

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
February 26, 2010

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

For February 25, 2010

Commission File Number: 001-10306

The Royal Bank of Scotland Group plc

RBS, Gogarburn, PO Box 1000  
Edinburgh EH12 1HQ

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-  
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The following information was issued as a Company announcement in London, England and is furnished pursuant to General Instruction B to the General Instructions to Form 6-K:

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## Appendix 2

Annual results 2009

Analysis by quarter

## Appendix 2 Analysis by quarter

## Summary consolidated income statement - pro forma

	2008 Q4 £m	Q1 £m	2009 Q2 £m	Q3 £m	Q4 £m	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Net interest income</b>	4,427	3,538	3,322	3,261	<b>3,446</b>	(22%)	6%
Non-interest income (excluding insurance net premium income)	(5,503)	3,776	1,498	2,532	<b>2,786</b>	(151%)	10%
Insurance net premium income	1,439	1,356	1,301	1,301	<b>1,308</b>	(9%)	1%
<b>Non-interest income</b>	(4,064)	5,132	2,799	3,833	<b>4,094</b>	-	7%
<b>Total income</b>	363	8,670	6,121	7,094	<b>7,540</b>	-	6%
<b>Operating expenses</b>	(3,735)	(4,667)	(4,066)	(4,195)	<b>(4,473)</b>	20%	7%
<b>Profit/(loss) before other operating charges</b>	(3,372)	4,003	2,055	2,899	<b>3,067</b>	(191%)	6%
Insurance net claims	(1,056)	(966)	(925)	(1,145)	<b>(1,321)</b>	25%	15%
<b>Operating profit/(loss) before impairment losses</b>	(4,428)	3,037	1,130	1,754	<b>1,746</b>	(139%)	-
Impairment losses	(4,673)	(2,858)	(4,663)	(3,279)	<b>(3,099)</b>	(34%)	(5%)
<b>Group operating (loss)/profit*</b>	(9,101)	179	(3,533)	(1,525)	<b>(1,353)</b>	(85%)	(11%)
Amortisation of purchased intangible assets	(62)	(85)	(55)	(73)	<b>(59)</b>	(5%)	(19%)
Integration and restructuring costs	(752)	(379)	(355)	(324)	<b>(228)</b>	(70%)	(30%)
Gain on redemption of own debt	-	-	3,790	-	-	-	-
Strategic disposals	442	241	212	(155)	<b>(166)</b>	(138%)	7%
Gains on pensions curtailment	-	-	-	-	<b>2,148</b>	-	-

Bonus tax	-	-	-	-	<b>(208)</b>	-	-
<b>Profit/ (loss) before tax</b>	(9,473)	(44)	59	(2,077)	<b>134</b>	(101%)	(106%)
Tax	1,701	(228)	640	576	<b>(649)</b>	(138%)	-
<b>(Loss)/profit from continuing operations</b>	(7,772)	(272)	699	(1,501)	<b>(515)</b>	(93%)	(66%)
From discontinued operations, net of tax	1	(45)	(13)	(7)	<b>(7)</b>	-	-
<b>(Loss)/profit for the period</b>	(7,771)	(317)	686	(1,508)	<b>(522)</b>	(93%)	(65%)
Minority interests	(221)	(471)	(83)	(47)	<b>(47)</b>	(79%)	-
Preference share and other dividends	(162)	(114)	(432)	(245)	<b>(144)</b>	(11%)	(41%)
<b>(Loss) attributable to ordinary shareholders before write-down of goodwill and other intangible assets</b>	(8,154)	(902)	171	(1,800)	<b>(713)</b>	(91%)	(60%)
Write-down of goodwill and other intangible assets, net of tax	(16,196)	-	(311)	-	<b>(52)</b>	(100%)	-
Loss attributable to ordinary shareholders	(24,350)	(902)	(140)	(1,800)	<b>(765)</b>	(97%)	(58%)

\*profit/(loss) before tax, purchased intangibles amortisation

, integration and restructuring costs, and write-down of goodwill and other intangible assets.

1

## Appendix 2 Analysis by quarter

Summary consolidated income statement - pro forma  
(continued)

Key metrics	2008	2009				Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
Net interest margin	2.11%	1.78%	1.70%	1.75%	<b>1.83%</b>	(28bp)	8bp
Cost:income ratio	1,028.9%	53.8%	66.4%	59.1%	<b>59.3%</b>	-	(19bp)
Risk-weighted assets - Gross	£577.8bn	£575.7bn	£547.3bn	£594.7bn	<b>£565.8bn</b>	(2%)	(5%)
Benefit of APS	-	-	-	-	<b>(£127.6bn)</b>	-	-
Risk-weighted assets	£577.8bn	£575.7bn	£547.3bn	£594.7bn	<b>£438.2bn</b>	(24%)	(26%)
Risk elements In lending	£18.8bn	£23.7bn	£30.7bn	£35.0bn	<b>£35.0bn</b>	86%	-

Provision balance as % of REIL/PPL*	50%	45%	44%	43%	<b>42%</b>	(800bp)	(100bp)
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\* includes disposal groups.

Note:

2008 data have been restated for the amendment to IFRS 2 'Share-based Payment'.

2

## Appendix 2 Analysis by quarter

### Divisional performance

The profit/(loss) of each division before amortisation of purchased intangible assets, write-down of goodwill and other assets, integration and restructuring costs, and after allocation of Business Services and Group Centre costs is shown below. The Group manages costs where they arise. Customer-facing divisions control their direct expenses whilst Business Services is responsible for shared costs.

	2008 Q4 £m	Q1 £m	2009 Q2 £m	Q3 £m	Q4 £m	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Operating profit/(loss) before impairment losses</b>							
UK Retail	381	371	490	468	<b>579</b>	52%	24%
UK Corporate	487	421	535	566	<b>530</b>	9%	(6%)
Wealth	77	100	134	120	<b>99</b>	29%	(18%)
Global Banking & Markets	(2,817)	3,737	1,018	593	<b>1,001</b>	(136%)	69%
Global Transaction Services	285	240	269	275	<b>228</b>	(20%)	(17%)
Ulster Bank	36	71	78	59	<b>73</b>	103%	24%
US Retail & Commercial	312	182	136	137	<b>134</b>	(57%)	(2%)
RBS Insurance	176	81	142	13	<b>(170)</b>	(197%)	-
Central items	(476)	486	(311)	121	<b>(3)</b>	(99%)	(102%)
Core	(1,539)	5,689	2,491	2,352	<b>2,471</b>	-	5%
Non-Core	(2,889)	(2,652)	(1,361)	(598)	<b>(725)</b>	(75%)	21%
<b>Operating profit/(loss) before impairment losses</b>	<b>(4,428)</b>	<b>3,037</b>	<b>1,130</b>	<b>1,754</b>	<b>1,746</b>	<b>(139%)</b>	<b>-</b>

Included in the above are movements in fair value of own debt:

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Global Banking & Markets	(875)	647	(482)	(320)	<b>106</b>	(112%)	(133%)
Central items	14	384	(478)	(163)	<b>164</b>	-	-
	(861)	1,031	(960)	(483)	<b>270</b>	(131%)	(156%)
<b>Impairment losses by division</b>							
UK Retail	292	354	470	404	<b>451</b>	54%	12%
UK Corporate	169	100	450	187	<b>190</b>	12%	2%
Wealth	8	6	16	1	<b>10</b>	25%	-
Global Banking & Markets	502	269	(31)	272	<b>130</b>	(74%)	(52%)
Global Transaction Services	40	9	4	22	<b>4</b>	(90%)	(82%)
Ulster Bank	71	67	90	144	<b>348</b>	-	142%
US Retail & Commercial	177	223	146	180	<b>153</b>	(14%)	(15%)
RBS Insurance	42	5	1	2	-	-	-
Central items	11	(3)	1	1	<b>2</b>	(82%)	100%
Core	1,312	1,030	1,147	1,213	<b>1,288</b>	(2%)	6%
Non-Core	3,361	1,828	3,516	2,066	<b>1,811</b>	(46%)	(12%)
<b>Total impairment losses</b>	<b>4,673</b>	<b>2,858</b>	<b>4,663</b>	<b>3,279</b>	<b>3,099</b>	<b>(34%)</b>	<b>(5%)</b>

3

**Appendix 2 Analysis by quarter**

Divisional performance  
(continued)

	2008		2009			Q4 2009 vs.	
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q4 2008	Q3 2009
<b>Operating (loss)/profit by division</b>							
UK Retail	89	17	20	64	<b>128</b>	44%	100%
UK Corporate	318	321	85	379	<b>340</b>	7%	(10%)
Wealth	69	94	118	119	<b>89</b>	29%	(25%)
Global Banking & Markets	(3,319)	3,468	1,049	321	<b>871</b>	(126%)	171%
Global Transaction Services	245	231	265	253	<b>224</b>	(9%)	(11%)
Ulster Bank	(35)	4	(12)	(85)	<b>(275)</b>	-	-
US Retail & Commercial	135	(41)	(10)	(43)	<b>(19)</b>	(114%)	(56%)
RBS Insurance	134	76	141	11	<b>(170)</b>	-	-
Central items	(487)	489	(312)	120	<b>(5)</b>	(99%)	(104%)
Core	(2,851)	4,659	1,344	1,139	<b>1,183</b>	(141%)	4%
Non-Core	(6,250)	(4,480)	(4,877)	(2,664)	<b>(2,536)</b>	(59%)	(5%)

<b>Group operating (loss)/profit</b>	(9,101)	179	(3,533)	(1,525)	<b>(1,353)</b>	(85%)	(11%)
Loan impairment losses	4,049	2,276	4,520	3,262	<b>3,032</b>	(25%)	(7%)
Impairment losses on available-for-sale securities	624	582	143	17	<b>67</b>	(89%)	-
	4,673	2,858	4,663	3,279	<b>3,099</b>	(34%)	(5%)
Loan impairment charge as % of gross loans and advances excluding reverse repurchase agreements	2.31%	1.34%	2.98%	2.16%	<b>2.13%</b>	(18bp)	(3bp)

	2008		2009			31 Dec 2009 vs. 31 Dec 2008 / 30 Sept 2009	
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	2008	2009
<b>Risk-weighted assets by division</b>							
UK Retail	45.7	49.6	54.0	51.6	<b>51.3</b>	12%	(1%)
UK Corporate	85.7	86.2	89.5	91.0	<b>90.2</b>	5%	(1%)
Wealth	10.8	10.6	10.3	10.7	<b>11.2</b>	4%	5%
Global Banking & Markets	151.8	137.9	112.5	121.5	<b>123.7</b>	(19%)	2%
Global Transaction Services	17.4	18.7	16.7	18.9	<b>19.1</b>	10%	1%
Ulster Bank	24.5	26.2	26.2	28.5	<b>29.9</b>	22%	5%
US Retail & Commercial	63.9	64.3	55.6	62.8	<b>59.7</b>	(7%)	(5%)
Other	7.1	7.8	8.5	9.0	<b>9.4</b>	32%	4%
Core	406.9	401.3	373.3	394.0	<b>394.5</b>	(3%)	-
Non-Core	170.9	174.4	174.0	200.7	<b>171.3</b>	-	(15%)
	577.8	575.7	547.3	594.7	<b>565.8</b>	(2%)	(5%)
<b>Benefit of APS</b>	-	-	-	-	<b>(127.6)</b>	-	-
<b>Total</b>	577.8	575.7	547.3	594.7	<b>438.2</b>	(24%)	(26%)

## Appendix 2 Analysis by quarter

### UK Retail

	2008		2009			Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
	£m	£m	£m	£m	£m		
<b>Income statement</b>							
Net interest income	856	797	868	848	<b>939</b>	10%	11%
Net fees and commissions - banking	345	337	321	303	<b>283</b>	(18%)	(7%)
Other non-interest income (net of insurance claims)	54	53	69	69	<b>60</b>	11%	(13%)
Non-interest income	399	390	390	372	<b>343</b>	(14%)	(8%)
Total income	1,255	1,187	1,258	1,220	<b>1,282</b>	2%	5%
Direct expenses							
- staff	(236)	(214)	(214)	(206)	<b>(211)</b>	(11%)	2%
- other	(101)	(115)	(102)	(99)	<b>(105)</b>	4%	6%
Indirect expenses	(537)	(487)	(452)	(447)	<b>(387)</b>	(28%)	(13%)
	(874)	(816)	(768)	(752)	<b>(703)</b>	(20%)	(7%)
Operating profit before impairment losses	381	371	490	468	<b>579</b>	52%	24%
Impairment losses	(292)	(354)	(470)	(404)	<b>(451)</b>	54%	12%
Operating profit	89	17	20	64	<b>128</b>	44%	100%
<b>Analysis of income by product</b>							
Personal advances	296	305	311	303	<b>273</b>	(8%)	(10%)
Personal deposits	470	397	354	319	<b>279</b>	(41%)	(13%)
Mortgages	186	207	273	319	<b>415</b>	123%	30%
Bancassurance	51	52	69	69	<b>56</b>	10%	(19%)
Cards	208	204	212	225	<b>228</b>	10%	1%
Other	44	22	39	(15)	<b>31</b>	(30%)	-
Total income	1,255	1,187	1,258	1,220	<b>1,282</b>	2%	5%
<b>Analysis of impairment by sector</b>							
Mortgages	9	22	41	26	<b>35</b>	-	35%
Personal	169	195	299	247	<b>282</b>	67%	14%
Cards	114	137	130	131	<b>134</b>	18%	2%
Total impairment	292	354	470	404	<b>451</b>	54%	12%
<b>Loan impairment charge as % of gross customer loans</b>							

**and advances by sector**

Mortgages	0.05%	0.12%	0.21%	0.13%	<b>0.17%</b>	12bp	4bp
Personal	4.42%	5.20%	8.31%	6.81%	<b>8.29%</b>	388bp	148bp
Cards	7.24%	9.13%	8.52%	8.59%	<b>8.65%</b>	141bp	5bp
	1.24%	1.50%	1.94%	1.60%	<b>1.75%</b>	51bp	15bp

5

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

Key metrics	2008	2009			Q4 2009 vs.		
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
<b>Performance ratios</b>							
Return on equity (1)	6.5%	1.2%	1.4%	4.6%	<b>9.3%</b>	288bp	478bp
Net interest margin	3.73%	3.46%	3.69%	3.47%	<b>3.74%</b>	1bp	27bp
Cost:income ratio	63.8%	69.0%	59.6%	57.4%	<b>54.1%</b>	963bp	324bp

	2008		2009		31 Dec 2009 vs.		
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2008	30 Sept 2009
<b>Capital and balance sheet</b>							
Loans and advances to customers gross							
- mortgages	72.2	73.3	76.6	80.3	<b>83.2</b>	15%	4%
- personal	15.3	15.0	14.4	14.5	<b>13.6</b>	(11%)	(6%)
- cards	6.3	6.0	6.1	6.1	<b>6.2</b>	(2%)	2%
Customer deposits (excluding bancassurance)	78.9	80.3	83.4	85.6	<b>87.2</b>	11%	2%
AUMs - excluding deposits	5.7	4.6	4.7	5.0	<b>5.3</b>	(7%)	6%
Risk elements in lending	3.8	4.1	4.5	4.7	<b>4.6</b>	21%	(2%)
Loan:deposit ratio (excluding repos)	116%	115%	113%	115%	<b>115.0%</b>	(131bp)	40bp

8



Risk-weighted assets	45.7	49.6	54.0	51.6	<b>51.3</b>	12%	(1%)
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Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).

6

## Appendix 2 Analysis by quarter

### UK Corporate

	2008	2009				Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
	£m	£m	£m	£m	£m		
<b>Income statement</b>							
Net interest income	588	499	560	607	<b>626</b>	6%	3%
Net fees and commissions	215	194	219	223	<b>222</b>	3%	-
Other non-interest income	107	117	109	106	<b>100</b>	(7%)	(6%)
Non-interest income	322	311	328	329	<b>322</b>	-	(2%)
Total income	910	810	888	936	<b>948</b>	4%	1%
Direct expenses							
- staff	(210)	(185)	(182)	(174)	<b>(212)</b>	1%	22%
- other	(73)	(74)	(46)	(71)	<b>(77)</b>	5%	8%
Indirect expenses	(140)	(130)	(125)	(125)	<b>(129)</b>	(8%)	3%
	(423)	(389)	(353)	(370)	<b>(418)</b>	(1%)	13%
Operating profit before impairment losses	487	421	535	566	<b>530</b>	9%	(6%)
Impairment losses	(169)	(100)	(450)	(187)	<b>(190)</b>	12%	2%
Operating profit	318	321	85	379	<b>340</b>	7%	(10%)
<b>Analysis of income by business</b>							
Corporate and commercial lending	529	538	586	616	<b>661</b>	25%	7%
Asset and invoice finance	53	48	57	59	<b>68</b>	28%	15%

Corporate deposits	338	290	263	241	<b>191</b>	(43%)	(21%)
Other	(10)	(66)	(18)	20	<b>28</b>	-	40%
Total income	910	810	888	936	<b>948</b>	4%	1%

### Analysis of impairment by sector

Banks and financial institutions	10	2	3	4	<b>6</b>	(40%)	50%
Hotels and restaurants	13	15	36	7	<b>40</b>	-	-
Housebuilding and construction	31	6	55	58	<b>(13)</b>	(142%)	(122%)
Manufacturing	6	4	17	2	<b>28</b>	-	-
Other	35	19	88	31	<b>12</b>	(66%)	(61%)
Private sector education, health, social work, recreational and community services	10	8	32	(4)	<b>23</b>	130%	-
Property	6	11	149	69	<b>30</b>	-	(57%)
Wholesale and retail trade, repairs	19	14	23	16	<b>23</b>	21%	44%
Asset and invoice finance	39	21	47	4	<b>41</b>	5%	-
Total impairment	169	100	450	187	<b>190</b>	12%	2%

7

### Appendix 2 Analysis by quarter

UK Corporate  
(continued)

2008	2009			Q4 2009 vs.	
Q4	Q1	Q2	Q3	Q4	Q4 2008 Q3 2009

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

Banks and financial institutions	0.74%	0.15%	0.27%	0.33%	<b>0.46%</b>	(28bp)	13bp
Hotels and restaurants	0.85%	1.15%	2.53%	0.49%	<b>2.86%</b>	200bp	237bp
Housebuilding and construction	2.38%	0.52%	5.00%	5.95%	<b>(1.53%)</b>	(391bp)	(748bp)
Manufacturing	0.45%	0.34%	1.58%	0.21%	<b>3.03%</b>	257bp	282bp
Other	0.37%	0.18%	0.90%	0.29%	<b>0.11%</b>	(25bp)	(18bp)

Private sector education, health, social work, recreational and community services	0.54%	0.43%	1.73%	(0.21%)	<b>1.24%</b>	70bp	145bp
Property	0.08%	0.14%	1.99%	0.97%	<b>0.43%</b>	35bp	(54bp)
Wholesale and retail trade, repairs	0.84%	0.62%	1.07%	0.76%	<b>1.18%</b>	34bp	42bp
Asset and invoice finance	1.84%	0.99%	2.19%	0.18%	<b>1.93%</b>	9bp	175bp
	0.58%	0.34%	1.60%	0.66%	<b>0.67%</b>	9bp	1bp

	2008 Q4	Q1	2009 Q2	Q3	Q4	Q4 2009 vs. Q4 2008 Q3 2009	
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**Key metrics**

**Performance ratios**

Return on equity (1)	12.9%	12.7%	3.2%	13.7%	<b>12.4%</b>	(44bp)	(127bp)
Net interest margin	2.20%	1.88%	2.17%	2.38%	<b>2.47%</b>	27bp	9bp
Cost:income ratio	46.5%	48.0%	39.8%	39.5%	<b>44.1%</b>	239bp	(456bp)

Note:

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

8

**Appendix 2 Analysis by quarter**

UK Corporate  
(continued)

	2008 31 Dec £bn	31 Mar £bn	2009 30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2009 vs. 31 Dec 2008 30 Sept 2009	
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**Capital and balance sheet**

Total assets	121.0	120.1	116.2	117.3	<b>114.9</b>	(5%)	(2%)
Loans and advances to customers gross							
Banks and financial institutions	5.4	5.3	4.5	4.8	<b>5.2</b>	(4%)	8%
Hotels and restaurants	6.1	5.2	5.7	5.7	<b>5.6</b>	(8%)	(2%)

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Housebuilding and construction	5.2	4.6	4.4	3.9	<b>3.4</b>	(35%)	(13%)
Manufacturing	5.3	4.7	4.3	3.9	<b>3.7</b>	(30%)	(5%)
Other	38.1	41.1	39.1	42.3	<b>42.0</b>	10%	(1%)
Private sector education, health, social work, recreational and community services	7.4	7.4	7.4	7.6	<b>7.4</b>	-	(3%)
Property	31.8	30.8	30.0	28.5	<b>28.0</b>	(12%)	(2%)
Wholesale and retail trade, repairs	9.1	9.1	8.6	8.4	<b>7.8</b>	(14%)	(7%)
Asset and invoice finance	8.5	8.5	8.6	8.8	<b>8.5</b>	-	(3%)
Customer deposits	82.0	82.9	85.6	86.7	<b>87.8</b>	7%	1%
Risk elements in lending	1.3	2.0	2.4	2.5	<b>2.3</b>	77%	(8%)
Loan:deposit ratio (excluding repos)	142%	139%	130%	130%	<b>126%</b>	(1,621bp)	(435bp)
Risk-weighted assets	85.7	86.2	89.5	91.0	<b>90.2</b>	5%	(1%)

9

## Appendix 2 Analysis by quarter

### Wealth

	2008 Q4 £m	2009 Q1 £m	2009 Q2 £m	2009 Q3 £m	2009 Q4 £m	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Income statement</b>							
Net interest income	160	158	176	168	<b>161</b>	1%	(4%)
Net fees and commissions	96	90	90	92	<b>91</b>	(5%)	(1%)
Other non-interest income	19	21	21	19	<b>22</b>	16%	16%
Non-interest income	115	111	111	111	<b>113</b>	(2%)	2%
Total income	275	269	287	279	<b>274</b>	-	(2%)
Direct expenses							
- staff	(97)	(90)	(78)	(82)	<b>(107)</b>	10%	30%
- other	(51)	(33)	(34)	(35)	<b>(37)</b>	(27%)	6%
Indirect expenses	(50)	(46)	(41)	(42)	<b>(31)</b>	(38%)	(26%)
	(198)	(169)	(153)	(159)	<b>(175)</b>	(12%)	10%

Operating profit before impairment losses	77	100	134	120	<b>99</b>	29%	(18%)
Impairment losses	(8)	(6)	(16)	(1)	<b>(10)</b>	25%	-
Operating profit	69	94	118	119	<b>89</b>	29%	(25%)
<b>Analysis of income</b>							
Private Banking	221	219	242	232	<b>223</b>	1%	(4%)
Investments	54	50	45	47	<b>51</b>	(6%)	9%
Total income	275	269	287	279	<b>274</b>	-	(2%)

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

Net interest margin	4.56%	4.47%	4.82%	4.34%	<b>3.94%</b>	(62bp)	(40bp)
Cost:income ratio	72.0%	62.8%	53.3%	57.0%	<b>63.9%</b>	813bp	(688bp)

	2008		2009			31 Dec 2009 vs. 30 Sept 2009	
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2008	2009

**Capital and balance sheet**

Loans and advances to customers							
gross							
- mortgages	5.3	5.5	5.6	6.1	<b>6.5</b>	23%	7%
- personal	5.0	4.6	4.7	4.8	<b>4.9</b>	(2%)	2%
- other	2.1	2.2	2.1	2.5	<b>2.3</b>	10%	(8%)
Customer deposits	34.1	34.9	35.3	36.3	<b>35.7</b>	5%	(2%)
AUMs - excluding deposits	34.7	31.3	29.8	31.7	<b>30.7</b>	(12%)	(3%)
Risk elements in lending	0.1	0.1	0.2	0.2	<b>0.2</b>	-	-
Loan:deposit ratio (excluding repos)	36%	35%	35%	37%	<b>38%</b>	201bp	145bp
Risk-weighted assets	10.8	10.6	10.3	10.7	<b>11.2</b>	4%	5%

**Appendix 2 Analysis by quarter****Global Banking & Markets**

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	2008		2009			Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
	£m	£m	£m	£m	£m		
<b>Income statement</b>							
Net interest income from banking activities	1,054	812	660	447	<b>324</b>	(69%)	(28%)
Net fees and commissions receivable	190	297	412	340	<b>286</b>	51%	(16%)
Income/(loss) from trading activities	(3,322)	4,081	1,132	1,028	<b>1,522</b>	(146%)	48%
Other operating income (net of related funding costs)	(122)	(98)	(101)	(70)	<b>(63)</b>	(48%)	(10%)
Non-interest income	(3,254)	4,280	1,443	1,298	<b>1,745</b>	(154%)	34%
Total income	(2,200)	5,092	2,103	1,745	<b>2,069</b>	(194%)	19%
Direct expenses							
- staff	(18)	(888)	(680)	(721)	<b>(641)</b>	-	(11%)
- other	(397)	(274)	(204)	(240)	<b>(247)</b>	(38%)	3%
Indirect expenses	(202)	(193)	(201)	(191)	<b>(180)</b>	(11%)	(6%)
	(617)	(1,355)	(1,085)	(1,152)	<b>(1,068)</b>	73%	(7%)
Operating profit/(loss) before impairment losses	(2,817)	3,737	1,018	593	<b>1,001</b>	(136%)	69%
Impairment losses	(502)	(269)	31	(272)	<b>(130)</b>	(74%)	(52%)
Operating profit/(loss)	(3,319)	3,468	1,049	321	<b>871</b>	(126%)	171%
<b>Analysis of income by product</b>							
Rates - money markets	748	853	466	287	<b>108</b>	(86%)	(62%)
Rates - flow	16	1,297	536	694	<b>615</b>	-	(11%)
Currencies & Commodities	413	539	416	147	<b>175</b>	(58%)	19%
Equities	(214)	371	364	282	<b>457</b>	-	62%
Credit markets	(2,341)	858	690	475	<b>232</b>	(110%)	(51%)
Portfolio management and origination	53	527	113	180	<b>376</b>	-	109%
Fair value of own debt	(875)	647	(482)	(320)	<b>106</b>	(112%)	(133%)
Total income	(2,200)	5,092	2,103	1,745	<b>2,069</b>	(194%)	19%
<b>Analysis of impairment by sector</b>							
Manufacturing and infrastructure	39	16	23	33	<b>19</b>	(51%)	(42%)
Property and construction	-	46	4	-	<b>(1)</b>	-	-
Transport	-	-	1	2	<b>-</b>	-	-

Banks and financial institutions	194	4	39	237	<b>68</b>	(65%)	(71%)
Others	269	203	(98)	-	<b>44</b>	(84%)	-
Total impairment	502	269	(31)	272	<b>130</b>	(74%)	(52%)
<b>Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements)</b>	1.13%	0.68%	(0.11%)	0.60%	<b>0.59%</b>	(54bp)	(1bp)

11

## Appendix 2 Analysis by quarter

Global Banking & Markets  
(continued)

Key metrics	2008	2009			Q4 2009 vs.		
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
<b>Performance ratios</b>							
Return on equity (1)	(61.9%)	68.8%	24.8%	7.2%	<b>18.7%</b>	8,062bp	1,157bp
Net interest margin	1.99%	2.02%	1.48%	1.08%	<b>0.89%</b>	(110bp)	(19bp)
Cost:income ratio	(28.1%)	26.6%	51.6%	66.0%	<b>51.6%</b>	(7,967bp)	1,440bp

	2008	2009			31 Dec 2009 vs.		
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2008	30 Sept 2009
<b>Capital and balance sheet</b>							
Loans and advances (including banks)	224.2	205.3	155.2	156.3	<b>127.8</b>	(43%)	(18%)
Reverse repos	88.8	80.6	75.2	75.4	<b>73.3</b>	(17%)	(3%)
Securities	127.5	124.3	115.5	117.6	<b>106.0</b>	(17%)	(10%)
Cash and eligible bills	20.2	28.6	51.5	63.8	<b>74.0</b>	-	16%
Other assets	38.0	37.4	40.5	46.0	<b>31.1</b>	(18%)	(32%)
Total third party assets (excluding derivatives mark to market)	498.7	476.2	437.9	459.1	<b>412.2</b>	(17%)	(10%)
Net derivative assets (after netting)	121.0	99.8	80.7	84.3	<b>68.0</b>	(44%)	(19%)
Customer deposits (excluding	87.8	80.1	63.4	56.8	<b>46.9</b>	(47%)	(17%)

repos)							
Risk elements in lending	0.9	0.8	1.1	1.6	<b>1.8</b>	100%	13%
Loan:deposit ratio (excluding Repos and including equity deposits)	192%	196%	186%	194%	<b>194%</b>	173bp	(30bp)
Risk-weighted assets	151.8	137.9	112.5	121.5	<b>123.7</b>	(19%)	(2%)

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 10% of divisional risk-weighted assets, adjusted for capital deductions).

12

## Appendix 2 Analysis by quarter

### Global Transaction Services

	2008 Q4 £m	Q1 £m	2009 Q2 £m	Q3 £m	Q4 £m	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Income statement</b>							
Net interest income	249	220	225	234	<b>233</b>	(6%)	-
Non-interest income	407	385	398	388	<b>404</b>	(1%)	4%
Total income	656	605	623	622	<b>637</b>	(3%)	2%
Direct expenses							
- staff	(93)	(95)	(87)	(87)	<b>(102)</b>	10%	17%
- other	(42)	(35)	(38)	(37)	<b>(51)</b>	21%	38%
Indirect expenses	(236)	(235)	(229)	(223)	<b>(256)</b>	8%	15%
	(371)	(365)	(354)	(347)	<b>(409)</b>	10%	18%
Operating profit before impairment losses	285	240	269	275	<b>228</b>	(20%)	(17%)
Impairment losses	(40)	(9)	(4)	(22)	<b>(4)</b>	(90%)	(82%)
Operating profit	245	231	265	253	<b>224</b>	(9%)	(11%)



**Analysis of income by product**

Domestic cash management	210	202	204	202	<b>197</b>	(6%)	(2%)
International cash management	200	169	179	183	<b>203</b>	2%	11%
Trade finance	70	75	77	71	<b>67</b>	(4%)	(6%)
Merchant acquiring	145	129	131	134	<b>134</b>	(8%)	-
Commercial cards	31	30	32	32	<b>36</b>	16%	13%
Total income	656	605	623	622	<b>637</b>	(3%)	2%

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

Net interest margin	8.00%	8.29%	9.23%	9.63%	<b>9.81%</b>	181bp	18bp
Cost:income ratio	56.6%	60.3%	56.8%	55.8%	<b>64.2%</b>	(766bp)	(842bp)

	2008		2009		<b>31 Dec</b> <b>£bn</b>	31 Dec 2009 vs.	
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn		31 Dec 2 008	30 Sept 2009
<b>Capital and balance sheet</b>							
Total third party assets	22.2	21.1	19.4	21.4	<b>18.4</b>	(17%)	(14%)
Loans and advances	14.8	14.7	13.5	14.5	<b>12.7</b>	(14%)	(12%)
Customer deposits	61.8	58.3	54.0	58.6	<b>61.8</b>	-	5%
Risk elements in lending	0.1	0.1	0.1	0.2	<b>0.2</b>	-	-
Loan:deposit ratio (excluding repos)	25%	26%	26%	25%	<b>21%</b>	(401bp)	(452bp)
Risk-weighted assets	17.4	18.7	16.7	18.9	<b>19.1</b>	10%	1%

13

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

2008	Q1	2009		<b>Q4</b> <b>£m</b>	Q4 2009 vs.	
		Q2	Q3		Q4 2008	Q3 2009
Q4 £m	£m	£m	£m	£m		

**Income statement**

Net interest income	174	202	208	176	<b>194</b>	11%	10%
Net fees and commissions	60	46	39	45	<b>98</b>	63%	118%
Other non-interest income	(6)	11	12	10	<b>(7)</b>	17%	(170%)
Non-interest income	54	57	51	55	<b>91</b>	69%	65%
Total income	228	259	259	231	<b>285</b>	25%	23%
Direct expenses							
- staff	(87)	(89)	(81)	(79)	<b>(76)</b>	(13%)	(4%)
- other	(24)	(22)	(25)	(20)	<b>(18)</b>	(25%)	(10%)
Indirect expenses	(81)	(77)	(75)	(73)	<b>(118)</b>	46%	62%
	(192)	(188)	(181)	(172)	<b>(212)</b>	10%	23%
Operating profit before impairment losses	36	71	78	59	<b>73</b>	103%	24%
Impairment losses	(71)	(67)	(90)	(144)	<b>(348)</b>	-	142%
Operating (loss)/profit	(35)	4	(12)	(85)	<b>(275)</b>	-	-

**Analysis of income by business**

Corporate	139	162	138	134	<b>146</b>	5%	9%
Retail	92	93	101	104	<b>114</b>	24%	10%
Other	(3)	4	20	(7)	<b>25</b>	-	-
Total income	228	259	259	231	<b>285</b>	25%	23%

**Analysis of impairment by sector**

Mortgages	4	14	10	30	<b>20</b>	-	(33%)
Corporate	43	40	66	87	<b>316</b>	-	-
Other	24	13	14	27	<b>12</b>	(50%)	(56%)
Total impairment	71	67	90	144	<b>348</b>	-	142%

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

Mortgages	0.10%	0.32%	0.25%	0.72%	<b>0.49%</b>	40bp	(22bp)
Corporate	0.72%	0.71%	1.23%	1.59%	<b>5.99%</b>	527bp	440bp
Other	4.60%	2.58%	3.50%	5.40%	<b>2.00%</b>	(260bp)	(340bp)
	0.65%	0.64%	0.92%	1.42%	<b>3.51%</b>	286bp	209bp

**Appendix 2 Analysis by quarter**Ulster Bank  
(continued)

Key metrics	2008	2009			Q4 2009 vs.		
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
<b>Performance ratios</b>							
Return on equity (1)	(6.5%)	0.7%	(2.0%)	(12.7%)	<b>(39.8%)</b>	(3,337bp)	(2,717bp)
Net interest margin	1.67%	1.87%	2.03%	1.74%	<b>1.83%</b>	16bp	9bp
Cost:income ratio	84.2%	72.6%	69.9%	74.5%	<b>74.4%</b>	982bp	7bp

	2008	2009			31 Dec 2009 vs.		
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2008	30 Sept 2009
<b>Capital and balance sheet</b>							
Loans and advances to customers							
gross							
- mortgages	18.1	17.4	16.0	16.7	<b>16.2</b>	(10%)	(3%)
- corporate	23.8	22.8	21.2	21.9	<b>21.1</b>	(11%)	(4%)
- other	2.1	2.0	1.8	2.0	<b>2.4</b>	14%	20%
Customer deposits	24.3	19.5	18.9	20.9	<b>21.9</b>	(10%)	5%
Risk elements in lending:							
- mortgages	0.3	0.4	0.4	0.5	<b>0.6</b>	-	20%
- corporate	0.8	1.0	1.1	1.3	<b>1.5</b>	88%	15%
- other	0.1	0.1	0.1	0.2	<b>0.2</b>	-	-
Loan:deposit ratio (excluding repos)	179%	213%	203%	191%	<b>177%</b>	(148bp)	(1,420bp)
Risk-weighted assets	24.5	26.2	26.2	28.5	<b>29.9</b>	22%	5%

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).

15

## Appendix 2 Analysis by quarter

### US Retail and Commercial (£ Sterling)

	2008		2009			Q4 2009 vs.	
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q4 2008	Q3 2009
<b>Income statement</b>							
Net interest income	512	494	448	410	<b>423</b>	(17%)	3%
Net fees and commissions	183	198	209	159	<b>148</b>	(19%)	(7%)
Other non-interest income	84	52	45	65	<b>73</b>	(13%)	12%
Non-interest income	267	250	254	224	<b>221</b>	(17%)	(1%)
Total income	779	744	702	634	<b>644</b>	(17%)	2%
Direct expenses							
- staff	(175)	(218)	(184)	(174)	<b>(200)</b>	14%	15%
- other	(120)	(143)	(188)	(132)	<b>(130)</b>	8%	(2%)
Indirect expenses	(172)	(201)	(194)	(191)	<b>(180)</b>	5%	(6%)
	(467)	(562)	(566)	(497)	<b>(510)</b>	9%	3%
Operating profit before impairment losses	312	182	136	137	<b>134</b>	(57%)	(2%)
Impairment losses	(177)	(223)	(146)	(180)	<b>(153)</b>	(14%)	(15%)
Operating (loss)/profit	135	(41)	(10)	(43)	<b>(19)</b>	(114%)	(56%)
Average exchange rate - US\$/£	1.570	1.436	1.551	1.640	<b>1.633</b>		
<b>Analysis of income by product</b>							
Mortgages and home equity	112	142	130	112	<b>115</b>	3%	3%
Personal lending and cards	90	107	113	116	<b>115</b>	28%	(1%)
Retail deposits	279	231	202	200	<b>195</b>	(30%)	(3%)
Commercial lending	128	141	140	127	<b>134</b>	5%	6%
Commercial deposits	111	104	89	97	<b>108</b>	(3%)	11%
Other	59	19	28	(18)	<b>(23)</b>	(139%)	28%
Total income	779	744	702	634	<b>644</b>	(17%)	2%

**Analysis of impairment by sector**

Residential mortgages	13	23	12	29	<b>8</b>	(38%)	(72%)
Home equity	22	29	43	82	<b>13</b>	(41%)	(84%)
Corporate & commercial	87	108	61	65	<b>92</b>	6%	42%
Other	55	63	30	4	<b>40</b>	(27%)	-
Total impairment	177	223	146	180	<b>153</b>	(14%)	(15%)

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

Residential mortgages	0.55%	1.00%	0.66%	1.68%	<b>0.49%</b>	(6bp)	(119bp)
Home equity	0.47%	0.62%	1.08%	2.05%	<b>0.34%</b>	(13bp)	(171bp)
Corporate & commercial	1.46%	1.79%	1.19%	1.27%	<b>1.89%</b>	43bp	61bp
Other	2.24%	2.57%	1.45%	0.20%	<b>2.15%</b>	(10bp)	194bp
	1.15%	1.44%	1.12%	1.41%	<b>1.25%</b>	10bp	(16bp)

16

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

Key metrics	2008		2009			Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009

**Performance ratios**

Return on equity (1)	7.9%	(2.4%)	(0.7%)	(2.5%)	<b>(1.2%)</b>	(903bp)	136bp
Net interest margin	2.59%	2.33%	2.30%	2.34%	<b>2.45%</b>	(14bp)	11bp
Cost:income ratio	60.0%	75.4%	80.6%	78.4%	<b>79.2%</b>	(1,924bp)	(80bp)

	2008		2009			31 Dec 2009 vs.	
	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	31 Dec £bn	31 Dec 2008	30 Sept 2009
<b>Capital and balance sheet</b>							
Total assets	87.5	94.9	75.6	76.9	<b>74.8</b>	(15%)	(3%)
Loans and advances to customers							
gross							
- residential mortgages	9.5	9.2	7.3	6.9	<b>6.5</b>	(32%)	(6%)
- home equity	18.7	18.8	15.9	16.0	<b>15.4</b>	(18%)	(4%)
- corporate and commercial	23.7	24.2	20.5	20.5	<b>19.5</b>	(18%)	(5%)
- other consumer	9.8	9.8	8.3	7.8	<b>7.5</b>	(23%)	(4%)

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Customer deposits	64.4	67.9	60.2	62.1	<b>60.1</b>	(6%)	(3%)
Risk elements in lending							
- retail	0.2	0.3	0.3	0.3	<b>0.4</b>	-	-
- commercial	0.2	0.1	0.1	0.2	<b>0.2</b>	-	-
Loan:deposit ratio (excluding repos)	96%	91%	86%	81%	<b>80%</b>	(1,543bp)	(122bp)
Risk-weighted assets	63.9	64.3	55.6	62.8	<b>59.7</b>	(7%)	(5%)
Spot exchange rate - US\$/£	1.460	1.433	1.644	1.599	<b>1.622</b>		

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).

17

## Appendix 2 Analysis by quarter

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

	2008		2009			Q4 2009 vs.	
	Q4	Q1	Q2	Q3	Q4	Q4 2008	Q3 2009
	\$m	\$m	\$m	\$m	\$m		
<b>Income statement</b>							
Net interest income	837	711	696	680	<b>690</b>	(18%)	1%
Net fees and commissions	294	284	324	266	<b>245</b>	(17%)	(8%)
Other non-interest income	142	75	69	104	<b>120</b>	(15%)	15%
Non-interest income	436	359	393	370	<b>365</b>	(16%)	(1%)
Total income	1,273	1,070	1,089	1,050	<b>1,055</b>	(17%)	-
Direct expenses							
- staff	(278)	(313)	(287)	(289)	<b>(325)</b>	17%	12%
- other	(201)	(206)	(289)	(219)	<b>(215)</b>	7%	(2%)
Indirect expenses	(277)	(288)	(301)	(313)	<b>(294)</b>	6%	(6%)
	(756)	(807)	(877)	(821)	<b>(834)</b>	10%	2%
Operating profit before impairment losses							
	517	263	212	229	<b>221</b>	(57%)	(3%)
Impairment losses	(304)	(320)	(231)	(296)	<b>(252)</b>	(17%)	(15%)

Operating (loss)/profit	213	(57)	(19)	(67)	<b>(31)</b>	(115%)	(54%)
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**Analysis of income by product**

Mortgages and home equity	183	204	203	186	<b>188</b>	3%	1%
Personal lending and cards	143	154	174	190	<b>188</b>	31%	(1%)
Retail deposits	451	332	315	329	<b>320</b>	(29%)	(3%)
Commercial lending	211	202	217	210	<b>219</b>	4%	4%
Commercial deposits	179	150	138	160	<b>176</b>	(2%)	10%
Other	106	28	42	(25)	<b>(36)</b>	(134%)	44%
Total income	1,273	1,070	1,089	1,050	<b>1,055</b>	(17%)	-

**Analysis of impairment by sector**

Residential mortgages	22	33	19	47	<b>14</b>	(36%)	(70%)
Home equity	38	42	65	131	<b>23</b>	(39%)	(82%)
Corporate & commercial	151	154	99	107	<b>150</b>	(1%)	40%
Other	93	91	48	11	<b>65</b>	(30%)	-
Total impairment	304	320	231	296	<b>252</b>	(17%)	(15%)

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

Residential mortgages	0.63%	1.00%	0.63%	1.69%	<b>0.53%</b>	(10bp)	(116bp)
Home equity	0.56%	0.62%	1.00%	2.05%	<b>0.37%</b>	(19bp)	(168bp)
Corporate & commercial	1.74%	1.78%	1.18%	1.31%	<b>1.90%</b>	16bp	58bp
Other	2.60%	2.58%	1.41%	0.34%	<b>2.15%</b>	(46bp)	180bp
	1.35%	1.44%	1.08%	1.45%	<b>1.27%</b>	(8bp)	(18bp)

18

**Appendix 2 Analysis by quarter**

US Retail and Commercial (US Dollar)  
(continued)

Key metrics	2008		2009		Q4	Q4 2009 vs.	
	Q4	Q1	Q2	Q3		Q4 2008	Q3 2009
<b>Performance ratios</b>							
Return on equity (1)	8.5%	(2.3%)	(0.8%)	(2.5%)	<b>(1.2%)</b>	(967bp)	129bp
Net interest margin	2.70%	2.33%	2.32%	2.37%	<b>2.45%</b>	(25bp)	8bp

Cost:income ratio 59.4% 75.4% 80.5% 78.2% **79.1%** (1,965bp) (85bp)

	2008		2009			31 Dec 2009 vs.	
	31 Dec \$bn	31 Mar \$bn	30 June \$bn	30 Sept \$bn	31 Dec \$bn	31 Dec 2008	30 Sept 2009
<b>Capital and balance sheet</b>							
Total assets	127.8	136.0	124.4	122.9	<b>121.3</b>	(5%)	(1%)
Loans and advances to customers							
gross							
- residential mortgages	13.9	13.2	12.0	11.0	<b>10.6</b>	(24%)	(4%)
- home equity	27.2	26.9	26.1	25.6	<b>25.0</b>	(8%)	(2%)
- corporate and commercial	34.7	34.7	33.6	32.7	<b>31.6</b>	(9%)	(3%)
- other consumer	14.3	14.1	13.7	12.5	<b>12.1</b>	(15%)	(3%)
Customer deposits	94.0	97.4	99.0	99.3	<b>97.5</b>	4%	(2%)
Risk elements in lending							
- retail	0.3	0.4	0.4	0.5	<b>0.6</b>	-	20%
- commercial	0.2	0.2	0.3	0.3	<b>0.4</b>	-	-
Loan:deposit ratio (excluding repos)	96%	91%	86%	81%	<b>80%</b>	(1,543bp)	(122bp)
Risk-weighted assets	93.2	92.1	91.3	100.4	<b>96.9</b>	4%	(3%)

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 7% of divisional risk-weighted assets, adjusted for capital deductions).

## Appendix 2 Analysis by quarter

### RBS Insurance

	2008		2009			Q4 2009 vs.	
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q4 2008	Q3 2009
<b>Income statement</b>							
Earned premiums	1,121	1,106	1,119	1,145	<b>1,149</b>	2%	-
Reinsurers' share	(48)	(45)	(40)	(43)	<b>(37)</b>	(23%)	(14%)
Insurance premium income	1,073	1,061	1,079	1,102	<b>1,112</b>	4%	1%
Net fees and commissions	(93)	(92)	(95)	(95)	<b>(84)</b>	(10%)	(12%)



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Other income	146	108	104	112	<b>148</b>	1%	32%
Total income	1,126	1,077	1,088	1,119	<b>1,176</b>	4%	5%
Direct expenses							
- staff	(77)	(70)	(69)	(67)	<b>(61)</b>	(21%)	(9%)
- other	(54)	(67)	(54)	(47)	<b>(54)</b>	-	15%
Indirect expenses	(72)	(66)	(65)	(64)	<b>(75)</b>	4%	17%
	(203)	(203)	(188)	(178)	<b>(190)</b>	(6%)	7%
Gross claims	(788)	(798)	(776)	(941)	<b>(1,175)</b>	49%	25%
Reinsurers' share	41	5	18	13	<b>19</b>	(54%)	46%
Net claims	(747)	(793)	(758)	(928)	<b>(1,156)</b>	55%	25%
Operating (loss)/profit before impairment losses	176	81	142	13	<b>(170)</b>	(197%)	-
Impairment losses	(42)	(5)	(1)	(2)	<b>-</b>	-	-
Operating (loss)/profit	134	76	141	11	<b>(170)</b>	-	-
<b>Analysis of income by product</b>							
Motor own-brands	491	477	495	517	<b>516</b>	5%	-
Household and Life own-brands	206	204	210	214	<b>221</b>	7%	3%
Motor partnerships and broker	166	145	145	141	<b>146</b>	(12%)	3%
Household and Life, partnerships and broker	85	83	81	78	<b>88</b>	4%	13%
Other (International, commercial and central)	178	168	157	169	<b>205</b>	15%	21%
Total income	1,126	1,077	1,088	1,119	<b>1,176</b>	4%	5%
<b>In-force policies (thousands)</b>							
- Own-brand motor	4,492	4,601	4,789	4,894	<b>4,858</b>	8%	(1%)
- Own-brand non-motor (home, rescue, pet, HR24)	5,560	5,643	5,890	6,150	<b>6,307</b>	13%	3%
- Partnerships & broker (motor, home, rescue, pet, HR24)	5,898	5,750	5,609	5,371	<b>5,328</b>	(10%)	(1%)
- Other (international, commercial and central)	1,206	1,211	1,210	1,212	<b>1,217</b>	1%	-
General insurance reserves - total (£m)	6,672	6,630	6,601	6,839	<b>7,030</b>	5%	3%

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

	2008 Q4	Q1	2009 Q2 Q3		<b>Q4</b>	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Key business metrics</b>							
Return on equity (1)	16.8%	9.5%	17.7%	1.2%	<b>(19.1%)</b>	(3,587bp)	(2,029bp)
Cost:income ratio	18.0%	18.9%	17.3%	15.9%	<b>16.2%</b>	187bp	(25bp)
Adjusted cost:income ratio (2)	53.6%	71.5%	57.0%	93.2%	<b>950.0%</b>	(89,644bp)	(85,681bp)
Gross written premiums (£m)	1,002	1,123	1,147	1,186	<b>1,024</b>	2%	(14%)

Notes:

- (1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on regulatory capital).
- (2) Adjusted cost:income ratio is based on total income and operating expenses after netting insurance claims against total income.

21

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

	2008		2009		<b>Q4</b>	Q4 2009 vs. Q4 2008 Q3 2009	
	Q4	Q1	Q2	Q3	<b>Q4</b>	Q4 2008	Q3 2009
	£m	£m	£m	£m	<b>£m</b>		
Fair value of own debt	14	384	(478)	(163)	<b>164</b>	-	-
Other	(501)	105	166	283	<b>(169)</b>	(66%)	(160%)
Central items not allocated	(487)	489	(312)	120	<b>(5)</b>	(99%)	(104%)

22

Appendix  
2  
Analysis

26

by quarter

Non-  
Core

	2008 Q4 £m	Q1 £m	2009 Q2 £m	Q3 £m	Q4 £m	Q4 2009 vs. Q4 2008	Q3 2009
<b>Income statement</b>							
Net interest income from banking activities	765	395	274	287	<b>578</b>	(24%)	101%
Net fees and commissions receivable	163	172	79	130	<b>129</b>	(21%)	(1%)
Income/(loss) from trading activities	(2,916)	(2,617)	(1,184)	(579)	<b>(781)</b>	(73%)	35%
Insurance net premium income	249	244	196	173	<b>171</b>	(31%)	(1%)
Other operating income (net of related funding costs)	(191)	30	(52)	43	<b>11</b>	(106%)	(74%)
Non-interest income	(2,695)	(2,171)	(961)	(233)	<b>(470)</b>	(83%)	102%
Total income	(1,930)	(1,776)	(687)	54	<b>108</b>	(106%)	100%
Direct expenses							
- staff	(270)	(301)	(153)	(150)	<b>(247)</b>	(9%)	65%
- other	(345)	(256)	(247)	(244)	<b>(297)</b>	(14%)	22%
Indirect expenses	(152)	(142)	(137)	(132)	<b>(141)</b>	(7%)	7%
	(767)	(699)	(537)	(526)	<b>(685)</b>	(11%)	30%
Operating loss before other operating charges and impairment losses	(2,697)	(2,475)	(1,224)	(472)	<b>(577)</b>	(79%)	22%
Insurance net claims	(192)	(177)	(137)	(126)	<b>(148)</b>	(23%)	17%
Impairment losses	(3,361)	(1,828)	(3,516)	(2,066)	<b>(1,811)</b>	(46%)	(12%)
Operating loss	(6,250)	(4,480)	(4,877)	(2,664)	<b>(2,536)</b>	(59%)	(5%)
<b>Key metrics</b>							
<b>Performance ratios</b>							
Net interest margin	1.36%	0.61%	0.45%	0.55%	<b>1.17%</b>	(19bp)	62bp
Cost:income ratio	(39.7%)	(39.4%)	(78.2%)	974.1%	<b>634.3%</b>	(67,400bp)	33,981bp

	2008 31 Dec	31 Mar	2009 30 June	30 Sept	31 Dec	31 Dec 2009 vs. 31 Dec 2008
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30 Sept  
2009

	£bn	£bn	£bn	£bn	£bn		
<b>Capital and balance sheet</b>							
Total third party assets (including derivatives)	342.9	314.7	246.5	233.0	<b>220.9</b>	(36%)	(5%)
Loans and advances to customers gross	191.4	183.7	164.1	159.1	<b>149.5</b>	(22%)	(6%)
Customer deposits	27.4	23.7	15.0	16.0	<b>12.6</b>	(54%)	(21%)
Risk elements in lending	11.1	14.7	20.5	23.3	<b>22.9</b>	106%	(2%)
Loan:deposit ratio	683%	764%	1,084%	937%	<b>1,121%</b>	43,807bp	18,397bp
Risk-weighted assets	170.9	174.4	174.0	200.7	<b>171.3</b>	-	(15%)

23

**Appendix 2 Analysis by quarter**Non-Core  
(continued)

	2008 Q4 £m	Q1 £m	2009 Q2 £m	Q3 £m	Q4 £m	Q4 2009 vs. Q4 2008 Q3 2009	
<b>Analysis of income</b>							
Banking & Portfolio	538	(131)	(973)	(271)	<b>37</b>	(93%)	(114%)
International Businesses & Portfolios	689	662	570	537	<b>493</b>	(28%)	(8%)
Markets	(3,157)	(2,307)	(284)	(212)	<b>(422)</b>	(87%)	99%
Total income	(1,930)	(1,776)	(687)	54	<b>108</b>	(106%)	100%
<b>Impairment losses</b>							
Banking & Portfolio	714	818	1,155	1,347	<b>895</b>	25%	(34%)
International Businesses & Portfolios	945	720	1,638	1,234	<b>902</b>	(5%)	(27%)
Markets	1,702	290	723	(515)	<b>14</b>	(99%)	(103%)
Total impairment	3,361	1,828	3,516	2,066	<b>1,811</b>	(46%)	(12%)

**Loan impairment charge as %  
of gross customer loans and  
advances (1)**

Banking & Portfolio	2.71%	3.18%	4.67%	6.01%	<b>4.14%</b>	143bp	(187bp)
International Businesses & Portfolios	4.70%	3.66%	8.93%	6.90%	<b>5.27%</b>	57bp	(163bp)
Markets	48.33%	(61.60%)	301.20%	(126.77%)	<b>0.44%</b>	(4,789bp)	(12,633bp)
	6.09%	2.81%	8.19%	5.41%	<b>4.63%</b>	(146bp)	(78bp)
	£bn	£bn	£bn	£bn			

**Gross customer loans and  
advances**

Banking & Portfolio	97.0	103.3	92.1	88.2	<b>82.0</b>	(15%)	(7%)
International Businesses & Portfolios	79.9	78.6	69.4	68.3	<b>65.6</b>	(18%)	(4%)
Markets	14.5	1.8	2.6	2.6	<b>1.9</b>	(87%)	(27%)
	191.4	183.7	164.1	159.1	<b>149.5</b>	(22%)	(6%)

Note:

(1) Including disposal groups.

**Risk-weighted assets**

Banking & Portfolio	63.1	70.9	57.5	61.1	<b>58.2</b>	(8%)	(5%)
International Businesses & Portfolios	50.1	51.4	48.5	46.1	<b>43.8</b>	(12%)	(5%)
Markets	57.7	52.1	68.0	93.5	<b>69.3</b>	20%	(26%)
	170.9	174.4	174.0	200.7	<b>171.3</b>	-	(15%)

24

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: 25 February 2010

THE ROYAL BANK OF SCOTLAND  
GROUP plc (Registrant)

By: /s/ A N Taylor

Name: A N Taylor

Title: Head of Group Secretariat