

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-

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:

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

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

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

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

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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% | 1.83% | (28bp) | 8bp |
| Cost:income ratio | 1,028.9% | 53.8% | 66.4% | 59.1% | 59.3% | - | (19bp) |
| Risk-weighted assets - Gross | £577.8bn | £575.7bn | £547.3bn | £594.7bn | £565.8bn | (2%) | (5%) |
| Benefit of APS | - | - | - | - | (£127.6bn) | - | - |
| Risk-weighted assets | £577.8bn | £575.7bn | £547.3bn | £594.7bn | £438.2bn | (24%) | (26%) |
| Risk elements In lending | £18.8bn | £23.7bn | £30.7bn | £35.0bn | £35.0bn | 86% | - |

| | | | | | | | |
|-------------------------------------|-----|-----|-----|-----|------------|---------|---------|
| Provision balance as % of REIL/PPL* | 50% | 45% | 44% | 43% | 42% | (800bp) | (100bp) |
|-------------------------------------|-----|-----|-----|-----|------------|---------|---------|

* includes disposal groups.

Note:

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

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

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

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

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

| | | | | | | | |
|---|---------|-------|---------|---------|----------------|--------|-------|
| Group operating (loss)/profit | (9,101) | 179 | (3,533) | (1,525) | (1,353) | (85%) | (11%) |
| Loan impairment losses | 4,049 | 2,276 | 4,520 | 3,262 | 3,032 | (25%) | (7%) |
| Impairment losses on available-for-sale securities | 624 | 582 | 143 | 17 | 67 | (89%) | - |
| | 4,673 | 2,858 | 4,663 | 3,279 | 3,099 | (34%) | (5%) |
| Loan impairment charge as % of gross loans and advances excluding reverse repurchase agreements | 2.31% | 1.34% | 2.98% | 2.16% | 2.13% | (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 |
| Risk-weighted assets by division | | | | | | | |
| UK Retail | 45.7 | 49.6 | 54.0 | 51.6 | 51.3 | 12% | (1%) |
| UK Corporate | 85.7 | 86.2 | 89.5 | 91.0 | 90.2 | 5% | (1%) |
| Wealth | 10.8 | 10.6 | 10.3 | 10.7 | 11.2 | 4% | 5% |
| Global Banking & Markets | 151.8 | 137.9 | 112.5 | 121.5 | 123.7 | (19%) | 2% |
| Global Transaction Services | 17.4 | 18.7 | 16.7 | 18.9 | 19.1 | 10% | 1% |
| Ulster Bank | 24.5 | 26.2 | 26.2 | 28.5 | 29.9 | 22% | 5% |
| US Retail & Commercial | 63.9 | 64.3 | 55.6 | 62.8 | 59.7 | (7%) | (5%) |
| Other | 7.1 | 7.8 | 8.5 | 9.0 | 9.4 | 32% | 4% |
| Core | 406.9 | 401.3 | 373.3 | 394.0 | 394.5 | (3%) | - |
| Non-Core | 170.9 | 174.4 | 174.0 | 200.7 | 171.3 | - | (15%) |
| | 577.8 | 575.7 | 547.3 | 594.7 | 565.8 | (2%) | (5%) |
| Benefit of APS | - | - | - | - | (127.6) | - | - |
| Total | 577.8 | 575.7 | 547.3 | 594.7 | 438.2 | (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 | | |
| Income statement | | | | | | | |
| Net interest income | 856 | 797 | 868 | 848 | 939 | 10% | 11% |
| Net fees and commissions - banking | 345 | 337 | 321 | 303 | 283 | (18%) | (7%) |
| Other non-interest income (net of insurance claims) | 54 | 53 | 69 | 69 | 60 | 11% | (13%) |
| Non-interest income | 399 | 390 | 390 | 372 | 343 | (14%) | (8%) |
| Total income | 1,255 | 1,187 | 1,258 | 1,220 | 1,282 | 2% | 5% |
| Direct expenses | | | | | | | |
| - staff | (236) | (214) | (214) | (206) | (211) | (11%) | 2% |
| - other | (101) | (115) | (102) | (99) | (105) | 4% | 6% |
| Indirect expenses | (537) | (487) | (452) | (447) | (387) | (28%) | (13%) |
| | (874) | (816) | (768) | (752) | (703) | (20%) | (7%) |
| Operating profit before impairment losses | 381 | 371 | 490 | 468 | 579 | 52% | 24% |
| Impairment losses | (292) | (354) | (470) | (404) | (451) | 54% | 12% |
| Operating profit | 89 | 17 | 20 | 64 | 128 | 44% | 100% |
| Analysis of income by product | | | | | | | |
| Personal advances | 296 | 305 | 311 | 303 | 273 | (8%) | (10%) |
| Personal deposits | 470 | 397 | 354 | 319 | 279 | (41%) | (13%) |
| Mortgages | 186 | 207 | 273 | 319 | 415 | 123% | 30% |
| Bancassurance | 51 | 52 | 69 | 69 | 56 | 10% | (19%) |
| Cards | 208 | 204 | 212 | 225 | 228 | 10% | 1% |
| Other | 44 | 22 | 39 | (15) | 31 | (30%) | - |
| Total income | 1,255 | 1,187 | 1,258 | 1,220 | 1,282 | 2% | 5% |
| Analysis of impairment by sector | | | | | | | |
| Mortgages | 9 | 22 | 41 | 26 | 35 | - | 35% |
| Personal | 169 | 195 | 299 | 247 | 282 | 67% | 14% |
| Cards | 114 | 137 | 130 | 131 | 134 | 18% | 2% |
| Total impairment | 292 | 354 | 470 | 404 | 451 | 54% | 12% |
| Loan impairment charge as % of gross customer loans | | | | | | | |

and advances by sector

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

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Appendix 2 Analysis by quarterUK Retail
(continued)

| Key metrics | 2008 | 2009 | | | Q4 2009 vs. | | |
|---------------------------|-------|-------|-------|-------|--------------|---------|---------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q4 2008 | Q3 2009 |
| Performance ratios | | | | | | | |
| Return on equity (1) | 6.5% | 1.2% | 1.4% | 4.6% | 9.3% | 288bp | 478bp |
| Net interest margin | 3.73% | 3.46% | 3.69% | 3.47% | 3.74% | 1bp | 27bp |
| Cost:income ratio | 63.8% | 69.0% | 59.6% | 57.4% | 54.1% | 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 |
| Capital and balance sheet | | | | | | | |
| Loans and advances to customers gross | | | | | | | |
| - mortgages | 72.2 | 73.3 | 76.6 | 80.3 | 83.2 | 15% | 4% |
| - personal | 15.3 | 15.0 | 14.4 | 14.5 | 13.6 | (11%) | (6%) |
| - cards | 6.3 | 6.0 | 6.1 | 6.1 | 6.2 | (2%) | 2% |
| Customer deposits (excluding bancassurance) | 78.9 | 80.3 | 83.4 | 85.6 | 87.2 | 11% | 2% |
| AUMs - excluding deposits | 5.7 | 4.6 | 4.7 | 5.0 | 5.3 | (7%) | 6% |
| Risk elements in lending | 3.8 | 4.1 | 4.5 | 4.7 | 4.6 | 21% | (2%) |
| Loan:deposit ratio (excluding repos) | 116% | 115% | 113% | 115% | 115.0% | (131bp) | 40bp |

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| | | | | | | | |
|----------------------|------|------|------|------|-------------|-----|------|
| Risk-weighted assets | 45.7 | 49.6 | 54.0 | 51.6 | 51.3 | 12% | (1%) |
|----------------------|------|------|------|------|-------------|-----|------|

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).

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

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

Analysis of impairment by sector

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

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Appendix 2 Analysis by quarter

UK Corporate
(continued)

| 2008 Q4 | Q1 | 2009 Q2 | Q3 | Q4 | Q4 2009 vs. 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% | 0.46% | (28bp) | 13bp |
| Hotels and restaurants | 0.85% | 1.15% | 2.53% | 0.49% | 2.86% | 200bp | 237bp |
| Housebuilding and construction | 2.38% | 0.52% | 5.00% | 5.95% | (1.53%) | (391bp) | (748bp) |
| Manufacturing | 0.45% | 0.34% | 1.58% | 0.21% | 3.03% | 257bp | 282bp |
| Other | 0.37% | 0.18% | 0.90% | 0.29% | 0.11% | (25bp) | (18bp) |

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

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

Key metrics

Performance ratios

| | | | | | | | |
|----------------------|-------|-------|-------|-------|--------------|--------|---------|
| Return on equity (1) | 12.9% | 12.7% | 3.2% | 13.7% | 12.4% | (44bp) | (127bp) |
| Net interest margin | 2.20% | 1.88% | 2.17% | 2.38% | 2.47% | 27bp | 9bp |
| Cost:income ratio | 46.5% | 48.0% | 39.8% | 39.5% | 44.1% | 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).

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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 | |
|--|-----------------------|---------------|------------------------|----------------|---------------|---|--|
|--|-----------------------|---------------|------------------------|----------------|---------------|---|--|

Capital and balance sheet

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

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

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

| | | | | | | | |
|---|-----|-----|------|-----|-------------|-----|-------|
| Operating profit before impairment losses | 77 | 100 | 134 | 120 | 99 | 29% | (18%) |
| Impairment losses | (8) | (6) | (16) | (1) | (10) | 25% | - |
| Operating profit | 69 | 94 | 118 | 119 | 89 | 29% | (25%) |

Analysis of income

| | | | | | | | |
|-----------------|-----|-----|-----|-----|------------|------|------|
| Private Banking | 221 | 219 | 242 | 232 | 223 | 1% | (4%) |
| Investments | 54 | 50 | 45 | 47 | 51 | (6%) | 9% |
| Total income | 275 | 269 | 287 | 279 | 274 | - | (2%) |

Key metrics**Performance ratios**

| | | | | | | | |
|---------------------|-------|-------|-------|-------|--------------|--------|---------|
| Net interest margin | 4.56% | 4.47% | 4.82% | 4.34% | 3.94% | (62bp) | (40bp) |
| Cost:income ratio | 72.0% | 62.8% | 53.3% | 57.0% | 63.9% | 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 | 30 Sept 2009 |

Capital and balance sheet

| | | | | | | | |
|--------------------------------------|------|------|------|------|-------------|-------|-------|
| Loans and advances to customers | | | | | | | |
| gross | | | | | | | |
| - mortgages | 5.3 | 5.5 | 5.6 | 6.1 | 6.5 | 23% | 7% |
| - personal | 5.0 | 4.6 | 4.7 | 4.8 | 4.9 | (2%) | 2% |
| - other | 2.1 | 2.2 | 2.1 | 2.5 | 2.3 | 10% | (8%) |
| Customer deposits | 34.1 | 34.9 | 35.3 | 36.3 | 35.7 | 5% | (2%) |
| AUMs - excluding deposits | 34.7 | 31.3 | 29.8 | 31.7 | 30.7 | (12%) | (3%) |
| Risk elements in lending | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | - | - |
| Loan:deposit ratio (excluding repos) | 36% | 35% | 35% | 37% | 38% | 201bp | 145bp |
| Risk-weighted assets | 10.8 | 10.6 | 10.3 | 10.7 | 11.2 | 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 | | |
| Income statement | | | | | | | |
| Net interest income from banking activities | 1,054 | 812 | 660 | 447 | 324 | (69%) | (28%) |
| Net fees and commissions receivable | 190 | 297 | 412 | 340 | 286 | 51% | (16%) |
| Income/(loss) from trading activities | (3,322) | 4,081 | 1,132 | 1,028 | 1,522 | (146%) | 48% |
| Other operating income (net of related funding costs) | (122) | (98) | (101) | (70) | (63) | (48%) | (10%) |
| Non-interest income | (3,254) | 4,280 | 1,443 | 1,298 | 1,745 | (154%) | 34% |
| Total income | (2,200) | 5,092 | 2,103 | 1,745 | 2,069 | (194%) | 19% |
| Direct expenses | | | | | | | |
| - staff | (18) | (888) | (680) | (721) | (641) | - | (11%) |
| - other | (397) | (274) | (204) | (240) | (247) | (38%) | 3% |
| Indirect expenses | (202) | (193) | (201) | (191) | (180) | (11%) | (6%) |
| | (617) | (1,355) | (1,085) | (1,152) | (1,068) | 73% | (7%) |
| Operating profit/(loss) before impairment losses | (2,817) | 3,737 | 1,018 | 593 | 1,001 | (136%) | 69% |
| Impairment losses | (502) | (269) | 31 | (272) | (130) | (74%) | (52%) |
| Operating profit/(loss) | (3,319) | 3,468 | 1,049 | 321 | 871 | (126%) | 171% |
| Analysis of income by product | | | | | | | |
| Rates - money markets | 748 | 853 | 466 | 287 | 108 | (86%) | (62%) |
| Rates - flow | 16 | 1,297 | 536 | 694 | 615 | - | (11%) |
| Currencies & Commodities | 413 | 539 | 416 | 147 | 175 | (58%) | 19% |
| Equities | (214) | 371 | 364 | 282 | 457 | - | 62% |
| Credit markets | (2,341) | 858 | 690 | 475 | 232 | (110%) | (51%) |
| Portfolio management and origination | 53 | 527 | 113 | 180 | 376 | - | 109% |
| Fair value of own debt | (875) | 647 | (482) | (320) | 106 | (112%) | (133%) |
| Total income | (2,200) | 5,092 | 2,103 | 1,745 | 2,069 | (194%) | 19% |
| Analysis of impairment by sector | | | | | | | |
| Manufacturing and infrastructure | 39 | 16 | 23 | 33 | 19 | (51%) | (42%) |
| Property and construction | - | 46 | 4 | - | (1) | - | - |
| Transport | - | - | 1 | 2 | - | - | - |

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

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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 |
| Performance ratios | | | | | | | |
| Return on equity (1) | (61.9%) | 68.8% | 24.8% | 7.2% | 18.7% | 8,062bp | 1,157bp |
| Net interest margin | 1.99% | 2.02% | 1.48% | 1.08% | 0.89% | (110bp) | (19bp) |
| Cost:income ratio | (28.1%) | 26.6% | 51.6% | 66.0% | 51.6% | (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 |
| Capital and balance sheet | | | | | | | |
| Loans and advances (including banks) | 224.2 | 205.3 | 155.2 | 156.3 | 127.8 | (43%) | (18%) |
| Reverse repos | 88.8 | 80.6 | 75.2 | 75.4 | 73.3 | (17%) | (3%) |
| Securities | 127.5 | 124.3 | 115.5 | 117.6 | 106.0 | (17%) | (10%) |
| Cash and eligible bills | 20.2 | 28.6 | 51.5 | 63.8 | 74.0 | - | 16% |
| Other assets | 38.0 | 37.4 | 40.5 | 46.0 | 31.1 | (18%) | (32%) |
| Total third party assets (excluding derivatives mark to market) | 498.7 | 476.2 | 437.9 | 459.1 | 412.2 | (17%) | (10%) |
| Net derivative assets (after netting) | 121.0 | 99.8 | 80.7 | 84.3 | 68.0 | (44%) | (19%) |
| Customer deposits (excluding | 87.8 | 80.1 | 63.4 | 56.8 | 46.9 | (47%) | (17%) |

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

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

Analysis of income by product

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

Key metrics**Performance ratios**

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

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

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Appendix 2 Analysis by quarter**Ulster Bank**

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

Income statement

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

Analysis of income by business

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

Analysis of impairment by sector

| | | | | | | | |
|------------------|----|----|----|-----|------------|-------|-------|
| Mortgages | 4 | 14 | 10 | 30 | 20 | - | (33%) |
| Corporate | 43 | 40 | 66 | 87 | 316 | - | - |
| Other | 24 | 13 | 14 | 27 | 12 | (50%) | (56%) |
| Total impairment | 71 | 67 | 90 | 144 | 348 | - | 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% | 0.49% | 40bp | (22bp) |
| Corporate | 0.72% | 0.71% | 1.23% | 1.59% | 5.99% | 527bp | 440bp |
| Other | 4.60% | 2.58% | 3.50% | 5.40% | 2.00% | (260bp) | (340bp) |
| | 0.65% | 0.64% | 0.92% | 1.42% | 3.51% | 286bp | 209bp |

Appendix 2 Analysis by quarterUlster Bank
(continued)

| Key metrics | 2008 | 2009 | | | Q4 2009 vs. | | |
|---------------------------|--------|-------|--------|---------|----------------|-----------|-----------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q4 2008 | Q3 2009 |
| Performance ratios | | | | | | | |
| Return on equity (1) | (6.5%) | 0.7% | (2.0%) | (12.7%) | (39.8%) | (3,337bp) | (2,717bp) |
| Net interest margin | 1.67% | 1.87% | 2.03% | 1.74% | 1.83% | 16bp | 9bp |
| Cost:income ratio | 84.2% | 72.6% | 69.9% | 74.5% | 74.4% | 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 |
| Capital and balance sheet | | | | | | | |
| Loans and advances to customers | | | | | | | |
| gross | | | | | | | |
| - mortgages | 18.1 | 17.4 | 16.0 | 16.7 | 16.2 | (10%) | (3%) |
| - corporate | 23.8 | 22.8 | 21.2 | 21.9 | 21.1 | (11%) | (4%) |
| - other | 2.1 | 2.0 | 1.8 | 2.0 | 2.4 | 14% | 20% |
| Customer deposits | 24.3 | 19.5 | 18.9 | 20.9 | 21.9 | (10%) | 5% |
| Risk elements in lending: | | | | | | | |
| - mortgages | 0.3 | 0.4 | 0.4 | 0.5 | 0.6 | - | 20% |
| - corporate | 0.8 | 1.0 | 1.1 | 1.3 | 1.5 | 88% | 15% |
| - other | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | - | - |
| Loan:deposit ratio (excluding repos) | 179% | 213% | 203% | 191% | 177% | (148bp) | (1,420bp) |
| Risk-weighted assets | 24.5 | 26.2 | 26.2 | 28.5 | 29.9 | 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).

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

Analysis of impairment by sector

| | | | | | | | |
|------------------------|-----|-----|-----|-----|------------|-------|-------|
| Residential mortgages | 13 | 23 | 12 | 29 | 8 | (38%) | (72%) |
| Home equity | 22 | 29 | 43 | 82 | 13 | (41%) | (84%) |
| Corporate & commercial | 87 | 108 | 61 | 65 | 92 | 6% | 42% |
| Other | 55 | 63 | 30 | 4 | 40 | (27%) | - |
| Total impairment | 177 | 223 | 146 | 180 | 153 | (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% | 0.49% | (6bp) | (119bp) |
| Home equity | 0.47% | 0.62% | 1.08% | 2.05% | 0.34% | (13bp) | (171bp) |
| Corporate & commercial | 1.46% | 1.79% | 1.19% | 1.27% | 1.89% | 43bp | 61bp |
| Other | 2.24% | 2.57% | 1.45% | 0.20% | 2.15% | (10bp) | 194bp |
| | 1.15% | 1.44% | 1.12% | 1.41% | 1.25% | 10bp | (16bp) |

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Appendix 2 Analysis by quarterUS 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%) | (1.2%) | (903bp) | 136bp |
| Net interest margin | 2.59% | 2.33% | 2.30% | 2.34% | 2.45% | (14bp) | 11bp |
| Cost:income ratio | 60.0% | 75.4% | 80.6% | 78.4% | 79.2% | (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 |
| Capital and balance sheet | | | | | | | |
| Total assets | 87.5 | 94.9 | 75.6 | 76.9 | 74.8 | (15%) | (3%) |
| Loans and advances to customers | | | | | | | |
| gross | | | | | | | |
| - residential mortgages | 9.5 | 9.2 | 7.3 | 6.9 | 6.5 | (32%) | (6%) |
| - home equity | 18.7 | 18.8 | 15.9 | 16.0 | 15.4 | (18%) | (4%) |
| - corporate and commercial | 23.7 | 24.2 | 20.5 | 20.5 | 19.5 | (18%) | (5%) |
| - other consumer | 9.8 | 9.8 | 8.3 | 7.8 | 7.5 | (23%) | (4%) |

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

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).

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

| | | | | | | | |
|-------------------------|-----|------|------|------|-------------|--------|-------|
| Operating (loss)/profit | 213 | (57) | (19) | (67) | (31) | (115%) | (54%) |
|-------------------------|-----|------|------|------|-------------|--------|-------|

Analysis of income by product

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

Analysis of impairment by sector

| | | | | | | | |
|------------------------|-----|-----|-----|-----|------------|-------|-------|
| Residential mortgages | 22 | 33 | 19 | 47 | 14 | (36%) | (70%) |
| Home equity | 38 | 42 | 65 | 131 | 23 | (39%) | (82%) |
| Corporate & commercial | 151 | 154 | 99 | 107 | 150 | (1%) | 40% |
| Other | 93 | 91 | 48 | 11 | 65 | (30%) | - |
| Total impairment | 304 | 320 | 231 | 296 | 252 | (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% | 0.53% | (10bp) | (116bp) |
| Home equity | 0.56% | 0.62% | 1.00% | 2.05% | 0.37% | (19bp) | (168bp) |
| Corporate & commercial | 1.74% | 1.78% | 1.18% | 1.31% | 1.90% | 16bp | 58bp |
| Other | 2.60% | 2.58% | 1.41% | 0.34% | 2.15% | (46bp) | 180bp |
| | 1.35% | 1.44% | 1.08% | 1.45% | 1.27% | (8bp) | (18bp) |

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

| Key metrics | 2008 | | 2009 | | Q4 | Q4 2009 vs. | |
|---------------------------|-------|--------|--------|--------|---------------|-------------|---------|
| | Q4 | Q1 | Q2 | Q3 | | Q4 2008 | Q3 2009 |
| Performance ratios | | | | | | | |
| Return on equity (1) | 8.5% | (2.3%) | (0.8%) | (2.5%) | (1.2%) | (967bp) | 129bp |
| Net interest margin | 2.70% | 2.33% | 2.32% | 2.37% | 2.45% | (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 |
| Capital and balance sheet | | | | | | | |
| Total assets | 127.8 | 136.0 | 124.4 | 122.9 | 121.3 | (5%) | (1%) |
| Loans and advances to customers | | | | | | | |
| gross | | | | | | | |
| - residential mortgages | 13.9 | 13.2 | 12.0 | 11.0 | 10.6 | (24%) | (4%) |
| - home equity | 27.2 | 26.9 | 26.1 | 25.6 | 25.0 | (8%) | (2%) |
| - corporate and commercial | 34.7 | 34.7 | 33.6 | 32.7 | 31.6 | (9%) | (3%) |
| - other consumer | 14.3 | 14.1 | 13.7 | 12.5 | 12.1 | (15%) | (3%) |
| Customer deposits | 94.0 | 97.4 | 99.0 | 99.3 | 97.5 | 4% | (2%) |
| Risk elements in lending | | | | | | | |
| - retail | 0.3 | 0.4 | 0.4 | 0.5 | 0.6 | - | 20% |
| - commercial | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | - | - |
| Loan:deposit ratio (excluding repos) | 96% | 91% | 86% | 81% | 80% | (1,543bp) | (122bp) |
| Risk-weighted assets | 93.2 | 92.1 | 91.3 | 100.4 | 96.9 | 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 |
| Income statement | | | | | | | |
| Earned premiums | 1,121 | 1,106 | 1,119 | 1,145 | 1,149 | 2% | - |
| Reinsurers' share | (48) | (45) | (40) | (43) | (37) | (23%) | (14%) |
| Insurance premium income | 1,073 | 1,061 | 1,079 | 1,102 | 1,112 | 4% | 1% |
| Net fees and commissions | (93) | (92) | (95) | (95) | (84) | (10%) | (12%) |

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

Appendix 2 Analysis by quarterRBS Insurance
(continued)

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

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Appendix 2 Analysis by quarter**Central items**

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

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

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

30 Sept
2009

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

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Appendix 2 Analysis by quarterNon-Core
(continued)

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

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

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

**Gross customer loans and
advances**

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

Note:

(1) Including disposal groups.

Risk-weighted assets

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

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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