

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
November 06, 2009

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

**Report of Foreign Private Issuer**

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

For November 6, 2009

Commission File Number: 001-10306

The Royal Bank of Scotland Group plc

RBS, Gogarburn, PO Box 1000  
Edinburgh EH12 1HQ

(Address of principal executive offices)

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

Form 20-F

Form 40-F

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

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

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

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-  
\_\_\_\_\_

---

The following information was issued as Company announcements in London, England and is furnished pursuant to General Instruction B to the General Instructions to Form 6-K:

## Appendix 2

## Third quarter 2009 results

## Analysis by quarter

## Appendix 2 Analysis by quarter

## Summary consolidated income statement - pro forma

	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
	£m	£m	£m	£m	£m		
<b>Net interest income</b>	3,836	4,427	3,538	3,322	<b>3,261</b>	(15%)	(2%)
Non-interest income (excluding insurance net premium income)	3,340	(5,503)	3,776	1,498	<b>2,532</b>	(24%)	69%
Insurance net premium income	1,409	1,439	1,356	1,301	<b>1,301</b>	(8%)	-
<b>Total income</b>	8,585	363	8,670	6,121	<b>7,094</b>	(17%)	16%
<b>Operating expenses</b>	(4,060)	(3,735)	(4,667)	(4,066)	<b>(4,195)</b>	3%	3%
<b>Profit/(loss) before other operating charges</b>	4,525	(3,372)	4,003	2,055	<b>2,899</b>	(36%)	41%
Insurance net claims	(934)	(1,056)	(966)	(925)	<b>(1,145)</b>	23%	24%
<b>Operating profit before impairment losses</b>	3,591	(4,428)	3,037	1,130	<b>1,754</b>	(51%)	55%
Impairment losses	(1,280)	(4,673)	(2,858)	(4,663)	<b>(3,279)</b>	156%	(30%)
<b>Group operating profit/(loss)*</b>	2,311	(9,101)	179	(3,533)	<b>(1,525)</b>	(166%)	(57%)
Amortisation of purchased intangible assets	(119)	(62)	(85)	(55)	<b>(73)</b>	(39%)	33%
Integration and restructuring costs	(289)	(752)	(379)	(355)	<b>(324)</b>	12%	(9%)
Write-down of goodwill	-	(16,196)	-	(311)	-	-	-
Gain on redemption of own debt	-	-	-	3,790	-	-	-
Strategic disposals	-	442	241	212	<b>(155)</b>	-	(173%)

<b>Profit/(loss) before tax</b>	1,903	(25,669)	(44)	(252)	<b>(2,077)</b>	-	-
Tax	(724)	1,701	(228)	640	<b>576</b>	(180%)	(10%)
<b>Profit/(loss) from continuing operations</b>	1,179	(23,968)	(272)	388	<b>(1,501)</b>	-	-
Loss from discontinued operations	(46)	1	(45)	(13)	<b>(7)</b>	(85%)	(46%)
<b>Profit/(loss) for the period</b>	1,133	(23,967)	(317)	375	<b>(1,508)</b>	-	-
Minority interests	(43)	(221)	(471)	(83)	<b>(47)</b>	9%	(43%)
Preference share and other dividends	(219)	(162)	(114)	(432)	<b>(245)</b>	12%	(43%)
<b>Profit/(loss) attributable to ordinary shareholders</b>	871	(24,350)	(902)	(140)	<b>(1,800)</b>	-	-

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

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

## Key metrics

Cost:income ratio	47.3%	1,028.9%	53.8%	66.4%	<b>59.1%</b>	(1,184bp)	730bp
Net interest margin	2.05%	2.10%	1.78%	1.70%	<b>1.75%</b>	(30bp)	5bp
Risk-weighted assets	£543.1bn	£577.8bn	£575.7bn	£547.3bn	<b>£594.7bn</b>	10%	9%
Risk elements In lending	£10.8bn	£18.8bn	£23.7bn	£30.7bn	<b>£35.0bn</b>	-	14%
Provision balance as % of REIL/PPLs*	51%	50%	45%	44%	<b>43%</b>	(800bp)	(100bp)

\* includes disposal groups.

Note:

2008 data have been restated for the amendment to IFRS 2 'Share-based Payment' and the finalisation of the ABN AMRO acquisition accounting in the second half of 2008.

## 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 manufacturing costs is shown below. The Group manages costs where they arise. Customer-facing divisions control their direct expenses whilst Manufacturing is responsible for shared costs.

	2008		2009		<b>Q3</b>	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
	£m	£m	£m	£m	£m		
<b>Operating profit/(loss) before impairment losses</b>							
UK Retail	420	381	371	490	<b>468</b>	11%	(4%)
UK Corporate	523	487	421	535	<b>566</b>	8%	6%

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

Wealth	103	77	100	134	<b>120</b>	17%	(10%)
Global Banking & Markets	616	(2,597)	3,845	1,116	<b>647</b>	5%	(42%)
Global Transaction Services	275	285	240	269	<b>275</b>	-	2%
Ulster Bank	98	36	71	78	<b>59</b>	(40%)	(24%)
US Retail & Commercial	236	312	182	136	<b>137</b>	(42%)	1%
RBS Insurance	150	176	81	142	<b>13</b>	(91%)	(91%)
Central items	813	(476)	486	(311)	<b>121</b>	(85%)	139%
<b>Core</b>	<b>3,234</b>	<b>(1,319)</b>	<b>5,797</b>	<b>2,589</b>	<b>2,406</b>	<b>(26%)</b>	<b>(7%)</b>
<b>Non-Core</b>	<b>357</b>	<b>(3,109)</b>	<b>(2,760)</b>	<b>(1,459)</b>	<b>(652)</b>	<b>-</b>	<b>55%</b>
<b>Operating profit/(loss) before impairment losses</b>	<b>3,591</b>	<b>(4,428)</b>	<b>3,037</b>	<b>1,130</b>	<b>1,754</b>	<b>(51%)</b>	<b>55%</b>
Included in the above are movements in fair value of own debt:							
Global Banking & Markets	648	(875)	647	(482)	<b>(320)</b>	(149%)	(34%)
Central items	633	14	384	(478)	<b>(163)</b>	(126%)	(66%)
	1,281	(861)	1,031	(960)	<b>(483)</b>	(138%)	(50%)
<b>Impairment losses by division</b>							
UK Retail	287	292	354	470	<b>404</b>	41%	(14%)
UK Corporate	55	169	100	450	<b>187</b>	-	(58%)
Wealth	3	8	6	16	<b>1</b>	(67%)	(94%)
Global Banking & Markets	2	505	269	(31)	<b>272</b>	-	-
Global Transaction Services	7	40	9	4	<b>22</b>	-	-
Ulster Bank	17	71	67	90	<b>144</b>	-	60%
US Retail & Commercial	134	177	223	146	<b>180</b>	34%	23%
RBS Insurance	-	42	5	1	<b>2</b>	-	100%
Central items	7	11	(3)	1	<b>1</b>	(86%)	-
<b>Core</b>	<b>512</b>	<b>1,315</b>	<b>1,030</b>	<b>1,147</b>	<b>1,213</b>	<b>137%</b>	<b>6%</b>
<b>Non-Core</b>	<b>768</b>	<b>3,358</b>	<b>1,828</b>	<b>3,516</b>	<b>2,066</b>	<b>169%</b>	<b>(41%)</b>
<b>Total impairment losses</b>	<b>1,280</b>	<b>4,673</b>	<b>2,858</b>	<b>4,663</b>	<b>3,279</b>	<b>156%</b>	<b>(30%)</b>

## Appendix 2 Analysis by quarter

Divisional performance  
(continued)

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

**Operating profit/(loss) by division**

UK Retail	133	89	17	20	<b>64</b>	(52%)	-
UK Corporate	468	318	321	85	<b>379</b>	(19%)	-
Wealth	100	69	94	118	<b>119</b>	19%	1%
Global Banking & Markets	614	(3,102)	3,576	1,147	<b>375</b>	(39%)	(67%)
Global Transaction Services	268	245	231	265	<b>253</b>	(6%)	(5%)
Ulster Bank	81	(35)	4	(12)	<b>(85)</b>	-	-
US Retail & Commercial	102	135	(41)	(10)	<b>(43)</b>	(142%)	-
RBS Insurance	150	134	76	141	<b>11</b>	(93%)	(92%)
Central items	806	(487)	489	(312)	<b>120</b>	(85%)	(138%)
<b>Core</b>	<b>2,722</b>	<b>(2,634)</b>	<b>4,767</b>	<b>1,442</b>	<b>1,193</b>	<b>(56%)</b>	<b>(17%)</b>
<b>Non-Core</b>	<b>(411)</b>	<b>(6,467)</b>	<b>(4,588)</b>	<b>(4,975)</b>	<b>(2,718)</b>	<b>-</b>	<b>(45%)</b>
<b>Group operating profit/(loss)</b>	<b>2,311</b>	<b>(9,101)</b>	<b>179</b>	<b>(3,533)</b>	<b>(1,525)</b>	<b>(166%)</b>	<b>(57%)</b>
Loan impairment losses	1,023	4,049	2,276	4,520	<b>3,262</b>	-	(28%)
Impairment losses on available-for-sale securities	257	624	582	143	<b>17</b>	(93%)	(88%)
	1,280	4,673	2,858	4,663	<b>3,279</b>	156%	(30%)
Loan impairment charge as % of gross loans and advances excluding reverse repurchase agreements	0.64%	2.24%	1.34%	2.98%	<b>2.14%</b>	150bp	(84bp)

	2008		2009			30 Sept 2009 vs	
	30 Sept	31 Dec	31 Mar	30 June	30 Sept	30 Sept	30 June
	£bn	£bn	£bn	£bn	£bn	2008	2009
<b>Risk-weighted assets by division</b>							
UK Retail	46.2	45.7	49.6	54.0	<b>51.6</b>	12%	(4%)
UK Corporate	88.7	85.7	86.2	89.5	<b>91.0</b>	3%	2%
Wealth	10.8	10.8	10.6	10.3	<b>10.7</b>	(1%)	4%
Global Banking & Markets	165.4	162.4	148.6	122.4	<b>131.9</b>	(20%)	8%
Global Transaction Services	19.4	17.4	18.7	16.7	<b>18.9</b>	(3%)	13%
Ulster Bank	22.2	24.5	26.2	26.2	<b>28.5</b>	28%	9%
US Retail & Commercial	51.4	63.9	64.3	55.6	<b>62.8</b>	22%	13%
Other	8.3	7.1	7.8	8.5	<b>9.0</b>	9%	5%
<b>Core</b>	<b>412.4</b>	<b>417.5</b>	<b>412.0</b>	<b>383.2</b>	<b>404.4</b>	<b>(2%)</b>	<b>6%</b>
<b>Non-Core</b>	<b>130.7</b>	<b>160.3</b>	<b>163.7</b>	<b>164.1</b>	<b>190.3</b>	<b>46%</b>	<b>16%</b>
<b>Total risk-weighted assets</b>	<b>543.1</b>	<b>577.8</b>	<b>575.7</b>	<b>547.3</b>	<b>594.7</b>	<b>10%</b>	<b>9%</b>

## Appendix 2 Analysis by quarter

### UK Retail

	2008		2009		Q3 £m	Q3 2009 vs. Q3 2008 Q2 2009	
	Q3 £m	Q4 £m	Q1 £m	Q2 £m		Q3 £m	Q3 2009 vs. Q3 2008
<b>Income statement</b>							
Net interest income	821	856	797	868	<b>848</b>	3%	(2%)
Net fees and commissions - banking	365	345	337	321	<b>303</b>	(17%)	(6%)
Other non-interest income (net of insurance claims)	34	54	53	69	<b>69</b>	103%	-
Non-interest income	399	399	390	390	<b>372</b>	(7%)	(5%)
Total income	1,220	1,255	1,187	1,258	<b>1,220</b>	-	(3%)
Direct expenses							
- staff	(243)	(236)	(214)	(214)	<b>(206)</b>	(15%)	(4%)
- other	(109)	(101)	(115)	(102)	<b>(99)</b>	(9%)	(3%)
Indirect expenses	(448)	(537)	(487)	(452)	<b>(447)</b>	-	(1%)
	(800)	(874)	(816)	(768)	<b>(752)</b>	(6%)	(2%)
Operating profit before impairment losses	420	381	371	490	<b>468</b>	11%	(4%)
Impairment losses	(287)	(292)	(354)	(470)	<b>(404)</b>	41%	(14%)
Operating profit	133	89	17	20	<b>64</b>	(52%)	-
<b>Analysis of income by product:</b>							
Personal advances	310	296	305	311	<b>303</b>	(2%)	(3%)
Personal deposits	557	470	397	354	<b>319</b>	(43%)	(10%)
Mortgages	93	186	207	273	<b>319</b>	-	17%
Bancassurance	34	51	52	69	<b>69</b>	103%	-
Cards	205	208	204	212	<b>225</b>	10%	6%
Other	21	44	22	39	<b>(15)</b>	(171%)	(138%)
Total income	1,220	1,255	1,187	1,258	<b>1,220</b>	-	(3%)
<b>Analysis of impairment by sector:</b>							
Mortgages	9	9	22	41	<b>26</b>	189%	(37%)
Personal	144	169	195	299	<b>247</b>	72%	(17%)
Cards	134	114	137	130	<b>131</b>	(2%)	1%
Total impairment	287	292	354	470	<b>404</b>	41%	(14%)

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

Mortgages	0.05%	0.05%	0.12%	0.21%	<b>0.13%</b>	8bp	(8bp)
Personal	3.76%	4.42%	5.20%	8.31%	<b>6.81%</b>	305bp	(149bp)
Cards	8.25%	7.24%	9.13%	8.52%	<b>8.59%</b>	34bp	7bp
	1.23%	1.24%	1.50%	1.94%	<b>1.60%</b>	37bp	(34bp)

**Appendix 2 Analysis by quarter**

UK Retail  
(continued)

Key metrics	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	9.4%	6.5%	1.2%	1.4%	<b>4.6%</b>	(480bp)	320bp
Net interest margin	3.62%	3.73%	3.46%	3.69%	<b>3.47%</b>	(15bp)	(22bp)
Cost:income ratio	65.4%	63.8%	69.0%	59.6%	<b>57.4%</b>	800bp	227bp

Capital and balance sheet	2008		2009			30 Sept 2009 vs.	
	30 Sept £bn	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	30 Sept 2008	30 June 2009
<b>Loans and advances to customers - gross</b>							
- mortgages	71.5	72.2	73.3	76.6	<b>80.3</b>	12%	5%
- personal	15.3	15.3	15.0	14.4	<b>14.5</b>	(5%)	1%
- cards	6.5	6.3	6.0	6.1	<b>6.1</b>	(6%)	-
<b>Customer deposits (excluding bancassurance)</b>							
AUMs - excluding deposits	76.5	78.9	80.3	83.4	<b>85.6</b>	12%	3%
Risk elements in lending	6.4	5.7	4.6	4.7	<b>5.0</b>	(22%)	6%
Loan:deposit ratio (excluding repos)	3.4	3.8	4.1	4.5	<b>4.7</b>	38%	4%
	121.9%	119.0%	117.5%	116.4%	<b>117.8%</b>	(408bp)	139bp
Risk-weighted assets	46.2	45.7	49.6	54.0	<b>51.6</b>	12%	(4%)

## 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****UK Corporate**

	2008		2009		<b>Q3</b> <b>£m</b>	Q3 2009 vs. Q3 2008 Q2 2009	
	Q3 £m	Q4 £m	Q1 £m	Q2 £m			
<b>Income statement</b>							
Net interest income	618	588	499	560	<b>607</b>	(2%)	8%
Net fees and commissions	222	215	194	219	<b>223</b>	-	2%
Other non-interest income	114	107	117	109	<b>106</b>	(7%)	(3%)
Non-interest income	336	322	311	328	<b>329</b>	(2%)	-
Total income	954	910	810	888	<b>936</b>	(2%)	5%
Direct expenses							
- staff	(206)	(210)	(185)	(182)	<b>(174)</b>	(16%)	(4%)
- other	(96)	(73)	(74)	(46)	<b>(71)</b>	(26%)	54%
Indirect expenses	(129)	(140)	(130)	(125)	<b>(125)</b>	(3%)	-
	(431)	(423)	(389)	(353)	<b>(370)</b>	(14%)	5%
Operating profit before impairment losses	523	487	421	535	<b>566</b>	8%	6%
Impairment losses	(55)	(169)	(100)	(450)	<b>(187)</b>	-	(58%)
Operating profit	468	318	321	85	<b>379</b>	(19%)	-
<b>Analysis of income by business:</b>							
Corporate and commercial lending	542	529	538	586	<b>616</b>	14%	5%
Asset and invoice finance	60	53	48	57	<b>59</b>	(2%)	4%
Corporate deposits	342	338	290	263	<b>241</b>	(30%)	(8%)
Other	10	(10)	(66)	(18)	<b>20</b>	100%	-
Total income	954	910	810	888	<b>936</b>	(2%)	5%
<b>Analysis of impairment by sector:</b>							
Manufacturing	5	6	4	17	<b>7</b>	40%	(59%)
Housebuilding and construction	6	31	6	55	<b>58</b>	-	5%
Property	11	6	11	149	<b>69</b>	-	(54%)



Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

Asset & invoice finance	24	39	21	47	<b>4</b>	(83%)	(91%)
Other	9	87	58	182	<b>49</b>	-	(73%)
Total impairment	55	169	100	450	<b>187</b>	-	(58%)

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

Manufacturing	0.41%	0.44%	0.32%	1.36%	<b>0.56%</b>	15bp	(80bp)
Housebuilding and construction	0.41%	2.10%	0.40%	4.40%	<b>4.64%</b>	423bp	24bp
Property	0.15%	0.08%	0.14%	1.81%	<b>0.92%</b>	77bp	(89bp)
Asset & invoice finance	1.13%	1.84%	0.93%	2.09%	<b>0.18%</b>	(95bp)	(191bp)
Other	0.06%	0.52%	0.36%	1.20%	<b>0.30%</b>	25bp	(90bp)
	0.19%	0.58%	0.34%	1.60%	<b>0.66%</b>	47bp	(94bp)

## Appendix 2 Analysis by quarter

UK Corporate  
(continued)

Key metrics	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	18.6%	12.9%	12.7%	3.2%	<b>13.7%</b>	(490bp)	1,050bp
Net interest margin	2.40%	2.20%	1.88%	2.17%	<b>2.38%</b>	(2bp)	21bp
Cost:income ratio	45.2%	46.5%	48.0%	39.8%	<b>39.5%</b>	565bp	22bp

Capital and balance sheet	2008		2009			30 Sept 2009 vs.	
	30 Sept £bn	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	30 Sept 2008	30 June 2009
Total assets	117.8	121.0	120.1	116.2	<b>117.3</b>	-	1%
Loans and advances to customers - gross							
- manufacturing	4.9	5.4	5.0	5.0	<b>5.0</b>	2%	-
- housebuilding and construction	5.8	5.9	6.0	5.0	<b>5.0</b>	(14%)	-
- property	30.0	30.5	32.0	33.0	<b>30.0</b>	-	(9%)
- asset and invoice finance	8.5	8.5	9.0	9.0	<b>9.0</b>	6%	-
- other	64.8	66.6	64.7	60.6	<b>64.9</b>	-	7%

Customer deposits	85.9	82.0	82.9	85.6	<b>86.7</b>	1%	1%
Risk elements in lending	1.5	1.3	2.0	2.4	<b>2.5</b>	67%	4%
Loan:deposit ratio (excluding repos)	132.7%	142.7%	140.8%	131.6%	<b>131.4%</b>	(125bp)	(16bp)
Risk-weighted assets	88.7	85.7	86.2	89.5	<b>91.0</b>	3%	2%

## Note:

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

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

	2008		2009		<b>Q3</b>	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
<b>Income statement</b>	£m	£m	£m	£m	<b>£m</b>		
Net interest income	153	160	158	176	<b>168</b>	10%	(5%)
Net fees and commissions	98	96	90	90	<b>92</b>	(6%)	2%
Other non-interest income	19	19	21	21	<b>19</b>	-	(10%)
Non-interest income	117	115	111	111	<b>111</b>	(5%)	-
Total income	270	275	269	287	<b>279</b>	3%	(3%)
Direct expenses							
- staff	(94)	(97)	(90)	(78)	<b>(82)</b>	(13%)	5%
- other	(34)	(51)	(33)	(34)	<b>(35)</b>	3%	3%
Indirect expenses	(39)	(50)	(46)	(41)	<b>(42)</b>	8%	2%
	(167)	(198)	(169)	(153)	<b>(159)</b>	(5%)	4%
Operating profit before impairment losses	103	77	100	134	<b>120</b>	17%	(10%)
Impairment losses	(3)	(8)	(6)	(16)	<b>(1)</b>	(67%)	(94%)
Operating profit	100	69	94	118	<b>119</b>	19%	1%
<b>Analysis of income:</b>							
Private Banking	211	221	219	242	<b>232</b>	10%	(4%)

Investments	59	54	50	45	<b>47</b>	(20%)	4%
Total income	270	275	269	287	<b>279</b>	3%	(3%)

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

Net interest margin	4.68%	4.56%	4.47%	4.82%	<b>4.34%</b>	(34bp)	(48bp)
Cost:income ratio	61.9%	72.0%	62.8%	53.3%	<b>57.0%</b>	486bp	(368bp)

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

**Capital and balance sheet**

## Loans and advances to customers

gross							
- mortgages	5.0	5.3	5.5	5.6	<b>6.1</b>	22%	9%
- personal	4.9	5.0	4.6	4.7	<b>4.8</b>	(2%)	2%
- other	2.0	2.1	2.2	2.1	<b>2.5</b>	25%	19%
Customer deposits	35.8	34.1	34.9	35.3	<b>36.3</b>	1%	3%
AUMs - excluding deposits	34.6	34.7	31.3	29.8	<b>31.7</b>	(8%)	6%
Risk elements in lending	0.1	0.1	0.1	0.2	<b>0.2</b>	100%	-
Loan:deposit ratio (excluding repos)	33.3%	36.3%	35.3%	35.2%	<b>36.9%</b>	360bp	172bp
Risk-weighted assets	10.8	10.8	10.6	10.3	<b>10.7</b>	(1%)	4%

## Note:

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

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

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

**Income statement**

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

Net interest income from banking activities	535	1,054	812	660	<b>447</b>	(16%)	(32%)
Net fees and commissions receivable	405	187	291	409	<b>338</b>	(17%)	(17%)
Income/(loss) from trading activities	760	(2,918)	4,329	1,338	<b>1,184</b>	56%	(12%)
Other operating income (net of related funding costs)	(22)	(119)	(93)	(97)	<b>(110)</b>	-	13%
Non-interest income	1,143	(2,850)	4,527	1,650	<b>1,412</b>	24%	(14%)
Total income	1,678	(1,796)	5,339	2,310	<b>1,859</b>	11%	(20%)
Direct expenses							
- staff	(618)	(178)	(1,001)	(762)	<b>(760)</b>	23%	-
- other	(284)	(421)	(300)	(231)	<b>(261)</b>	(8%)	13%
Indirect expenses	(160)	(202)	(193)	(201)	<b>(191)</b>	19%	(5%)
	(1,062)	(801)	(1,494)	(1,194)	<b>(1,212)</b>	14%	2%
Operating profit/(loss) before impairment losses	616	(2,597)	3,845	1,116	<b>647</b>	5%	(42%)
Impairment losses	(2)	(505)	(269)	31	<b>(272)</b>	-	-
Operating profit/(loss)	614	(3,102)	3,576	1,147	<b>375</b>	(39%)	(67%)
<b>Analysis of income by product:</b>							
Rates - money markets	384	748	853	466	<b>287</b>	(25%)	(38%)
Rates - flow	-	16	1,297	536	<b>694</b>	-	29%
Currencies	417	414	558	384	<b>141</b>	(66%)	(63%)
Commodities	47	403	228	239	<b>120</b>	155%	(50%)
Equities	21	(214)	371	364	<b>282</b>	-	(23%)
Credit markets	(105)	(2,341)	858	690	<b>475</b>	-	(31%)
Portfolio management and origination	266	53	527	113	<b>180</b>	(32%)	59%
Fair value of own debt	648	(875)	647	(482)	<b>(320)</b>	(149%)	(34%)
Total income	1,678	(1,796)	5,339	2,310	<b>1,859</b>	11%	(20%)
<b>Analysis of impairment by sector:</b>							
Manufacturing and infrastructure	-	39	16	23	<b>33</b>	-	43%
Property and construction	-	-	46	4	-	-	-
Transport	-	-	-	1	<b>2</b>	-	100%
Banks and financial institutions	-	194	4	39	<b>237</b>	-	-
Others	2	272	203	(98)	-	-	-
Total impairment	2	505	269	(31)	<b>272</b>	-	-
<b>Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements)</b>							
	-	1.13%	0.68%	(0.11%)	<b>0.60%</b>	60bp	71bp

**Appendix 2 Analysis by quarter**Global Banking & Markets  
(continued)

Key metrics	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	10.5%	(54.1%)	66.1%	25.1%	<b>7.7%</b>	(280bp)	(1,740bp)
Net interest margin	1.24%	1.99%	2.02%	1.48%	<b>1.08%</b>	(16bp)	(40bp)
Cost:income ratio	63.3%	(44.6%)	28.0%	51.7%	<b>65.2%</b>	(191bp)	(1,351bp)

	2008		2009			30 Sept 2009 vs.	
	30 Sept £bn	31 Dec £bn	31 Mar £bn	30 June £bn	30 Sept £bn	30 Sept 2008	30 June 2009
<b>Capital and balance sheet</b>							
Loans and advances (including banks)	188.6	225.5	206.5	156.0	<b>157.0</b>	(17%)	1%
Reverse repos	206.5	88.8	80.6	75.2	<b>75.4</b>	(63%)	-
Securities	157.6	127.5	124.3	115.5	<b>117.6</b>	(25%)	2%
Cash and eligible bills	35.3	20.2	28.6	51.5	<b>63.8</b>	81%	24%
Other assets	72.3	42.9	43.1	46.2	<b>50.8</b>	(30%)	10%
Total third party assets (excluding derivatives mark to market)	660.3	504.9	483.1	444.4	<b>464.6</b>	(30%)	5%
Net derivative assets (after netting)	73.0	113.0	98.0	70.7	<b>81.5</b>	12%	15%
Customer deposits (excluding repos)	91.0	88.6	81.8	65.0	<b>58.1</b>	(36%)	(11%)
Risk elements in lending	0.3	0.7	0.8	1.1	<b>1.6</b>	-	49%
Loan:deposit ratio (excluding repos)	158.7%	192.0%	194.4%	182.7%	<b>192.4%</b>	3,368bp	962bp
Risk-weighted assets	165.4	162.4	148.6	122.4	<b>131.9</b>	(20%)	8%

Note:

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

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

	2008		2009		<b>Q3</b>	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
<b>Income statement</b>	£m	£m	£m	£m	<b>£m</b>		
Net interest income	244	249	220	225	<b>234</b>	(4%)	4%
Non-interest income	375	407	385	398	<b>388</b>	3%	(3%)
Total income	619	656	605	623	<b>622</b>	-	-
Direct expenses							
- staff	(91)	(93)	(95)	(87)	<b>(87)</b>	(4%)	-
- other	(38)	(42)	(35)	(38)	<b>(37)</b>	(3%)	(3%)
Indirect expenses	(215)	(236)	(235)	(229)	<b>(223)</b>	4%	(3%)
	(344)	(371)	(365)	(354)	<b>(347)</b>	1%	(2%)
Operating profit before impairment losses	275	285	240	269	<b>275</b>	-	2%
Impairment losses	(7)	(40)	(9)	(4)	<b>(22)</b>	-	-
Operating profit	268	245	231	265	<b>253</b>	(6%)	(5%)
<b>Analysis of income by product:</b>							
Domestic cash management	203	210	202	204	<b>202</b>	-	(1%)
International cash management	179	200	169	179	<b>183</b>	2%	2%
Trade finance	60	70	75	77	<b>71</b>	18%	(8%)
Merchant acquiring	147	145	129	131	<b>134</b>	(9%)	2%
Commercial cards	30	31	30	32	<b>32</b>	7%	-
Total income	619	656	605	623	<b>622</b>	-	-

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

Net interest margin	8.54%	8.00%	8.29%	9.23%	<b>9.63%</b>	109bp	40bp
Cost:income ratio	55.6%	56.6%	60.3%	56.8%	<b>55.8%</b>	(22bp)	103bp

	2008		2009		<b>30 Sept</b>	30 Sept 2009 vs.	
	30 Sept	31 Dec	31 Mar	30 June		30 Sept 2	

						008	30 June 2009
	£bn	£bn	£bn	£bn	£bn		
<b>Capital and balance sheet</b>							
Total third party assets	23.9	22.2	21.1	19.4	<b>21.4</b>	(10%)	10%
Loans and advances	18.0	14.8	14.7	13.5	<b>14.5</b>	(19%)	7%
Customer deposits	60.3	61.8	58.3	54.0	<b>58.6</b>	(3%)	9%
Risk elements in lending	0.2	0.1	0.1	0.1	<b>0.2</b>	-	100%
Loan:deposit ratio (excluding repos)	31.3%	25.1%	26.4%	25.9%	<b>25.6%</b>	(578bp)	(29bp)
Risk-weighted assets	19.4	17.4	18.7	16.7	<b>18.9</b>	(3%)	13%

## Appendix 2 Analysis by quarter

### Ulster Bank

	2008		2009		Q3 £m	Q3 2009 vs. Q3 2008 Q2 2009	
	Q3 £m	Q4 £m	Q1 £m	Q2 £m		2008	2009
<b>Income statement</b>							
Net interest income	207	174	202	208	<b>176</b>	(15%)	(15%)
Net fees and commissions	69	60	46	39	<b>45</b>	(35%)	15%
Other non-interest income	-	(6)	11	12	<b>10</b>	-	(17%)
Non-interest income	69	54	57	51	<b>55</b>	(20%)	8%
Total income	276	228	259	259	<b>231</b>	(16%)	(11%)
Direct expenses							
- staff	(84)	(87)	(89)	(81)	<b>(79)</b>	(6%)	(2%)
- other	(23)	(24)	(22)	(25)	<b>(20)</b>	(13%)	(20%)
Indirect expenses	(71)	(81)	(77)	(75)	<b>(73)</b>	3%	(3%)
	(178)	(192)	(188)	(181)	<b>(172)</b>	(3%)	(5%)
Operating profit before impairment losses	98	36	71	78	<b>59</b>	(40%)	(24%)
Impairment losses	(17)	(71)	(67)	(90)	<b>(144)</b>	-	60%
Operating profit/(loss)	81	(35)	4	(12)	<b>(85)</b>	-	-

### Analysis of income by business:

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

Ulster corporate	160	139	162	138	<b>134</b>	(16%)	(3%)
Ulster retail	107	92	93	101	<b>104</b>	(3%)	3%
Other	9	(3)	4	20	<b>(7)</b>	(178%)	(135%)
Total income	276	228	259	259	<b>231</b>	(16%)	(11%)

**Analysis of impairment by sector:**

Mortgages	5	4	14	10	<b>30</b>	-	-
Corporate	3	43	40	66	<b>87</b>	-	32%
Other	9	24	13	14	<b>27</b>	-	93%
Total impairment	17	71	67	90	<b>144</b>	-	60%

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

Mortgages	0.13%	0.10%	0.32%	0.25%	<b>0.72%</b>	59bp	48bp
Corporate	0.06%	0.72%	0.71%	1.23%	<b>1.59%</b>	153bp	36bp
Other	1.61%	4.60%	2.58%	3.50%	<b>5.40%</b>	379bp	190bp
	0.18%	0.65%	0.64%	0.92%	<b>1.42%</b>	124bp	50bp

**Appendix 2 Analysis by quarter**

Ulster Bank  
(continued)

Key metrics	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	17.3%	(6.5%)	0.7%	(2.0%)	<b>(12.7%)</b>	(3,000bp)	(1,070bp)
Net interest margin	2.04%	1.67%	1.87%	2.03%	<b>1.74%</b>	(30bp)	(29bp)
Cost:income ratio	64.5%	84.2%	72.6%	69.9%	<b>74.5%</b>	(997bp)	(458bp)

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

**Capital and balance sheet**

Loans and advances to customers gross:							
- mortgages	15.5	18.1	17.4	16.0	<b>16.7</b>	8%	4%



Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

- corporate	19.3	23.8	22.8	21.2	<b>21.9</b>	13%	3%
- other	2.2	2.1	2.0	1.8	<b>2.0</b>	(9%)	11%
Customer deposits	21.5	24.3	19.5	18.9	<b>20.9</b>	(3%)	11%
Risk elements in lending:							
- mortgages	0.2	0.3	0.4	0.4	<b>0.5</b>	150%	25%
- corporate	0.2	0.8	1.0	1.1	<b>1.3</b>	-	18%
- other	0.1	0.1	0.1	0.1	<b>0.2</b>	100%	-
Loan:deposit ratio (excluding repos)	172.3%	181.1%	217.4%	206.3%	<b>194.0%</b>	2,165bp	(1,237bp)
Risk-weighted assets	22.2	24.5	26.2	26.2	<b>28.5</b>	28%	9%

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**

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

	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3	Q2
	£m	£m	£m	£m	£m	2008	2009
<b>Income statement</b>							
Net interest income	440	512	494	448	<b>410</b>	(7%)	(8%)
Net fees and commissions	171	183	198	209	<b>159</b>	(7%)	(24%)
Other non-interest income	29	84	52	45	<b>65</b>	124%	44%
Non-interest income	200	267	250	254	<b>224</b>	12%	(12%)
Total income	640	779	744	702	<b>634</b>	(1%)	(10%)
Direct expenses							
- staff	(159)	(175)	(218)	(184)	<b>(174)</b>	9%	(5%)
- other	(92)	(120)	(143)	(188)	<b>(132)</b>	43%	(30%)
Indirect expenses	(153)	(172)	(201)	(194)	<b>(191)</b>	25%	(2%)
	(404)	(467)	(562)	(566)	<b>(497)</b>	23%	(12%)
Operating profit before impairment losses	236	312	182	136	<b>137</b>	(42%)	1%
Impairment losses	(134)	(177)	(223)	(146)	<b>(180)</b>	34%	23%
Operating profit/(loss)	102	135	(41)	(10)	<b>(43)</b>	(142%)	-

Average exchange rate - US\$/£	1.892	1.570	1.436	1.551	<b>1.640</b>		
--------------------------------	-------	-------	-------	-------	--------------	--	--

**Analysis of income by product:**

Mortgages and home equity	88	112	142	130	<b>112</b>	27%	(14%)
Personal lending and cards	86	90	107	113	<b>116</b>	35%	3%
Retail deposits	256	279	231	202	<b>200</b>	(22%)	(1%)
Commercial lending	98	128	141	140	<b>127</b>	30%	(9%)
Commercial deposits	97	111	104	89	<b>97</b>	-	9%
Other	15	59	19	28	<b>(18)</b>	-	(164%)
Total income	640	779	744	702	<b>634</b>	(1%)	(10%)

**Analysis of impairment by sector:**

Residential mortgages	16	13	23	12	<b>29</b>	81%	142%
Home equity	20	22	29	43	<b>82</b>	-	91%
Corporate & commercial	54	87	108	61	<b>65</b>	20%	7%
Other	44	55	63	30	<b>4</b>	(91%)	(87%)
Total impairment	134	177	223	146	<b>180</b>	34%	23%

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

Residential mortgages	0.74%	0.55%	1.00%	0.66%	<b>1.68%</b>	95bp	102bp
Home equity	0.53%	0.47%	0.62%	1.08%	<b>2.05%</b>	152bp	97bp
Corporate & commercial	1.11%	1.46%	1.79%	1.19%	<b>1.27%</b>	16bp	8bp
Other	2.17%	2.24%	2.57%	1.45%	<b>0.20%</b>	(197bp)	(124bp)
	1.04%	1.15%	1.44%	1.12%	<b>1.41%</b>	37bp	29bp

**Appendix 2 Analysis by quarter**

US Retail and Commercial (£ Sterling)  
(continued)

Key metrics	2008		2009		Q3	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	7.4%	7.9%	(2.4%)	(0.7%)	<b>(2.5%)</b>	(990bp)	(180bp)
Net interest margin	2.79%	2.59%	2.33%	2.30%	<b>2.34%</b>	(45bp)	4bp
Cost:income ratio	63.1%	60.0%	75.4%	80.6%	<b>78.4%</b>	(1,526bp)	224bp

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

						30 Sept 2008	30 June 2009
	£bn	£bn	£bn	£bn	£bn		
<b>Capital and balance sheet</b>							
Total assets	77.9	87.5	94.9	75.6	<b>76.9</b>	(1%)	2%
Loans and advances to customers (gross):							
- residential mortgages	8.7	9.5	9.2	7.3	<b>6.9</b>	(21%)	(5%)
- home equity	15.2	18.7	18.8	15.9	<b>16.0</b>	5%	1%
- corporate and commercial	19.4	23.7	24.2	20.5	<b>20.5</b>	6%	-
- other consumer	8.0	9.8	9.8	8.3	<b>7.8</b>	(2%)	(6%)
Customer deposits	55.6	64.4	67.9	60.2	<b>62.1</b>	12%	3%
Risk elements in lending							
- retail	0.2	0.2	0.3	0.3	<b>0.3</b>	50%	-
- commercial	-	0.2	0.1	0.1	<b>0.2</b>	-	100%
Loan:deposit ratio (excluding repos)	92.8%	96.6%	91.5%	86.7%	<b>82.6%</b>	(1,016bp)	(410bp)
Risk-weighted assets	51.4	63.9	64.3	55.6	<b>62.8</b>	22%	13%
Spot exchange rate - US\$/£	1.783	1.460	1.433	1.644	<b>1.599</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).

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

	2008		2009		Q3 \$m	Q3 2009 vs.	
	Q3 \$m	Q4 \$m	Q1 \$m	Q2 \$m		Q3 2008	Q2 2009
<b>Income statement</b>							
Net interest income	834	837	711	696	<b>680</b>	(18%)	(2%)
Net fees and commissions	325	294	284	324	<b>266</b>	(18%)	(18%)
Other non-interest income	52	142	75	69	<b>104</b>	100%	51%
Non-interest income	377	436	359	393	<b>370</b>	(2%)	(6%)
Total income	1,211	1,273	1,070	1,089	<b>1,050</b>	(13%)	(4%)
Direct expenses							
- staff	(302)	(278)	(313)	(287)	<b>(289)</b>	(4%)	1%
- other	(172)	(201)	(206)	(289)	<b>(219)</b>	27%	(24%)
Indirect expenses	(292)	(277)	(288)	(301)	<b>(313)</b>	7%	4%

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

	(766)	(756)	(807)	(877)	<b>(821)</b>	7%	(6%)
Operating profit before impairment losses	445	517	263	212	<b>229</b>	(49%)	8%
Impairment losses	(258)	(304)	(320)	(231)	<b>(296)</b>	15%	28%
Operating profit/(loss)	187	213	(57)	(19)	<b>(67)</b>	(136%)	-

**Analysis of income by product:**

Mortgages and home equity	166	183	204	203	<b>186</b>	12%	(8%)
Personal lending and cards	164	143	154	174	<b>190</b>	16%	9%
Retail deposits	483	451	332	315	<b>329</b>	(32%)	4%
Commercial lending	186	211	202	217	<b>210</b>	13%	(3%)
Commercial deposits	185	179	150	138	<b>160</b>	(14%)	16%
Other	27	106	28	42	<b>(25)</b>	(193%)	(160%)
Total income	1,211	1,273	1,070	1,089	<b>1,050</b>	(13%)	(4%)

**Analysis of impairment by sector:**

Residential mortgages	30	22	33	19	<b>47</b>	55%	145%
Home equity	37	38	42	65	<b>131</b>	-	102%
Corporate & commercial	106	151	154	99	<b>107</b>	1%	9%
Other	85	93	91	48	<b>11</b>	(87%)	(78%)
Total impairment	258	304	320	231	<b>296</b>	15%	28%

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

Residential mortgages	0.77%	0.63%	1.00%	0.63%	<b>1.69%</b>	92bp	106bp
Home equity	0.55%	0.56%	0.62%	1.00%	<b>2.05%</b>	150bp	105bp
Corporate & commercial	1.23%	1.74%	1.78%	1.18%	<b>1.31%</b>	9bp	14bp
Other	2.36%	2.60%	2.58%	1.41%	<b>0.34%</b>	(202bp)	(107bp)
	1.13%	1.35%	1.44%	1.08%	<b>1.45%</b>	32bp	37bp

**Appendix 2 Analysis by quarter**

US Retail and Commercial (US Dollar)  
(continued)

Key metrics	2008		2009		Q3	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
<b>Performance ratios</b>							
Return on equity (1)	7.6%	8.5%	(2.3%)	(0.8%)	<b>(2.5%)</b>	(1,010bp)	(170bp)
Net interest margin	2.80%	2.70%	2.33%	2.32%	<b>2.37%</b>	(43bp)	5bp
Cost:income ratio	63.2%	59.4%	75.4%	80.5%	<b>78.2%</b>	(1,497bp)	231bp

	2008		2009		30 Sept \$bn	30 Sept 2009 vs.	
	30 Sept \$bn	31 Dec \$bn	31 Mar \$bn	30 June \$bn		30 Sept 2008	30 June 2009
<b>Capital and balance sheet</b>							
Total assets	138.9	127.8	136.0	124.4	<b>122.9</b>	(12%)	(1%)
Loans and advances to customers (gross):							
- residential mortgages	15.5	13.9	13.2	12.0	<b>11.0</b>	(29%)	(8%)
- home equity	27.0	27.2	26.9	26.1	<b>25.6</b>	(5%)	(2%)
- corporate and commercial	34.6	34.7	34.7	33.6	<b>32.7</b>	(5%)	(3%)
- other consumer	14.5	14.3	14.1	13.7	<b>12.5</b>	(14%)	(9%)
Customer deposits	99.2	94.0	97.4	99.0	<b>99.3</b>	-	-
Risk elements in lending							
- retail	0.3	0.3	0.4	0.4	<b>0.5</b>	67%	25%
- commercial	0.1	0.2	0.2	0.3	<b>0.3</b>	-	-
Loan:deposit ratio (excluding repos)	92.8%	96.6%	91.5%	86.7%	<b>82.6%</b>	(1,016bp)	(410bp)
Risk-weighted assets	91.7	93.2	92.1	91.3	<b>100.4</b>	9%	10%

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

Income statement	2008		2009		Q3 £m	Q3 2009 vs.	
	Q3 £m	Q4 £m	Q1 £m	Q2 £m		Q3 2008	Q2 2009
Earned premiums	1,128	1,121	1,106	1,119	<b>1,145</b>	2%	2%
Reinsurers' share	(51)	(48)	(45)	(40)	<b>(43)</b>	(16%)	8%
Insurance premium income	1,077	1,073	1,061	1,079	<b>1,102</b>	2%	2%
Net fees and commissions	(102)	(93)	(92)	(95)	<b>(95)</b>	(7%)	-
Other income	107	146	108	104	<b>112</b>	5%	8%
Total income	1,082	1,126	1,077	1,088	<b>1,119</b>	3%	3%
Direct expenses							
- staff	(64)	(77)	(70)	(69)	<b>(67)</b>	5%	(3%)
- other	(44)	(54)	(67)	(54)	<b>(47)</b>	7%	(13%)
Indirect expenses	(65)	(72)	(66)	(65)	<b>(64)</b>	(2%)	(2%)

	(173)	(203)	(203)	(188)	<b>(178)</b>	3%	(5%)
Gross claims	(777)	(788)	(798)	(776)	<b>(941)</b>	21%	21%
Reinsurers' share	18	41	5	18	<b>13</b>	(28%)	(28%)
Net claims	(759)	(747)	(793)	(758)	<b>(928)</b>	22%	22%
Operating profit before impairment losses	150	176	81	142	<b>13</b>	(91%)	(91%)
Impairment losses	-	(42)	(5)	(1)	<b>(2)</b>	-	100%
Operating profit	150	134	76	141	<b>11</b>	(93%)	(92%)

**Analysis of income by product:**

Motor own-brands	492	491	477	495	<b>517</b>	5%	4%
Household and Life own-brands	200	206	204	210	<b>214</b>	7%	2%
Motor partnerships and broker	167	166	145	145	<b>141</b>	(16%)	(3%)
Household and Life, partnerships and broker	88	85	83	81	<b>78</b>	(11%)	(4%)
Other (International, commercial and central)	135	178	168	157	<b>169</b>	25%	8%
Total income	1,082	1,126	1,077	1,088	<b>1,119</b>	3%	3%

**In-force policies (thousands)**

- Own-brand motor	4,434	4,492	4,601	4,789	<b>4,894</b>	10%	2%
- Own-brand non-motor (home, rescue, pet, HR24)	5,468	5,560	5,643	5,890	<b>6,150</b>	12%	4%
- Partnerships & broker (motor, home, rescue, pet, HR24)	6,052	5,898	5,750	5,609	<b>5,371</b>	(11%)	(4%)
- Other (international, commercial and central)	1,122	1,206	1,211	1,210	<b>1,212</b>	8%	-
General insurance reserves - total (£m)	6,661	6,672	6,630	6,601	<b>6,839</b>	3%	4%

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

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

**Key business metrics**

Return on equity (1)	18.8%	16.8%	9.5%	17.7%	<b>1.2%</b>	(1,760bp)	(1,650bp)
Cost:income ratio	16.0%	18.0%	18.9%	17.3%	<b>15.9%</b>	8bp	137bp
Adjusted cost:income ratio (2)	53.6%	53.6%	71.5%	57.0%	<b>93.2%</b>	3,960bp	3,620bp
Gross written premiums (£m)	1,159	1,002	1,123	1,147	<b>1,186</b>	2%	3%

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.

## Appendix 2 Analysis by quarter

### Central items

	2008		2009		<b>Q3</b>	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
	£m	£m	£m	£m	£m		
Fair value of own debt	633	14	384	(478)	<b>(163)</b>	(126%)	66%
Other	173	(501)	105	166	<b>283</b>	64%	70%
Central items not allocated	806	(487)	489	(312)	<b>120</b>	(85%)	138%

### Appendix 2 Analysis by quarter

#### Non- Core

<b>Income statement</b>	2008		2009		<b>Q3</b>	Q3 2009 vs.	
	Q3	Q4	Q1	Q2		Q3 2008	Q2 2009
	£m	£m	£m	£m	£m		
Net interest income from banking activities	479	765	395	274	<b>287</b>	(40%)	5%
Net fees and commissions receivable	260	166	178	82	<b>132</b>	(49%)	61%
Income/(loss) from trading activities	68	(3,320)	(2,865)	(1,390)	<b>(735)</b>	-	(47%)
Other operating income (net of related funding costs)	(3)	(194)	25	(56)	<b>83</b>	-	-
Insurance net premium income	252	249	244	196	<b>173</b>	(31%)	(12%)
Non-interest income	577	(3,099)	(2,418)	(1,168)	<b>(347)</b>	(160%)	(70%)
Total income	1,056	(2,334)	(2,023)	(894)	<b>(60)</b>	(106%)	(93%)

Direct expenses							
- staff	(141)	(110)	(188)	(71)	<b>(111)</b>	(21%)	56%
- other	(257)	(321)	(230)	(220)	<b>(223)</b>	(13%)	1%
Indirect expenses	(131)	(152)	(142)	(137)	<b>(132)</b>	1%	(4%)
	(529)	(583)	(560)	(428)	<b>(466)</b>	(12%)	9%
Operating profit/(loss) before other operating charges and impairment losses	527	(2,917)	(2,583)	(1,322)	<b>(526)</b>	-	(60%)
Insurance net claims	(170)	(192)	(177)	(137)	<b>(126)</b>	(26%)	(8%)
Impairment losses	(768)	(3,358)	(1,828)	(3,516)	<b>(2,066)</b>	169%	(41%)
Operating loss	(411)	(6,467)	(4,588)	(4,975)	<b>(2,718)</b>	-	(45%)

### Key metrics

#### Performance ratios

Cost:income ratio	50.1%	(25.0%)	(27.7%)	(47.9%)	<b>(776.7%)</b>	-	-
Net interest margin	0.38%	1.36%	0.61%	0.45%	<b>0.55%</b>	17bp	10bp

	2008		2009			30 Sept 2009 vs.	
	30 Sept	31 Dec	31 Mar	30 June	30 Sept	30 Sept	30 June
	£bn	£bn	£bn	£bn	£bn	2008	2009
<b>Capital and balance sheet</b>							
Total third party assets (including derivatives)	293.8	325.1	297.1	231.9	<b>220.2</b>	(25%)	(5%)
Loans and advances to customers (gross):	172.1	190.6	183.1	163.6	<b>158.7</b>	(8%)	(3%)
Customer deposits	24.7	26.6	21.9	13.4	<b>14.7</b>	(40%)	10%
Risk elements in lending	4.8	11.2	14.7	20.5	<b>23.3</b>	-	14%
Loan:deposit ratio	691.2%	718.1%	844.6%	1,282.2%	<b>1,078.5%</b>	56%	(16%)
Risk-weighted assets	130.7	160.3	163.7	164.1	<b>190.3</b>	46%	16%

### Appendix 2 Analysis by quarter

Non-Core  
(continued)

	2008		2009			Q3 2009 vs.	
	Q3	Q4	Q1	Q2	Q3	Q3 2008	Q2 2009
	£m	£m	£m	£m	£m		
<b>Analysis of income:</b>							
Banking & Portfolio	739	669	90	(772)	<b>(92)</b>	(112%)	(88%)



Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

Retail, Commercial & Countries	773	689	662	570	<b>537</b>	(31%)	(6%)
Trading	(456)	(3,692)	(2,775)	(692)	<b>(505)</b>	11%	(27%)
Total income	1,056	(2,334)	(2,023)	(894)	<b>(60)</b>	(106%)	(93%)

**Impairment losses:**

Banking & Portfolio	252	1,004	823	1,619	<b>878</b>	-	(46%)
Retail, Commercial & Countries	360	945	720	1,638	<b>1,234</b>	-	(25%)
Trading	156	1,409	285	259	<b>(46)</b>	(129%)	(118%)
Total impairment	768	3,358	1,828	3,516	<b>2,066</b>	169%	(41%)

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

Banking & Portfolio	(0.33%)	6.98%	3.37%	7.16%	<b>4.04%</b>	437bp	(312bp)
Retail, Commercial & Countries	1.95%	4.70%	3.66%	9.44%	<b>7.22%</b>	527bp	(222bp)
Trading	7.52%	12.91%	(124.58%)	42.09%	<b>31.73%</b>	2,421bp	(1,036bp)

	1.03%	6.12%	2.82%	8.39%	<b>5.53%</b>	450bp	(286bp)
--	-------	-------	-------	-------	--------------	-------	---------

£bn      £bn                      £bn      £bn      **£bn**

**Gross customer loans and advances (1):**

Banking & Portfolio	91.1	106.7	103.5	93.1	<b>88.4</b>	(3%)	(5%)
Retail, Commercial & Countries	73.5	79.9	78.7	69.4	<b>68.4</b>	(7%)	(1%)
Trading	7.5	4.0	0.9	1.1	<b>1.9</b>	(75%)	73%

	172.1	190.6	183.1	163.6	<b>158.7</b>	(8%)	(3%)
--	-------	-------	-------	-------	--------------	------	------

Note:

(1) Including disposal groups.

**Risk-weighted assets:**

Banking & Portfolio	42.9	46.4	71.6	61.8	<b>73.1</b>	70%	18%
Retail, Commercial & Countries	53.8	49.9	51.1	48.3	<b>45.9</b>	(15%)	(5%)
Trading	34.0	64.0	41.0	54.0	<b>71.3</b>	110%	32%

	130.7	160.3	163.7	164.1	<b>190.3</b>	46%	16%
--	-------	-------	-------	-------	--------------	-----	-----

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: 06 November 2009

THE ROYAL BANK OF SCOTLAND  
GROUP plc (Registrant)

By: /s/ A N Taylor

Name: A N Taylor

Title: Head of Group Secretariat