross loans and advances, REIL and impairments

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30 June 2015 (1)	Gross loans £bn	REIL £bn	Provisions £bn	Credit metrics			Year-to-date	
				REIL as a % of gross loans %	Provisions as a % of REIL %	Provisions as a % of gross loans %	Impairment (releases)/ losses (2) £m	Amounts written-off £m
By sector:								
Commercial real estate								
- investment	3.4	2.7	1.4	79	52	41	(114)	1,302
- development	2.7	2.6	2.3	96	88	85	(25)	2,573
Asset finance	1.2	0.4	0.2	33	50	17	7	226
Other corporate	3.7	1.7	1.2	46	71	32	(161)	871
Total	11.0	7.4	5.1	67	69	46	(293)	4,972
By donating segment and sector								
Ulster Bank								
Commercial real estate								
- investment	1.3	1.3	0.9	100	69	69	1	990
- development	2.4	2.4	2.2	100	92	92	(79)	2,511
Other corporate	1.0	0.9	0.8	90	89	80	(94)	605
Total Ulster Bank	4.7	4.6	3.9	98	85	83	(172)	4,106
Commercial Banking								
Commercial real estate								
- investment	0.9	0.5	0.1	56	20	11	(20)	118
- development	0.2	0.1	0.1	50	100	50	(8)	52
Other corporate	0.5	0.3	0.1	60	33	20	(44)	118
Total Commercial Banking	1.6	0.9	0.3	56	33	19	(72)	288
CIB								
Commercial real estate								
- investment	1.2	0.9	0.4	75	44	33	(95)	194
- development	0.1	0.1	-	100	-	-	62	10
Asset finance	1.2	0.4	0.2	33	50	17	7	226
Other corporate	2.2	0.5	0.3	23	60	14	(23)	148
Total CIB	4.7	1.9	0.9	40	47	19	(49)	578
Total	11.0	7.4	5.1	67	69	46	(293)	4,972

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Of which:								
UK	5.6	3.2	1.7	57	53	30	(57)	2,326
Europe	5.1	4.1	3.3	80	80	65	(270)	2,622
US	0.2	-	-	-	-	-	44	1
RoW	0.1	0.1	0.1	100	100	100	(10)	23
Customers	11.0	7.4	5.1	67	69	46	(293)	4,972
Banks	0.6	-	-	-	-	-	-	9
Total	11.6	7.4	5.1	64	69	44	(293)	4,981

For the notes to this table refer to the following page.

RBS Capital Resolution

	Credit metrics			Year-to-date				
	REIL as			Provisions		Impairment		
	Gross		% of	as a %	as a % of	(releases)/	Amounts	
	loans	REIL	gross	of REIL	gross	losses (2)	written-off	
31 December	loans	REIL	loans	of REIL	loans	losses (2)	written-off	
2014 (1)	£bn	£bn	£bn	%	%	%	£m	£m
By sector:								
Commercial								
real estate								
- investment	6.2	4.9	2.8	79	57	45	(553)	1,911
- development	6.4	6.2	5.3	97	85	83	(611)	560
Asset finance	2.3	0.9	0.4	39	44	17	37	80
Other corporate	7.0	3.4	2.4	49	71	34	(169)	1,032
	21.9	15.4	10.9	70	71	50	(1,296)	3,583
By donating								
segment								
and sector								
Ulster Bank								
Commercial								
real estate								
- investment	3.0	2.9	2.0	97	69	67	(450)	445
- development	5.8	5.8	5.1	100	88	88	(608)	425
Other corporate	2.2	2.0	1.5	91	75	68	(48)	256
Total Ulster								
Bank	11.0	10.7	8.6	97	80	78	(1,106)	1,126

Commercial Banking								
Commercial real estate								
- investment	1.2	0.7	0.2	58	29	17	(5)	228
- development	0.4	0.3	0.1	75	33	25	(11)	104
Other corporate	1.0	0.5	0.3	50	60	30	-	192
Total Commercial Banking	2.6	1.5	0.6	58	40	23	(16)	524
CIB								
Commercial real estate								
- investment	2.0	1.3	0.6	65	46	30	(98)	1,238
- development	0.2	0.1	0.1	50	100	50	8	31
Asset finance	2.3	0.9	0.4	39	44	17	37	80
Other corporate	3.8	0.9	0.6	24	67	16	(121)	584
Total CIB	8.3	3.2	1.7	39	53	20	(174)	1,933
Total	21.9	15.4	10.9	70	71	50	(1,296)	3,583
Of which:								
UK	10.0	6.2	4.1	62	66	41	(402)	2,266
Europe	10.9	8.9	6.6	82	74	61	(875)	1,267
US	0.3	0.1	-	33	-	-	(19)	26
RoW	0.7	0.2	0.2	29	100	29	-	24
Customers	21.9	15.4	10.9	70	71	50	(1,296)	3,583
Banks	0.5	-	-	-	-	-	(10)	8
Total	22.4	15.4	10.9	69	71	49	(1,306)	3,591

Notes:

(1) Includes disposal groups.

(2) Impairment (releases)/losses include those relating to AFS securities; sector analyses above include allocation of latent impairment charges.

RBS Capital Resolution

Key points

RCR funded assets have fallen by 78% since the initial pool of assets was identified. The commitment is to reduce funded assets by 85% by the end of 2015, a year earlier than planned.

RCR funded assets fell to £8 billion, a reduction of £7 billion, or 44%, since the beginning of the year. The reduction was mainly achieved through disposals and repayments. Disposal activity continues across the portfolio, with 342 deals completed during H1 2015 at an average price of 106% of book value.

Since the start of the year RWA equivalent has fallen by £9 billion to £18 billion reflecting the combination of disposals and repayments offset by the impact of further impairment releases and write-offs.

Operating profit for H1 2015 was £357 million, driven by impairment releases of £293 million reflective of an improvement in underlying collateral values, proactive debt management and favourable economic conditions.

The net effect of the operating profit of £357 million and RWA equivalent reduction of £9 billion (1) was CET1 accretion of £1.3 billion.

Q2 2015 compared with Q1 2015

- RCR funded assets have been reduced by £3 billion, or 24% to £8 billion from Q1 2015, driven by disposals and repayments.
- RWA equivalent decreased by £4 billion, or 18%, since Q1 2015.

Q2 2015 compared with Q2 2014

- RCR funded assets have been reduced by £13 billion, or 60%, from Q2 2014.
- RWA equivalent decreased by £26 billion, or 59%, from Q2 2014. This primarily reflects our active disposal and repayment programme.

Note:

- (1) Capital equivalent: £0.9 billion at an internal CET1 ratio of 10%.

Condensed consolidated income statement for the period ended 30 June 2015

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	Half year ended		Quarter ended		
	30 June 2015 £m	30 June 2014 £m	30 June 2015 £m	31 March 2015 £m	30 June 2014 £m
Interest receivable	6,107	6,544	3,031	3,076	3,279
Interest payable	(1,689)	(2,038)	(816)	(873)	(980)
Net interest income	4,418	4,506	2,215	2,203	2,299
Fees and commissions receivable	1,958	2,243	969	989	1,126
Fees and commissions payable	(363)	(475)	(186)	(177)	(244)
Income from trading activities	875	1,450	545	330	528
Gain on redemption of own debt	-	20	-	-	-
Other operating income	368	805	194	174	154
Non-interest income	2,838	4,043	1,522	1,316	1,564
Total income	7,256	8,549	3,737	3,519	3,863
Staff costs	(2,855)	(2,997)	(1,530)	(1,325)	(1,558)
Premises and equipment	(745)	(1,126)	(326)	(419)	(546)
Other administrative expenses	(2,366)	(1,357)	(1,027)	(1,339)	(780)
Depreciation and amortisation	(712)	(466)	(200)	(512)	(237)
Write down of goodwill and other intangible assets	(606)	(212)	(606)	-	(130)
Operating expenses	(7,284)	(6,158)	(3,689)	(3,595)	(3,251)
(Loss)/profit before impairment losses	(28)	2,391	48	(76)	612
Impairment releases/(losses)	321	(165)	192	129	124
Operating profit before tax	293	2,226	240	53	736
Tax charge	(293)	(592)	(100)	(193)	(278)
Profit/(loss) from continuing operations	-	1,634	140	(140)	458
Profit/(loss) from discontinued operations, net of tax					
- Citizens (2)	354	285	674	(320)	181
- Other	4	35	-	4	26
Profit/(loss) from discontinued operations, net of tax	358	320	674	(316)	207
Profit/(loss) for the period	358	1,954	814	(456)	665
Non-controlling interests	(344)	(42)	(428)	84	(23)
Preference shares	(143)	(140)	(73)	(70)	(75)
Other dividends	(24)	(27)	(20)	(4)	(17)

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Dividend access share	-	(320)	-	-	(320)
(Loss)/profit attributable to ordinary and B shareholders	(153)	1,425	293	(446)	230
(Loss)/earnings per ordinary and equivalent B share (EPS) (3)					
Basic EPS from continuing and discontinued operations	(1.3p)	12.6p	2.5p	(3.9p)	2.0p
Basic EPS from continuing operations	(1.9p)	9.9p	0.2p	(2.1p)	0.3p

Notes:

- (1) A reconciliation between the statutory income statement above and the non-statutory income statement on page 11 is given in Appendix 2 to this announcement.
- (2) Included within Citizens discontinued operations are the results of the reportable operating segment Citizens Financial Group (CFG), the fair value remeasurement of the loss on transfer to disposal groups, and certain Citizens related activities in Central items and related one-off and other items.
- (3) Diluted EPS for continuing and discontinued operations for the half year ended 30 June 2014 was 0.1p lower than basic EPS. There was no dilutive impact in any other period.

Condensed consolidated statement of comprehensive income for the period ended 30 June 2015

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
	£m	£m	£m	£m	£m
Profit/(loss) for the period	358	1,954	814	(456)	665
Items that do qualify for reclassification					
Available-for-sale financial assets	(45)	529	(247)	202	265
Cash flow hedges	(710)	248	(834)	124	(47)
Currency translation	(573)	(733)	(584)	11	(598)
Tax	144	(160)	246	(102)	(72)
Other comprehensive (loss)/income after tax	(1,184)	(116)	(1,419)	235	(452)
Total comprehensive (loss)/income for the period	(826)	1,838	(605)	(221)	213
Total comprehensive (loss)/income is attributable to:					
Non-controlling interests	299	30	252	47	6
Preference shareholders	143	140	73	70	75

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Paid-in equity holders	24	27	20	4	17
Dividend access share	-	320	-	-	320
Ordinary and B shareholders	(1,292)	1,321	(950)	(342)	(205)
	(826)	1,838	(605)	(221)	213

Key points

The movement in available-for-sale financial assets during the quarter reflects unrealised losses on available-for-sale euro and US dollar securities, partially offset by realised gains on available-for-sale equity shares. During the half year, these unrealised losses are largely offset by realised losses on available-for-sale bonds.

Cash flow hedging losses for both the quarter and half year predominantly result from increases in the sterling swap rate across the maturity profile of the portfolio.

Currency translation losses for the quarter are due to the strengthening of sterling against both the euro and the US dollar. Losses for the half year are predominantly due to the strengthening of sterling against the euro.

Condensed consolidated balance sheet at 30 June 2015

	30 June 2015 £m	31 March 2015 £m	31 December 2014 £m
Assets			
Cash and balances at central banks	81,900	75,521	74,872
Net loans and advances to banks	20,714	25,002	23,027
Reverse repurchase agreements and stock borrowing	20,807	16,071	20,708
Loans and advances to banks	41,521	41,073	43,735
Net loans and advances to customers	314,993	333,173	334,251
Reverse repurchase agreements and stock borrowing	46,799	53,329	43,987
Loans and advances to customers	361,792	386,502	378,238
Debt securities	77,187	79,232	86,649
Equity shares	3,363	6,325	5,635
Settlement balances	9,630	11,341	4,667
Derivatives	281,857	390,565	353,590
Intangible assets	7,198	7,619	7,781
Property, plant and equipment	4,874	5,336	6,167
Deferred tax	1,479	1,430	1,540
Prepayments, accrued income and other assets	4,829	5,995	5,878
Assets of disposal groups	89,071	93,673	82,011
Total assets	964,701	1,104,612	1,050,763

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Liabilities			
Bank deposits	30,978	37,235	35,806
Repurchase agreements and stock lending	21,612	27,997	24,859
Deposits by banks	52,590	65,232	60,665
Customer deposits	342,023	349,289	354,288
Repurchase agreements and stock lending	44,750	41,386	37,351
Customer accounts	386,773	390,675	391,639
Debt securities in issue	41,819	45,855	50,280
Settlement balances	7,335	11,083	4,503
Short positions	24,561	19,716	23,029
Derivatives	273,589	386,056	349,805
Accruals, deferred income and other liabilities	13,962	14,242	13,346
Retirement benefit liabilities	1,869	1,843	2,579
Deferred tax	363	381	500
Subordinated liabilities	19,683	22,004	22,905
Liabilities of disposal groups	80,388	85,244	71,320
Total liabilities	902,932	1,042,331	990,571
Equity			
Non-controlling interests	5,705	5,473	2,946
Owners' equity*			
Called up share capital	6,981	6,925	6,877
Reserves	49,083	49,883	50,369
Total equity	61,769	62,281	60,192
Total liabilities and equity	964,701	1,104,612	1,050,763
* Owners' equity attributable to:			
Ordinary and B shareholders	51,117	51,861	52,149
Other equity owners	4,947	4,947	5,097
	56,064	56,808	57,246

Average balance sheet

	Half year ended		Quarter ended	
	30 June 2015 %	30 June 2014 %	30 June 2015 %	31 March 2015 %
Average yields, spreads and margins of the banking business				
Gross yield on interest-earning assets of banking business	2.98	3.03	2.94	3.02
Cost of interest-bearing liabilities of banking business	(1.06)	(1.18)	(1.03)	(1.09)

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Interest spread of banking business	1.92	1.85	1.91	1.93
Benefit from interest-free funds	0.32	0.32	0.32	0.33
Net interest margin of banking business	2.24	2.17	2.23	2.26
Average interest rates				
Base rate	0.50	0.50	0.50	0.50
London inter-bank three month offered rates				
- Sterling	0.57	0.53	0.57	0.56
- Eurodollar	0.27	0.23	0.28	0.26
- Euro	0.02	0.30	(0.01)	0.05

	Half year ended 30 June 2015			Half year ended 30 June 2014		
	Average balance £m	Interest £m	Rate %	Average balance £m	Interest £m	Rate %
Assets						
Loans and advances to banks	76,736	199	0.52	69,097	178	0.52
Loans and advances to customers	366,858	6,795	3.74	382,326	7,061	3.72
Debt securities	52,132	335	1.30	55,845	383	1.38
Interest-earning assets						
- banking business (1,2,3,4)	495,726	7,329	2.98	507,268	7,622	3.03
- trading business (5)	151,588			176,200		
Non-interest earning assets	413,399			351,329		
Total assets	1,060,713			1,034,797		
Memo: Funded assets	701,616			745,611		
Liabilities						
Deposits by banks	13,818	46	0.67	16,877	92	1.10
Customer accounts	290,317	839	0.58	302,157	987	0.66
Debt securities in issue	35,463	431	2.45	43,954	586	2.69
Subordinated liabilities	20,963	447	4.30	23,831	432	3.66
Internal funding of trading business	(15,505)	52	(0.68)	(20,254)	57	(0.57)
Interest-bearing liabilities						
- banking business (1,2,4)	345,056	1,815	1.06	366,565	2,154	1.18
- trading business (5)	159,632			185,308		
Non-interest-bearing liabilities						
- demand deposits	97,349			81,316		
- other liabilities	397,104			341,458		
Owners' equity (6)	61,572			60,150		

Total liabilities and owners' equity	1,060,713	1,034,797
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Notes:

- (1) Interest receivable has been increased by nil (H1 2014 - £1 million) and interest payable has been increased by £8 million (H1 2014 - £29 million) in respect of interest on financial assets and liabilities designated as at fair value through profit or loss. Related interest-earning assets and interest-bearing liabilities have also been adjusted.
- (2) In H1 2014 interest payable has been decreased by £3 million to exclude RFS Holdings minority interest. Related interest-bearing liabilities have also been adjusted.
- (3) Interest receivable includes amounts (unwind of discount) recognised on impaired loans and receivables. Such loans are included in average loans and advances to banks and average loans and advances to customers.
- (4) Interest receivable has been increased by £1,222 million (H1 2014 - £1,077 million) and interest payable has been increased by £118 million (H1 2014 - £90 million) to include the discontinued operations of Citizens. Related interest-earning assets and interest-bearing liabilities have also been adjusted.
- (5) Interest receivable and interest payable on trading assets and liabilities are included in income from trading activities.
- (6) Including equity attributable to ordinary and B shareholders of £51,174 million (H1 2014 - £53,931 million).

Average balance sheet

	Quarter ended 30 June 2015			Quarter ended 31 March 2015		
	Average balance £m	Interest £m	Rate %	Average balance £m	Interest £m	Rate %
Assets						
Loans and advances to banks	82,842	93	0.45	70,562	106	0.61
Loans and advances to customers	361,707	3,383	3.75	372,067	3,412	3.72
Debt securities	52,286	167	1.28	51,976	168	1.31
Interest-earning assets						
- banking business (1,2,3)	496,835	3,643	2.94	494,605	3,686	3.02
- trading business (4)	149,008			154,196		
Non-interest earning assets	367,169			460,143		
Total assets	1,013,012			1,108,944		
Memo: funded assets	696,927			706,357		
Liabilities						
Deposits by banks	13,021	22	0.68	14,624	24	0.67

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Customer accounts	290,458	411	0.57	290,175	428	0.60
Debt securities in issue	34,336	210	2.45	36,602	221	2.45
Subordinated liabilities	20,116	218	4.35	21,820	229	4.26
Internal funding of trading business	(14,836)	19	(0.51)	(16,182)	33	(0.83)
Interest-bearing liabilities						
- banking business (1,3)	343,095	880	1.03	347,039	935	1.09
- trading business (4)	157,425			161,864		
Non-interest-bearing liabilities						
- demand deposits	97,939			96,752		
- other liabilities	352,685			442,017		
Owners' equity (5)	61,868			61,272		
Total liabilities and owners' equity	1,013,012			1,108,944		

Notes:

- (1) Interest payable has been increased by £3 million (Q1 2015 - £5 million) to record interest on financial assets and liabilities designated as at fair value through profit or loss. Related interest-bearing liabilities have also been adjusted.
- (2) Interest receivable includes amounts (unwind of discount) recognised on impaired loans and receivables. Such loans are included in average loans and advances to banks and average loans and advances to customers.
- (3) Interest receivable has been increased by £612 million (Q1 2015 - £610 million) and interest payable has been increased by £61 million (Q1 2015 - £57 million) to include the discontinued operations of Citizens. Related interest-earning assets and interest-bearing liabilities have also been adjusted.
- (4) Interest receivable and interest payable on trading assets and liabilities are included in income from trading activities.
- (5) Including equity attributable to ordinary and B shareholders of £50,567 million (Q1 2015 - £51,675 million).

Condensed consolidated statement of changes in equity for the period ended 30 June 2015

	Half year ended		Quarter ended		
	30 June 2015	30 June 2014	30 June 2015	31 March 2015	30 June 2014
	£m	£m	£m	£m	£m
Called-up share capital					
At beginning of period	6,877	6,714	6,925	6,877	6,752
Ordinary shares issued	104	97	56	48	59
At end of period	6,981	6,811	6,981	6,925	6,811
Paid-in equity					
At beginning of period	784	979	634	784	979

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Reclassification (1)	(150)	-	-	(150)	-
At end of period	634	979	634	634	979
Share premium account					
At beginning of period	25,052	24,667	25,164	25,052	24,760
Ordinary shares issued	254	218	142	112	125
At end of period	25,306	24,885	25,306	25,164	24,885
Merger reserve					
At beginning and end of period	13,222	13,222	13,222	13,222	13,222
Available-for-sale reserve					
At beginning of period	299	(308)	371	299	(62)
Unrealised (losses)/gains	(114)	844	(153)	39	411
Realised losses/(gains)	63	(366)	(43)	106	(148)
Tax	39	(68)	65	(26)	(63)
Recycled to profit or loss on disposal of businesses (2)	-	36	-	-	-
Transfer to retained earnings	(43)	-	4	(47)	-
At end of period	244	138	244	371	138
Cash flow hedging reserve					
At beginning of period	1,029	(84)	1,109	1,029	141
Amount recognised in equity	(26)	968	(524)	498	315
Amount transferred from equity to earnings	(705)	(720)	(319)	(386)	(362)
Tax	128	(70)	169	(41)	-
Transfer to retained earnings	9	-	-	9	-
At end of period	435	94	435	1,109	94
Foreign exchange reserve					
At beginning of period	3,483	3,691	2,779	3,483	3,551
Retranslation of net assets	(548)	(872)	(1,042)	494	(702)
Foreign currency gains/(losses) on hedges of net assets	38	155	604	(566)	123
Tax	(14)	(11)	-	(14)	(9)
Transfer to retained earnings	(642)	-	-	-	-