

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
February 23, 2012

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 23, 2012

Commission File Number: 001-10306

The Royal Bank of Scotland Group plc

RBS, Gogarburn, PO Box 1000
Edinburgh EH12 1HQ

(Address of principal executive offices)

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

Form 20-F X

Form 40-F ____

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

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

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

Yes ____

No X

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

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

Appendix 1

Income statement reconciliations

Appendix 1 Income statement reconciliations

| | Year ended | | | | | |
|--|------------------|-------------------------------------|-----------|------------------|-------------------------------------|-----------|
| | 31 December 2011 | | | 31 December 2010 | | |
| | Managed | Reallocation of one-off items | Statutory | Managed | Reallocation of one-off items | Statutory |
| | £m | £m | £m | £m | £m | £m |
| Interest receivable | 21,417 | (7) | 21,410 | 22,766 | 10 | 22,776 |
| Interest payable | (8,728) | (3) | (8,731) | (8,566) | (1) | (8,567) |
| Net interest income | 12,689 | (10) | 12,679 | 14,200 | 9 | 14,209 |
| Fees and commissions receivable | 6,384 | - | 6,384 | 8,194 | (1) | 8,193 |
| Fees and commissions payable | (1,460) | - | (1,460) | (2,211) | - | (2,211) |
| Income from trading activities | 3,381 | (680) | 2,701 | 6,138 | (1,621) | 4,517 |
| Gain on redemption of own debt | - | 255 | 255 | - | 553 | 553 |
| Other operating income (excluding insurance premium income) | 2,527 | 1,595 | 4,122 | 1,213 | 266 | 1,479 |
| Insurance net premium income | 4,256 | - | 4,256 | 5,128 | - | 5,128 |
| Non-interest income | 15,088 | 1,170 | 16,258 | 18,462 | (803) | 17,659 |
| Total income | 27,777 | 1,160 | 28,937 | 32,662 | (794) | 31,868 |
| Staff costs | (8,163) | (515) | (8,678) | (8,956) | (715) | (9,671) |

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| | | | | | | |
|--|----------|---------|----------|----------|---------|----------|
| Premises and equipment | (2,278) | (173) | (2,451) | (2,276) | (126) | (2,402) |
| Other administrative expenses | (3,395) | (1,536) | (4,931) | (3,716) | (279) | (3,995) |
| Depreciation and amortisation | (1,642) | (233) | (1,875) | (1,762) | (388) | (2,150) |
| Write-down of goodwill and other intangible assets | - | (91) | (91) | - | (10) | (10) |
| Operating expenses | (15,478) | (2,548) | (18,026) | (16,710) | (1,518) | (18,228) |
| Profit before other operating charges | 12,299 | (1,388) | 10,911 | 15,952 | (2,312) | 13,640 |
| Insurance net claims | (2,968) | - | (2,968) | (4,783) | - | (4,783) |
| Operating profit before impairment losses | 9,331 | (1,388) | 7,943 | 11,169 | (2,312) | 8,857 |
| Impairment losses | (7,439) | (1,270) | (8,709) | (9,256) | - | (9,256) |
| Operating profit/(loss) | 1,892 | (2,658) | (766) | 1,913 | (2,312) | (399) |

Appendix 1 Income statement reconciliations (continued)

| | Year ended | | | | | |
|---|------------------|-------------------------------------|-----------|------------------|-------------------------------------|-----------|
| | 31 December 2011 | | | 31 December 2010 | | |
| | Managed | Reallocation of one-off items | Statutory | Managed | Reallocation of one-off items | Statutory |
| £m | £m | £m | £m | £m | £m | |
| Operating profit/(loss) | 1,892 | (2,658) | (766) | 1,913 | (2,312) | (399) |
| Fair value of own debt (1) | 1,846 | (1,846) | - | 174 | (174) | - |
| Asset Protection Scheme (2) | (906) | 906 | - | (1,550) | 1,550 | - |
| Payment Protection Insurance costs | (850) | 850 | - | - | - | - |
| Sovereign debt impairment | (1,099) | 1,099 | - | - | - | - |
| Amortisation of purchased intangible assets | (222) | 222 | - | (369) | 369 | - |
| Integration and restructuring costs | (1,064) | 1,064 | - | (1,032) | 1,032 | - |
| Gain on redemption of own debt | 255 | (255) | - | 553 | (553) | - |
| Strategic disposals | (104) | 104 | - | 171 | (171) | - |
| Bank levy | (300) | 300 | - | - | - | - |
| Bonus tax | (27) | 27 | - | (99) | 99 | - |
| Write-down of goodwill and other intangible assets | (11) | 11 | - | (10) | 10 | - |
| Interest rate hedge adjustments on impaired available-for-sale Greek government bonds | (169) | 169 | - | - | - | - |
| RFS Holdings minority interest | (7) | 7 | - | (150) | (150) | - |
| Loss before tax | (766) | - | (766) | (399) | - | (399) |
| Tax charge | (1,250) | - | (1,250) | (634) | - | (634) |
| Loss from continuing operations | (2,016) | - | (2,016) | (1,033) | - | (1,033) |
| Profit/(loss) from discontinued operations, net of tax | 47 | - | 47 | (633) | - | (633) |

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| | | | | | | |
|--|---------|---|---------|---------|---|---------|
| Loss for the year | (1,969) | - | (1,969) | (1,666) | - | (1,666) |
| Non-controlling interests | (28) | - | (28) | 665 | - | 665 |
| Preference share and other dividends | - | - | - | (124) | - | (124) |
| Loss attributable to ordinary and B shareholders | (1,997) | - | (1,997) | (1,125) | - | (1,125) |

Notes:

- (1) Reallocation of £225 million (2010 - £75 million loss) to income from trading activities and £1,621 million (2010 - £249 million gain) to other operating income.
- (2) Reallocation to income from trading activities.

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2011 | | | Quarter ended 30 September 2011 | | | 31 December 2010 | | |
|---|------------------|---|-----------------|------------------------------------|---|-----------------|------------------|---|-----------------|
| | Managed £m | Reallocation of one-off items £m | Statutory £m | Managed £m | Reallocation of one-off items £m | Statutory £m | Managed £m | Reallocation of one-off items £m | Statutory £m |
| Interest receivable | 5,234 | - | 5,234 | 5,371 | - | 5,371 | 5,611 | 1 | 5,612 |
| Interest payable | (2,158) | (2) | (2,160) | (2,293) | (1) | (2,294) | (2,033) | 1 | (2,032) |
| Net interest income | 3,076 | (2) | 3,074 | 3,078 | (1) | 3,077 | 3,578 | 2 | 3,580 |
| Fees and commissions receivable | 1,590 | - | 1,590 | 1,452 | - | 1,452 | 2,053 | (1) | 2,052 |
| Fees and commissions payable | (573) | - | (573) | (304) | - | (304) | (449) | - | (449) |
| Income from trading activities | 140 | (378) | (238) | 547 | 410 | 957 | 979 | (615) | 364 |
| Gain on redemption of own debt | - | (1) | (1) | - | 1 | 1 | - | - | - |
| Other operating income (excluding insurance premium income) | 405 | (200) | 205 | 549 | 1,835 | 2,384 | 26 | 977 | 1,003 |

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| | | | | | | | | | |
|--|---------|---------|---------|---------|-------|---------|---------|-------|---------|
| Insurance net premium income | 981 | - | 981 | 1,036 | - | 1,036 | 1,272 | - | 1,272 |
| Non-interest income | 2,543 | (579) | 1,964 | 3,280 | 2,246 | 5,526 | 3,881 | 361 | 4,242 |
| Total income | 5,619 | (581) | 5,038 | 6,358 | 2,245 | 8,603 | 7,459 | 363 | 7,822 |
| Staff costs | (1,781) | (212) | (1,993) | (1,963) | (113) | (2,076) | (2,059) | (135) | (2,194) |
| Premises and equipment | (575) | (99) | (674) | (584) | (20) | (604) | (636) | (73) | (709) |
| Other administrative expenses | (838) | (458) | (1,296) | (858) | (104) | (962) | (938) | (110) | (1,048) |
| Depreciation and amortisation | (450) | (63) | (513) | (416) | (69) | (485) | (448) | (98) | (546) |
| Write down of goodwill and other intangible assets | - | (91) | (91) | - | - | - | - | (10) | (10) |
| Operating expenses | (3,644) | (923) | (4,567) | (3,821) | (306) | (4,127) | (4,081) | (426) | (4,507) |
| Profit before other operating charges | 1,975 | (1,504) | 471 | 2,537 | 1,939 | 4,476 | 3,378 | (63) | 3,315 |
| Insurance net claims | (529) | - | (529) | (734) | - | (734) | (1,182) | - | (1,182) |
| Operating profit/(loss) before impairment losses | 1,446 | (1,504) | (58) | 1,803 | 1,939 | 3,742 | 2,196 | (63) | 2,133 |
| Impairment losses | (1,692) | (226) | (1,918) | (1,536) | (202) | (1,738) | (2,141) | - | (2,141) |
| Operating (loss)/profit | (246) | (1,730) | (1,976) | 267 | 1,737 | 2,004 | 55 | (63) | (8) |

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2011 | | Quarter ended 30 September 2011 | | 31 December 2010 | |
|--|------------------|-----------|------------------------------------|-----------|------------------|-----------|
| | Managed | Statutory | Managed | Statutory | Managed | Statutory |
| | of one-off | | of one-off | | of one-off | |

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| | £m | items £m | £m | £m | items £m | £m | £m | items £m | £m |
|---|---------|-------------|---------|-------|-------------|-------|-------|-------------|------|
| Operating(loss)/profit | (246) | (1,730) | (1,976) | 267 | 1,737 | 2,004 | 55 | (63) | (8) |
| Fair value of own debt (1) | (370) | 370 | - | 2,357 | (2,357) | - | 582 | (582) | - |
| Asset Protection Scheme (2) | (209) | 209 | - | (60) | 60 | - | (725) | 725 | - |
| Sovereign debt impairment | (224) | 224 | - | (142) | 142 | - | - | - | - |
| Amortisation of purchased intangible assets | (53) | 53 | - | (69) | 69 | - | (96) | 96 | - |
| Integration and restructuring costs | (478) | 478 | - | (233) | 233 | - | (299) | 299 | - |
| Gain on redemption of own debt | (1) | 1 | - | 1 | (1) | - | - | - | - |
| Strategic disposals | (82) | 82 | - | (49) | 49 | - | 502 | (502) | - |
| Bank levy | (300) | 300 | - | - | - | - | - | - | - |
| Bonus tax | - | - | - | (5) | 5 | - | (15) | 15 | - |
| Write-down of goodwill and other intangible assets | (11) | 11 | - | - | - | - | (10) | 10 | - |
| Interest rate hedge adjustments on impaired available-for-sale Greek government bonds | - | - | - | (60) | 60 | - | - | - | - |
| RFS Holdings minority interest | (2) | 2 | - | (3) | 3 | - | (2) | 2 | - |
| (Loss)/profit before tax | (1,976) | - | (1,976) | 2,004 | - | 2,004 | (8) | - | (8) |
| Tax credit/(charge) | 186 | - | 186 | (791) | - | (791) | 3 | - | 3 |
| (Loss)/profit from continuing operations | (1,790) | - | (1,790) | 1,213 | - | 1,213 | (5) | - | (5) |
| Profit/(loss) from discontinued operations, net of tax | 10 | - | 10 | 6 | - | 6 | 55 | - | 55 |
| (Loss)/profit for the period | (1,780) | - | (1,780) | 1,219 | - | 1,219 | 50 | - | 50 |
| Non-controlling interests | (18) | - | (18) | 7 | - | 7 | (38) | - | (38) |
| (Loss)/profit attributable to ordinary and B shareholders | (1,798) | - | (1,798) | 1,226 | - | 1,226 | 12 | - | 12 |

Notes:

- (1) Reallocation of £170 million loss (Q3 2011 - £470 million; Q4 2010 - £110 million) to income from trading activities and £200 million loss (Q3 2011 - £1,887 million; Q4 2010 - £472 million) to other operating income.
- (2) Reallocation to income from trading activities.

Appendix 2

Businesses outlined for disposal

Appendix 2 Businesses outlined for disposal

To comply with EC State Aid requirements the Group agreed to make a series of divestments by the end of 2013: the disposal of RBS Insurance, Global Merchant Services and its interest in RBS Sempra Commodities JV. The Group also agreed to dispose of its RBS England and Wales and NatWest Scotland branch-based businesses, along with certain SME and corporate activities across the UK ('UK branch-based businesses'). The disposals of Global Merchant Services and RBS Sempra Commodities JV businesses have now effectively been completed.

The sale of the Group's UK branch-based businesses to Santander UK plc continues to make good progress and is expected to substantially complete in the fourth quarter of 2012, subject to regulatory approvals and other conditions.

The disposal of RBS Insurance, the base case plan for which is by way of a public flotation, is targeted to commence in the second half of 2012, subject to market conditions. External advisors have been appointed to assist the Group with the disposal and the process of separation is proceeding on plan. In the meantime, the business continues to be managed and reported as a separate core division.

The table below shows total income and operating profit of RBS Insurance and the UK branch-based businesses.

| Total income | Operating profit/(loss) | Operating profit/(loss) |
|--------------|-------------------------|-------------------------|
|--------------|-------------------------|-------------------------|

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| | | | before impairments | | | |
|--------------------------------|-------|-------|--------------------|-------|------|-------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | £m | £m | £m | £m | £m | £m |
| RBS Insurance (1) | 4,286 | 5,302 | 407 | (341) | 407 | (341) |
| UK branch-based businesses (2) | 959 | 902 | 518 | 439 | 319 | 160 |
| Total | 5,245 | 6,204 | 925 | 98 | 726 | (181) |

The table below shows the estimated risk-weighted assets, total assets and capital of the businesses identified for disposal.

| | RWAs | | Total assets | | Capital | |
|--------------------------------|------|------|--------------|------|---------|------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | £bn | £bn | £bn | £bn | £bn | £bn |
| RBS Insurance (1) | n/m | n/m | 13.9 | 14.0 | 4.4 | 4.0 |
| UK branch-based businesses (2) | 11.1 | 13.2 | 19.3 | 19.9 | 1.0 | 1.2 |
| Total | 11.1 | 13.2 | 33.2 | 33.9 | 5.4 | 5.2 |

Notes:

- (1) Total income includes investment income of £302 million (2010 - £309 million). Total assets and estimated capital include approximately £0.9 billion of goodwill, of which £0.7 billion is attributed to RBS Insurance by RBS Group.
- (2) Estimated notional equity based on 9% of RWAs.

Appendix 2 Businesses outlined for disposal (continued)

Further information on the UK branch-based businesses by division is shown in the tables below:

| | Division | | Total | |
|---------------------|-----------|--------------|-------|-------|
| | UK Retail | UK Corporate | 2011 | 2010 |
| | £m | £m | £m | £m |
| Income statement | | | | |
| Net interest income | 329 | 360 | 689 | 656 |
| Non-interest income | 108 | 162 | 270 | 246 |
| Total income | 437 | 522 | 959 | 902 |
| Direct expenses | | | | |
| - staff | (74) | (84) | (158) | (176) |
| - other | (106) | (60) | (166) | (144) |

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| | | | | |
|---|-------|-------|-------|-------|
| Indirect expenses | (67) | (50) | (117) | (143) |
| | (247) | (194) | (441) | (463) |
| Operating profit before impairment losses | 190 | 328 | 518 | 439 |
| Impairment losses (1) | (92) | (107) | (199) | (279) |
| Operating profit | 98 | 221 | 319 | 160 |
| Analysis of income by product | | | | |
| Loans and advances | 125 | 311 | 436 | 445 |
| Deposits | 101 | 144 | 245 | 261 |
| Mortgages | 134 | - | 134 | 120 |
| Other | 77 | 67 | 144 | 76 |
| Total income | 437 | 522 | 959 | 902 |
| Net interest margin | 4.92% | 2.85% | 3.57% | 3.24% |
| Employee numbers (full time equivalents rounded to the nearest hundred) | 2,800 | 1,600 | 4,400 | 4,400 |

Note:

- (1) For the year ended 31 December 2011, impairment losses benefited from £75 million of latent and other provision releases.

| | Division | | | Total | |
|---|------------------|---------------------|---------------------------------|-------------|-------------|
| | UK Retail £bn | UK Corporate £bn | Global Banking & Markets £bn | 2011 £bn | 2010 £bn |
| Capital and balance sheet | | | | | |
| Total third party assets (excluding mark-to-market derivatives) | 7.2 | 11.7 | - | 18.9 | 19.9 |
| Loans and advances to customers (gross) | 7.3 | 12.2 | - | 19.5 | 20.7 |
| Customer deposits | 8.8 | 13.0 | - | 21.8 | 24.0 |
| Derivative assets | - | - | 0.4 | 0.4 | n/a |
| Derivative liabilities | - | - | 0.1 | 0.1 | n/a |
| Risk elements in lending | 0.5 | 1.0 | - | 1.5 | 1.7 |
| Loan:deposit ratio | 79% | 90% | - | 86% | 83% |
| Risk-weighted assets | 3.6 | 7.5 | - | 11.1 | 13.2 |

Appendix 2 Businesses outlined for disposal (continued)

The following information has been prepared to present RBS Insurance Group on a stand alone basis. The income statement includes the results of Direct Line Versicherung AG (DLVAG) (which is owned by National Westminster Bank plc), however the balance sheet excludes the balance sheet of DLVAG. The total assets and net assets of DLVAG are included in note 1 below.

| RBS Insurance Income Statement | 31 December 2011 | | | Year ended 31 December 2010 | | | 31 December 2009 | | |
|-----------------------------------|------------------|----------------|-------------|--------------------------------|----------------|-------------|------------------|----------------|-------------|
| | Core £m | Non-Core £m | Total £m | Core £m | Non-Core £m | Total £m | Core £m | Non-Core £m | Total £m |
| Earned premiums | 4,221 | 304 | 4,525 | 4,459 | 733 | 5,192 | 4,519 | 810 | 5,329 |
| Reinsurers' share | (252) | (18) | (270) | (148) | (31) | (179) | (165) | (26) | (191) |
| Net premium income | 3,969 | 286 | 4,255 | 4,311 | 702 | 5,013 | 4,354 | 784 | 5,138 |
| Fees and commissions | (400) | (93) | (493) | (410) | 89 | (321) | (367) | (119) | (486) |
| Instalment income | 138 | 7 | 145 | 159 | 35 | 194 | 171 | 35 | 206 |
| Other income | 100 | (23) | 77 | 179 | (72) | 107 | 151 | (67) | 84 |
| Total income | 3,807 | 177 | 3,984 | 4,239 | 754 | 4,993 | 4,309 | 633 | 4,942 |
| Net claims | (2,772) | (195) | (2,967) | (3,932) | (737) | (4,669) | (3,606) | (588) | (4,194) |
| Underwriting profit/(loss) | 1,035 | (18) | 1,017 | 307 | 17 | 324 | 703 | 45 | 748 |
| Staff expenses | (288) | (2) | (290) | (287) | (2) | (289) | (304) | (9) | (313) |
| Other expenses | (333) | (16) | (349) | (325) | (47) | (372) | (368) | (60) | (428) |
| Total direct expenses | (621) | (18) | (639) | (612) | (49) | (661) | (672) | (69) | (741) |
| Indirect expenses | (225) | (46) | (271) | (267) | (46) | (313) | (270) | (58) | (328) |
| Total expenses | (846) | (64) | (910) | (879) | (95) | (974) | (942) | (127) | (1,069) |
| Technical result | 189 | (82) | 107 | (572) | (78) | (650) | (239) | (82) | (321) |
| Investment impairments | - | (2) | (2) | - | - | - | (8) | - | (8) |
| Investment income | 265 | 37 | 02 | 277 | 32 | 309 | 305 | 40 | 345 |
| Operating profit/(loss) | 454 | (47) | 407 | (295) | (46) | (341) | 58 | (42) | 16 |

Appendix 2 Businesses outlined for disposal (continued)

31 December 2011

31 December 2010

31 December 2009

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RBS insurance
(continued)

| Balance Sheet (1) | Core £m | Non-Core £m | Total £m | Core £m | Non-Core £m | Total £m | Core £m | Non-Core £m | Total £m |
|---|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|
| Assets | | | | | | | | | |
| Property, plant and equipment | 60 | - | 60 | 53 | - | 53 | 67 | - | 67 |
| Investment properties | 70 | - | 70 | 84 | - | 84 | 78 | - | 78 |
| Intangible assets | 362 | - | 362 | 280 | - | 280 | 282 | - | 282 |
| Financial investments | 6,912 | 861 | 7,773 | 6,706 | 939 | 7,645 | 6,263 | 869 | 7,132 |
| Loans and receivables including reinsurance receivables (2) | 2,206 | 159 | 2,365 | 1,792 | 267 | 2,059 | 2,324 | 388 | 2,712 |
| Other assets, prepayments and accrued income | 731 | 20 | 751 | 808 | 170 | 978 | 820 | 60 | 880 |
| Reinsurers share of insurance liabilities | 298 | 101 | 399 | 241 | 117 | 358 | 258 | 77 | 335 |
| Cash and cash equivalents | 1,304 | 57 | 1,361 | 1,626 | 196 | 1,822 | 1,123 | 144 | 1,267 |
| Total assets | 11,943 | 1,198 | 13,141 | 11,590 | 1,689 | 13,279 | 11,215 | 1,538 | 12,753 |
| Liabilities | | | | | | | | | |
| Insurance liabilities (3) | 7,101 | 881 | 7,982 | 7,460 | 1,362 | 8,822 | 6,956 | 1,177 | 8,133 |
| Borrowings | 305 | 11 | 316 | 309 | 2 | 311 | 290 | - | 290 |
| Other liabilities, accruals and deferred income | 916 | 15 | 931 | 560 | 67 | 627 | 592 | 112 | 704 |
| Total liabilities | 8,322 | 907 | 9,229 | 8,329 | 1,431 | 9,760 | 7,838 | 1,289 | 9,127 |
| Equity (4) | 3,621 | 291 | 3,912 | 3,261 | 258 | 3,519 | 3,377 | 249 | 3,626 |
| Total liabilities and equity | 11,943 | 1,198 | 13,141 | 11,590 | 1,689 | 13,279 | 11,215 | 1,538 | 12,753 |

Notes:

- (1) Total assets of DLVAG at 31 December 2011 were £320 million (2010 - £322 million; 2009 - £337 million) and total equity was £103 million (2010 - £103 million; 2009 - £108 million).
- (2) Total reinsurance receivables at 31 December 2011 were £41 million (2010 - £41 million; 2009 - £42 million).
- (3) Insurance liabilities include unearned premium reserves.
- (4) Non-Core equity includes £259 million at 31 December 2011 which was a non-controlling interest (2010 - £259 million; 2009 - £259 million). Equity excludes goodwill of £0.7 billion which is attributed to RBS Insurance division by RBS Group.

Appendix 3

Additional risk management disclosures

Appendix 3 Additional risk management disclosures

Loans and advances to customers by sector and geography

The following tables analyse loans and advances to customers (excluding reverse repos and assets of disposal groups) by sector and geography (by location of office). Refer to Risk management: Credit risk for the Group summary. All assets, including loans, of businesses held for disposal are included as one line on the balance sheet, as required by IFRS.

| | 31 December 2011 | | | 30 September 2011 | | | 31 December 2010 | | |
|---|------------------|--------------------|-------------|-------------------|--------------------|-------------|------------------|--------------------|-------------|
| | Core £m | Non- Core £m | Total £m | Core £m | Non- Core £m | Total £m | Core £m | Non- Core £m | Total £m |
| UK | | | | | | | | | |
| Central and local | | | | | | | | | |
| government | 8,012 | 25 | 8,037 | 7,680 | 83 | 7,763 | 5,728 | 173 | 5,901 |
| Finance | 30,874 | 2,361 | 33,235 | 29,754 | 3,795 | 33,549 | 27,995 | 6,023 | 34,018 |
| Residential mortgages | 99,303 | 1,423 | 100,726 | 104,040 | 1,497 | 105,537 | 99,928 | 1,665 | 101,593 |
| Personal lending | 20,080 | 127 | 20,207 | 21,930 | 295 | 22,225 | 23,035 | 585 | 23,620 |
| Property | 31,141 | 24,610 | 55,751 | 36,106 | 25,953 | 62,059 | 34,970 | 30,492 | 65,462 |
| Construction | 5,291 | 1,882 | 7,173 | 6,203 | 2,245 | 8,448 | 7,041 | 2,310 | 9,351 |
| Manufacturing | 9,641 | 835 | 10,476 | 11,123 | 867 | 11,990 | 12,300 | 1,510 | 13,810 |
| Service industries and business activities | | | | | | | | | |
| - retail, wholesale and repairs | 11,071 | 1,441 | 12,512 | 12,325 | 1,553 | 13,878 | 12,554 | 1,853 | 14,407 |
| - transport and storage | 8,589 | 3,439 | 12,028 | 8,835 | 3,664 | 12,499 | 8,105 | 5,015 | 13,120 |
| - health, education and recreation | 8,734 | 757 | 9,491 | 11,894 | 742 | 12,636 | 13,502 | 1,039 | 14,541 |
| - hotels and restaurants | 5,599 | 569 | 6,168 | 6,264 | 684 | 6,948 | 6,558 | 808 | 7,366 |

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| | | | | | | | | | |
|--------------------------------------|---------|--------|---------|---------|--------|---------|---------|--------|---------|
| - utilities | 2,462 | 922 | 3,384 | 3,788 | 715 | 4,503 | 3,101 | 1,035 | 4,136 |
| - other | 13,963 | 1,644 | 15,607 | 13,952 | 2,154 | 16,106 | 14,445 | 1,991 | 16,436 |
| Agriculture, forestry and fishing | 2,660 | 76 | 2,736 | 2,963 | 73 | 3,036 | 2,872 | 67 | 2,939 |
| Finance leases and instalment credit | 5,618 | 5,598 | 11,216 | 5,524 | 6,925 | 12,449 | 5,589 | 7,785 | 13,374 |
| Interest accruals | 375 | - | 375 | 352 | 1 | 353 | 415 | 98 | 513 |
| | 263,413 | 45,709 | 309,122 | 282,733 | 51,246 | 333,979 | 278,138 | 62,449 | 340,587 |

Europe

Central and local

| | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| government | 116 | 715 | 831 | 209 | 805 | 1,014 | 365 | 1,017 | 1,382 |
| Finance | 2,534 | 474 | 3,008 | 2,654 | 644 | 3,298 | 2,642 | 1,019 | 3,661 |
| Residential mortgages | 18,393 | 553 | 18,946 | 19,109 | 590 | 19,699 | 19,473 | 621 | 20,094 |
| Personal lending | 1,972 | 492 | 2,464 | 2,126 | 526 | 2,652 | 2,270 | 600 | 2,870 |
| Property | 4,846 | 11,538 | 16,384 | 5,359 | 12,255 | 17,614 | 5,139 | 12,636 | 17,775 |
| Construction | 1,019 | 735 | 1,754 | 1,279 | 754 | 2,033 | 1,014 | 873 | 1,887 |
| Manufacturing | 4,383 | 3,732 | 8,115 | 4,807 | 3,872 | 8,679 | 5,853 | 4,181 | 10,034 |
| Service industries and business activities | | | | | | | | | |
| - retail, wholesale and repairs | 3,992 | 772 | 4,764 | 3,559 | 721 | 4,280 | 4,126 | 999 | 5,125 |
| - transport and storage | 5,667 | 862 | 6,529 | 5,281 | 1,093 | 6,374 | 5,625 | 1,369 | 6,994 |
| - health, education and recreation | 1,235 | 349 | 1,584 | 1,334 | 339 | 1,673 | 1,442 | 496 | 1,938 |
| - hotels and restaurants | 892 | 535 | 1,427 | 1,029 | 560 | 1,589 | 1,055 | 535 | 1,590 |
| - utilities | 1,569 | 530 | 2,099 | 1,852 | 598 | 2,450 | 1,412 | 623 | 2,035 |
| - other | 2,966 | 1,555 | 4,521 | 3,554 | 1,634 | 5,188 | 3,877 | 2,050 | 5,927 |
| Agriculture, forestry and fishing | 699 | 53 | 752 | 760 | 62 | 822 | 849 | 68 | 917 |
| Finance leases and instalment credit | 260 | 435 | 695 | 259 | 515 | 774 | 370 | 744 | 1,114 |
| Interest accruals | 101 | 71 | 172 | 105 | 98 | 203 | 143 | 101 | 244 |
| | 50,644 | 23,401 | 74,045 | 53,276 | 25,066 | 78,342 | 55,655 | 27,932 | 83,587 |

Appendix 3 Additional risk management disclosures (continued)

Loans and advances to customers by sector and geography (continued)

| 31 December 2011 | | | 30 September 2011 | | | 31 December 2010 | | |
|------------------|----------|-------|-------------------|----------|-------|------------------|----------|-------|
| Core | Non-Core | Total | Core | Non-Core | Total | Core | Non-Core | Total |

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| | £m | £m | £m | £m | £m | £m | £m | £m | £m |
|--|--------|-------|--------|--------|-------|--------|--------|--------|--------|
| US | | | | | | | | | |
| Central and local government | 177 | 14 | 191 | 164 | 15 | 179 | 263 | 53 | 316 |
| Finance | 8,993 | 341 | 9,334 | 10,035 | 368 | 10,403 | 9,522 | 587 | 10,109 |
| Residential mortgages | 20,311 | 2,926 | 23,237 | 20,285 | 3,040 | 23,325 | 20,548 | 3,653 | 24,201 |
| Personal lending | 7,505 | 936 | 8,441 | 6,543 | 1,986 | 8,529 | 6,816 | 2,704 | 9,520 |
| Property | 2,413 | 1,370 | 3,783 | 2,338 | 1,549 | 3,887 | 1,611 | 3,318 | 4,929 |
| Construction | 412 | 45 | 457 | 443 | 54 | 497 | 442 | 78 | 520 |
| Manufacturing | 6,782 | 42 | 6,824 | 6,545 | 54 | 6,599 | 5,459 | 143 | 5,602 |
| Service industries and business activities | | | | | | | | | |
| - retail, wholesale and repairs | 4,975 | 98 | 5,073 | 4,851 | 109 | 4,960 | 4,264 | 237 | 4,501 |
| - transport and storage | 1,832 | 937 | 2,769 | 1,699 | 985 | 2,684 | 1,786 | 1,408 | 3,194 |
| - health, education and recreation | 2,946 | 88 | 3,034 | 2,572 | 94 | 2,666 | 2,380 | 313 | 2,693 |
| - hotels and restaurants | 627 | 57 | 684 | 532 | 62 | 594 | 486 | 136 | 622 |
| - utilities | 1,033 | 28 | 1,061 | 952 | 27 | 979 | 1,117 | 53 | 1,170 |
| - other | 4,927 | 394 | 5,321 | 4,447 | 423 | 4,870 | 4,042 | 577 | 4,619 |
| Agriculture, forestry and fishing | 27 | - | 27 | 24 | - | 24 | 31 | - | 31 |
| Finance leases and instalment credit | 2,471 | - | 2,471 | 2,531 | - | 2,531 | 2,315 | - | 2,315 |
| Interest accruals | 181 | 45 | 226 | 172 | 53 | 225 | 183 | 73 | 256 |
| | 65,612 | 7,321 | 72,933 | 64,133 | 8,819 | 72,952 | 61,265 | 13,333 | 74,598 |
| RoW | | | | | | | | | |
| Central and local government | 54 | 629 | 683 | 44 | 604 | 648 | 425 | 428 | 853 |
| Finance | 4,051 | 53 | 4,104 | 5,651 | 77 | 5,728 | 6,751 | 22 | 6,773 |
| Residential mortgages | 502 | 200 | 702 | 507 | 192 | 699 | 410 | 203 | 613 |
| Personal lending | 1,510 | 1 | 1,511 | 1,553 | 3 | 1,556 | 1,460 | 2 | 1,462 |
| Property | 304 | 546 | 850 | 269 | 871 | 1,140 | 735 | 1,205 | 1,940 |
| Construction | 59 | 10 | 69 | 67 | 9 | 76 | 183 | 91 | 274 |
| Manufacturing | 2,395 | 322 | 2,717 | 2,341 | 440 | 2,781 | 2,185 | 686 | 2,871 |
| Service industries and business activities | | | | | | | | | |
| - retail, wholesale and repairs | 1,276 | 28 | 1,304 | 1,472 | 44 | 1,516 | 1,030 | 102 | 1,132 |
| - transport and storage | 366 | 239 | 605 | 421 | 267 | 688 | 430 | 403 | 833 |
| - health, education and recreation | 358 | 225 | 583 | 424 | 340 | 764 | 132 | 17 | 149 |

| | | | | | | | | | |
|---|--------|-------|--------|--------|-------|--------|--------|-------|--------|
| - hotels and restaurants | 25 | - | 25 | 16 | 52 | 68 | 90 | 13 | 103 |
| - utilities | 1,479 | 369 | 1,848 | 1,620 | 385 | 2,005 | 1,468 | 399 | 1,867 |
| - other | 2,372 | 179 | 2,551 | 2,791 | 268 | 3,059 | 2,100 | 912 | 3,012 |
| Agriculture, forestry and fishing | 85 | - | 85 | 20 | - | 20 | 6 | - | 6 |
| Finance leases and instalment credit | 91 | 26 | 117 | 90 | 27 | 117 | 47 | - | 47 |
| Interest accruals | 18 | - | 18 | 32 | - | 32 | 90 | 6 | 96 |
| | 14,945 | 2,827 | 17,772 | 17,318 | 3,579 | 20,897 | 17,542 | 4,489 | 22,031 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography

The following tables analyse loans and advances to banks and customers (excluding reverse repos and assets of disposal groups) and related REIL, provisions, impairments and write-offs by sector and geography (by location of office) for the Group, Core and Non-Core. Loans, REIL and provisions exclude amounts relating to businesses held for disposal, consistent with the balance sheet presentation required by IFRS.

| | Gross | | REIL | | Provisions | | FY | FY |
|---|---------|--------|------------|----------|------------|----------|------------|-------------|
| | loans | REIL | Provisions | of gross | as a % | of gross | Impairment | Amounts |
| | £m | £m | £m | loans | of REIL | loans | charge | written-off |
| 31 December 2011 | | | | % | % | % | £m | £m |
| Group | | | | | | | | |
| Central and local government | 9,742 | - | - | - | - | - | - | - |
| Finance - banks | 43,993 | 137 | 123 | 0.3 | 90 | 0.3 | - | - |
| - other | 49,681 | 1,049 | 719 | 2.1 | 69 | 1.4 | 89 | 87 |
| Residential mortgages | 143,611 | 5,084 | 1,362 | 3.5 | 27 | 0.9 | 1,076 | 516 |
| Personal lending | 32,623 | 2,737 | 2,172 | 8.4 | 79 | 6.7 | 782 | 1,286 |
| Property | 76,768 | 21,655 | 8,862 | 28.2 | 41 | 11.5 | 3,670 | 1,171 |
| Construction | 9,453 | 1,762 | 703 | 18.6 | 40 | 7.4 | 139 | 244 |
| Manufacturing | 28,132 | 881 | 504 | 3.1 | 57 | 1.8 | 227 | 215 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 23,653 | 1,007 | 516 | 4.3 | 51 | 2.2 | 180 | 172 |
| - transport and storage | 21,931 | 589 | 146 | 2.7 | 25 | 0.7 | 78 | 43 |
| - health, education and recreation | 14,692 | 1,077 | 458 | 7.3 | 43 | 3.1 | 304 | 98 |
| - hotels and restaurants | 8,304 | 1,437 | 643 | 17.3 | 45 | 7.7 | 334 | 131 |
| - utilities | 8,392 | 88 | 23 | 1.0 | 26 | 0.3 | 3 | 3 |
| - other | 28,000 | 2,403 | 1,095 | 8.6 | 46 | 3.9 | 799 | 373 |
| Agriculture, forestry and fishing | 3,600 | 145 | 63 | 4.0 | 43 | 1.8 | (7) | 18 |

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| | | | | | | | | |
|--------------------------------------|---------|--------|--------|------|-----|------|-------|-------|
| Finance leases and instalment credit | 14,499 | 794 | 508 | 5.5 | 64 | 3.5 | 112 | 170 |
| Interest accruals | 791 | - | - | - | - | - | - | - |
| Latent | - | - | 1,986 | - | - | - | (545) | - |
| | 517,865 | 40,845 | 19,883 | 7.9 | 49 | 3.8 | 7,241 | 4,527 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 100,726 | 2,076 | 397 | 2.1 | 19 | 0.4 | 180 | 25 |
| - personal lending | 20,207 | 2,384 | 1,925 | 11.8 | 81 | 9.5 | 645 | 1,007 |
| - property | 55,751 | 7,880 | 2,859 | 14.1 | 36 | 5.1 | 1,413 | 490 |
| - other | 162,220 | 4,934 | 3,040 | 3.0 | 62 | 1.9 | 699 | 886 |
| Europe | | | | | | | | |
| - residential mortgages | 18,946 | 2,205 | 713 | 11.6 | 32 | 3.8 | 467 | 10 |
| - personal lending | 2,464 | 209 | 180 | 8.5 | 86 | 7.3 | 25 | 126 |
| - property | 16,384 | 13,073 | 5,751 | 79.8 | 44 | 35.1 | 2,296 | 508 |
| - other | 44,862 | 5,193 | 3,206 | 11.6 | 62 | 7.1 | 1,205 | 289 |
| US | | | | | | | | |
| - residential mortgages | 23,237 | 770 | 240 | 3.3 | 31 | 1.0 | 426 | 481 |
| - personal lending | 8,441 | 143 | 66 | 1.7 | 46 | 0.8 | 112 | 153 |
| - property | 3,783 | 329 | 92 | 8.7 | 28 | 2.4 | (2) | 138 |
| - other | 38,158 | 656 | 913 | 1.7 | 139 | 2.4 | (166) | 197 |
| RoW | | | | | | | | |
| - residential mortgages | 702 | 33 | 12 | 4.7 | 36 | 1.7 | 3 | - |
| - personal lending | 1,511 | 1 | 1 | 0.1 | 100 | 0.1 | - | - |
| - property | 850 | 373 | 160 | 43.9 | 43 | 18.8 | (37) | 35 |
| - other | 19,623 | 586 | 328 | 3.0 | 56 | 1.7 | (25) | 182 |
| | 517,865 | 40,845 | 19,883 | 7.9 | 49 | 3.8 | 7,241 | 4,527 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| 30 September 2011 | Gross loans | | REIL | | Provisions | | YTD Impairment charge | YTD Amounts written-off |
|------------------------------|-------------|---------|---------------|-----------------------|---------------------------|-----------------------|-----------------------|-------------------------|
| | £m | REIL £m | Provisions £m | as a % of gross loans | Provisions as a % of REIL | as a % of gross loans | | |
| | £m | £m | £m | % | % | % | £m | £m |
| Group | | | | | | | | |
| Central and local government | 9,604 | 76 | - | 0.8 | - | - | - | - |

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| | | | | | | | | |
|---|---------|--------|--------|------|-----|------|-------|-------|
| Finance - banks | 52,727 | 149 | 126 | 0.3 | 85 | 0.2 | - | - |
| - other | 52,978 | 979 | 670 | 1.8 | 68 | 1.3 | 4 | 62 |
| Residential mortgages | 149,260 | 5,313 | 1,420 | 3.6 | 27 | 1.0 | 949 | 392 |
| Personal lending | 34,962 | 3,256 | 2,622 | 9.3 | 81 | 7.5 | 535 | 806 |
| Property | 84,700 | 22,354 | 8,831 | 26.4 | 40 | 10.4 | 2,936 | 731 |
| Construction | 11,054 | 1,753 | 740 | 15.9 | 42 | 6.7 | 32 | 168 |
| Manufacturing | 30,049 | 1,106 | 489 | 3.7 | 44 | 1.6 | 105 | 158 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 24,634 | 1,094 | 555 | 4.4 | 51 | 2.3 | 135 | 93 |
| - transport and storage | 22,245 | 544 | 141 | 2.4 | 26 | 0.6 | 53 | 35 |
| - health, education and recreation | 17,739 | 1,197 | 401 | 6.7 | 34 | 2.3 | 176 | 72 |
| - hotels and restaurants | 9,199 | 1,574 | 701 | 17.1 | 45 | 7.6 | 266 | 54 |
| - utilities | 9,937 | 80 | 22 | 0.8 | 28 | 0.2 | 1 | 2 |
| - other | 29,223 | 2,239 | 1,162 | 7.7 | 52 | 4.0 | 690 | 311 |
| Agriculture, forestry and fishing | 3,902 | 151 | 59 | 3.9 | 39 | 1.5 | (21) | 11 |
| Finance leases and instalment credit | 15,871 | 861 | 517 | 5.4 | 60 | 3.3 | 81 | 125 |
| Interest accruals | 813 | - | - | - | - | - | - | - |
| Latent | - | - | 2,267 | - | - | - | (355) | - |
| | 558,897 | 42,726 | 20,723 | 7.6 | 49 | 3.7 | 5,587 | 3,020 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 105,537 | 2,292 | 424 | 2.2 | 18 | 0.4 | 152 | 14 |
| - personal lending | 22,225 | 2,913 | 2,368 | 13.1 | 81 | 10.7 | 510 | 666 |
| - property | 62,059 | 8,373 | 2,799 | 13.5 | 33 | 4.5 | 1,063 | 421 |
| - other | 177,452 | 5,343 | 3,387 | 3.0 | 63 | 1.9 | 436 | 650 |
| Europe | | | | | | | | |
| - residential mortgages | 19,699 | 2,248 | 722 | 11.4 | 32 | 3.7 | 445 | 7 |
| - personal lending | 2,652 | 210 | 178 | 7.9 | 85 | 6.7 | (68) | 20 |
| - property | 17,614 | 13,165 | 5,753 | 74.7 | 44 | 32.7 | 1,809 | 189 |
| - other | 51,977 | 5,188 | 3,146 | 10.0 | 61 | 6.1 | 938 | 195 |
| US | | | | | | | | |
| - residential mortgages | 23,325 | 749 | 265 | 3.2 | 35 | 1.1 | 352 | 371 |
| - personal lending | 8,529 | 131 | 75 | 1.5 | 57 | 0.9 | 93 | 116 |
| - property | 3,887 | 377 | 119 | 9.7 | 32 | 3.1 | (10) | 87 |
| - other | 38,275 | 633 | 946 | 1.7 | 149 | 2.5 | (175) | 111 |
| RoW | | | | | | | | |
| - residential mortgages | 699 | 24 | 9 | 3.4 | 38 | 1.3 | - | - |

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| | | | | | | | | |
|--------------------|---------|--------|--------|------|----|------|-------|-------|
| - personal lending | 1,556 | 2 | 1 | 0.1 | 50 | 0.1 | - | 4 |
| - property | 1,140 | 439 | 160 | 38.5 | 36 | 14.0 | 74 | 34 |
| - other | 22,271 | 639 | 371 | 2.9 | 58 | 1.7 | (32) | 135 |
| | 558,897 | 42,726 | 20,723 | 7.6 | 49 | 3.7 | 5,587 | 3,020 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| | Gross loans £m | REIL £m | Provisions £m | REIL as a % of gross loans % | Provisions as a % of REIL % | Provisions as a % of gross loans % | FY Impairment charge £m | FY Amounts written-off £m |
|---|----------------------|------------|------------------|--|--------------------------------------|--|----------------------------------|------------------------------------|
| 31 December 2010 | | | | | | | | |
| Group | | | | | | | | |
| Central and local government | 8,452 | - | - | - | - | - | - | - |
| Finance - banks | 58,036 | 145 | 127 | 0.2 | 88 | 0.2 | (13) | 12 |
| - other | 54,561 | 1,129 | 595 | 2.1 | 53 | 1.1 | 198 | 141 |
| Residential mortgages | 146,501 | 4,276 | 877 | 2.9 | 21 | 0.6 | 1,014 | 669 |
| Personal lending | 37,472 | 3,544 | 2,894 | 9.5 | 82 | 7.7 | 1,370 | 1,577 |
| Property | 90,106 | 19,584 | 6,736 | 21.7 | 34 | 7.5 | 4,682 | 1,009 |
| Construction | 12,032 | 2,464 | 875 | 20.5 | 36 | 7.3 | 530 | 146 |
| Manufacturing | 32,317 | 1,199 | 503 | 3.7 | 42 | 1.6 | (92) | 1,547 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 25,165 | 1,157 | 572 | 4.6 | 49 | 2.3 | 334 | 161 |
| - transport and storage | 24,141 | 248 | 118 | 1.0 | 48 | 0.5 | 87 | 39 |
| - health, education and recreation | 19,321 | 1,055 | 319 | 5.5 | 30 | 1.7 | 159 | 199 |
| - hotels and restaurants | 9,681 | 1,269 | 504 | 13.1 | 40 | 5.2 | 321 | 106 |
| - utilities | 9,208 | 91 | 23 | 1.0 | 25 | 0.2 | 14 | 7 |
| - other | 29,994 | 1,438 | 749 | 4.8 | 52 | 2.5 | 378 | 310 |
| Agriculture, forestry and fishing | 3,893 | 152 | 86 | 3.9 | 57 | 2.2 | 31 | 6 |
| Finance leases and instalment credit | 16,850 | 847 | 554 | 5.0 | 65 | 3.3 | 252 | 113 |
| Interest accruals | 1,109 | - | - | - | - | - | - | - |
| Latent | - | - | 2,650 | - | - | - | (121) | - |
| | 578,839 | 38,598 | 18,182 | 6.7 | 47 | 3.1 | 9,144 | 6,042 |

of which:

| | | | | | | | | |
|-------------------------|---------|--------|--------|------|-----|------|-------|-------|
| UK | | | | | | | | |
| - residential mortgages | 101,593 | 2,062 | 314 | 2.0 | 15 | 0.3 | 169 | 17 |
| - personal lending | 23,620 | 3,083 | 2,518 | 13.1 | 82 | 10.7 | 1,046 | 1,153 |
| - property | 65,462 | 7,986 | 2,219 | 12.2 | 28 | 3.4 | 1,546 | 397 |
| - other | 191,934 | 5,652 | 3,580 | 2.9 | 63 | 1.9 | 1,197 | 704 |
| Europe | | | | | | | | |
| - residential mortgages | 20,094 | 1,551 | 301 | 7.7 | 19 | 1.5 | 221 | 6 |
| - personal lending | 2,870 | 401 | 316 | 14.0 | 79 | 11.0 | 66 | 24 |
| - property | 17,775 | 10,534 | 4,199 | 59.3 | 40 | 23.6 | 2,828 | 210 |
| - other | 53,380 | 3,950 | 2,454 | 7.4 | 62 | 4.6 | 763 | 1,423 |
| US | | | | | | | | |
| - residential mortgages | 24,201 | 640 | 253 | 2.6 | 40 | 1.0 | 615 | 645 |
| - personal lending | 9,520 | 55 | 55 | 0.6 | 100 | 0.6 | 160 | 271 |
| - property | 4,929 | 765 | 202 | 15.5 | 26 | 4.1 | 321 | 220 |
| - other | 36,780 | 870 | 1,133 | 2.4 | 130 | 3.1 | (76) | 524 |
| RoW | | | | | | | | |
| - residential mortgages | 613 | 23 | 9 | 3.8 | 39 | 1.5 | 9 | 1 |
| - personal lending | 1,462 | 5 | 5 | 0.3 | 100 | 0.3 | 98 | 129 |
| - property | 1,940 | 299 | 116 | 15.4 | 39 | 6.0 | (13) | 182 |
| - other | 22,666 | 722 | 508 | 3.2 | 70 | 2.2 | 194 | 136 |
| | 578,839 | 38,598 | 18,182 | 6.7 | 47 | 3.1 | 9,144 | 6,042 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| 31 December 2011 | Gross loans £m | REIL £m | Provisions £m | REIL | | Provisions | | FY Impairment charge £m | FY Amounts written-off £m |
|------------------------------|-------------------|------------|------------------|----------------------------------|------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| | | | | as a % of gross loans % | as a % of REIL % | as a % of gross loans % | as a % of gross loans % | | |
| Core | | | | | | | | | |
| Central and local government | | | | | | | | | |
| | 8,359 | - | - | - | - | - | - | - | - |
| Finance - banks | 43,374 | 136 | 122 | 0.3 | 90 | 0.3 | - | - | - |
| - other | 46,452 | 732 | 572 | 1.6 | 78 | 1.2 | 207 | 44 | |
| Residential mortgages | 138,509 | 4,704 | 1,182 | 3.4 | 25 | 0.9 | 776 | 198 | |
| Personal lending | 31,067 | 2,627 | 2,080 | 8.5 | 79 | 6.7 | 715 | 935 | |
| Property | 38,704 | 3,686 | 1,001 | 9.5 | 27 | 2.6 | 470 | 167 | |
| Construction | 6,781 | 660 | 228 | 9.7 | 35 | 3.4 | 178 | 143 | |
| Manufacturing | 23,201 | 458 | 221 | 2.0 | 48 | 1.0 | 106 | 125 | |
| Service industries and | | | | | | | | | |

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| | | | | | | | | |
|--------------------------------------|---------|--------|-------|------|-----|------|-------|-------|
| business activities | | | | | | | | |
| - retail, wholesale and repairs | 21,314 | 619 | 312 | 2.9 | 50 | 1.5 | 208 | 119 |
| - transport and storage | 16,454 | 325 | 52 | 2.0 | 16 | 0.3 | 47 | 29 |
| - health, education and recreation | 13,273 | 576 | 213 | 4.3 | 37 | 1.6 | 170 | 55 |
| - hotels and restaurants | 7,143 | 952 | 354 | 13.3 | 37 | 5.0 | 209 | 60 |
| - utilities | 6,543 | 22 | 1 | 0.3 | 5 | - | - | - |
| - other | 24,228 | 1,095 | 591 | 4.5 | 54 | 2.4 | 553 | 189 |
| Agriculture, forestry and fishing | 3,471 | 98 | 36 | 2.8 | 37 | 1.0 | (15) | 5 |
| Finance leases and instalment credit | 8,440 | 172 | 110 | 2.0 | 64 | 1.3 | 31 | 68 |
| Interest accruals | 675 | - | - | - | - | - | - | - |
| Latent | - | - | 1,339 | - | - | - | (252) | - |
| | 437,988 | 16,862 | 8,414 | 3.8 | 50 | 1.9 | 3,403 | 2,137 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 99,303 | 2,024 | 386 | 2.0 | 19 | 0.4 | 174 | 24 |
| - personal lending | 20,080 | 2,347 | 1,895 | 11.7 | 81 | 9.4 | 657 | 828 |
| - property | 31,141 | 2,475 | 568 | 7.9 | 23 | 1.8 | 379 | 113 |
| - other | 142,464 | 2,636 | 1,536 | 1.9 | 58 | 1.1 | 525 | 537 |
| Europe | | | | | | | | |
| - residential mortgages | 18,393 | 2,121 | 664 | 11.5 | 31 | 3.6 | 437 | 10 |
| - personal lending | 1,972 | 143 | 125 | 7.3 | 87 | 6.3 | (8) | 22 |
| - property | 4,846 | 1,038 | 367 | 21.4 | 35 | 7.6 | 162 | 11 |
| - other | 33,794 | 2,552 | 1,891 | 7.6 | 74 | 5.6 | 928 | 182 |
| US | | | | | | | | |
| - residential mortgages | 20,311 | 526 | 120 | 2.6 | 23 | 0.6 | 162 | 164 |
| - personal lending | 7,505 | 136 | 59 | 1.8 | 43 | 0.8 | 66 | 85 |
| - property | 2,413 | 111 | 24 | 4.6 | 22 | 1.0 | 16 | 43 |
| - other | 36,054 | 443 | 584 | 1.2 | 132 | 1.6 | 26 | 101 |
| RoW | | | | | | | | |
| - residential mortgages | 502 | 33 | 12 | 6.6 | 36 | 2.4 | 3 | - |
| - personal lending | 1,510 | 1 | 1 | 0.1 | 100 | 0.1 | - | - |
| - property | 304 | 62 | 42 | 20.4 | 68 | 13.8 | (87) | - |
| - other | 17,396 | 214 | 140 | 1.2 | 65 | 0.8 | (37) | 17 |
| | 437,988 | 16,862 | 8,414 | 3.8 | 50 | 1.9 | 3,403 | 2,137 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| 30 September 2011 | Gross loans £m | REIL £m | Provisions £m | REIL | | Provisions as a % of gross loans % | YTD Impairment charge £m | YTD Amounts written-off £m |
|---|----------------------|------------|------------------|---------------------|------------------------|--|-----------------------------------|-------------------------------------|
| | | | | gross loans % | as a % of REIL % | | | |
| Core | | | | | | | | |
| Central and local government | 8,097 | - | - | - | - | - | - | - |
| Finance - banks | 52,018 | 138 | 125 | 0.3 | 91 | 0.2 | - | - |
| - other | 48,094 | 715 | 518 | 1.5 | 72 | 1.1 | 130 | 22 |
| Residential mortgages | 143,941 | 4,835 | 1,139 | 3.4 | 24 | 0.8 | 641 | 169 |
| Personal lending | 32,152 | 2,957 | 2,359 | 9.2 | 80 | 7.3 | 514 | 718 |
| Property | 44,072 | 4,314 | 1,035 | 9.8 | 24 | 2.3 | 293 | 122 |
| Construction | 7,992 | 741 | 259 | 9.3 | 35 | 3.2 | 136 | 122 |
| Manufacturing | 24,816 | 447 | 238 | 1.8 | 53 | 1.0 | 48 | 89 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 22,207 | 685 | 328 | 3.1 | 48 | 1.5 | 126 | 68 |
| - transport and storage | 16,236 | 277 | 49 | 1.7 | 18 | 0.3 | 29 | 23 |
| - health, education and recreation | 16,224 | 633 | 188 | 3.9 | 30 | 1.2 | 89 | 39 |
| - hotels and restaurants | 7,841 | 982 | 359 | 12.5 | 37 | 4.6 | 150 | 29 |
| - utilities | 8,212 | 18 | 1 | 0.2 | 6 | - | (1) | - |
| - other | 24,744 | 1,126 | 614 | 4.6 | 55 | 2.5 | 490 | 154 |
| Agriculture, forestry and fishing | 3,767 | 93 | 31 | 2.5 | 33 | 0.8 | (22) | 4 |
| Finance leases and instalment credit | 8,404 | 184 | 114 | 2.2 | 62 | 1.4 | 21 | 52 |
| Interest accruals | 661 | - | - | - | - | - | - | - |
| Latent | - | - | 1,516 | - | - | - | (165) | - |
| | 469,478 | 18,145 | 8,873 | 3.9 | 49 | 1.9 | 2,479 | 1,611 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 104,040 | 2,236 | 413 | 2.1 | 18 | 0.4 | 146 | 13 |
| - personal lending | 21,930 | 2,716 | 2,185 | 12.4 | 80 | 10.0 | 498 | 658 |
| - property | 36,106 | 2,950 | 636 | 8.2 | 22 | 1.8 | 167 | 81 |
| - other | 153,683 | 2,968 | 1,811 | 1.9 | 61 | 1.2 | 379 | 421 |

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| | | | | | | | | |
|-------------------------|---------|--------|-------|------|-----|------|-------|-------|
| Europe | | | | | | | | |
| - residential mortgages | 19,109 | 2,074 | 588 | 10.9 | 28 | 3.1 | 331 | 3 |
| - personal lending | 2,126 | 143 | 124 | 6.7 | 87 | 5.8 | (15) | 14 |
| - property | 5,359 | 1,193 | 320 | 22.3 | 27 | 6.0 | 89 | 1 |
| - other | 40,020 | 2,566 | 1,783 | 6.4 | 69 | 4.5 | 714 | 126 |
| US | | | | | | | | |
| - residential mortgages | 20,285 | 502 | 129 | 2.5 | 26 | 0.6 | 164 | 153 |
| - personal lending | 6,543 | 96 | 49 | 1.5 | 51 | 0.7 | 31 | 42 |
| - property | 2,338 | 108 | 30 | 4.6 | 28 | 1.3 | 13 | 30 |
| - other | 36,016 | 329 | 583 | 0.9 | 177 | 1.6 | (20) | 52 |
| RoW | | | | | | | | |
| - residential mortgages | 507 | 23 | 9 | 4.5 | 39 | 1.8 | - | - |
| - personal lending | 1,553 | 2 | 1 | 0.1 | 50 | 0.1 | - | 4 |
| - property | 269 | 63 | 49 | 23.4 | 78 | 18.2 | 24 | 10 |
| - other | 19,594 | 176 | 163 | 0.9 | 93 | 0.8 | (42) | 3 |
| | 469,478 | 18,145 | 8,873 | 3.9 | 49 | 1.9 | 2,479 | 1,611 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| | Gross loans | REIL | Provisions | REIL | | Provisions of gross loans | FY Impairment charge | FY Amounts written-off |
|--|-------------|-------|------------|-----------------------|----------------|---------------------------|----------------------|------------------------|
| | | | | as a % of gross loans | as a % of REIL | | | |
| 31 December 2010 | £m | £m | £m | % | % | % | £m | £m |
| Core | | | | | | | | |
| Central and local government | 6,781 | - | - | - | - | - | - | - |
| Finance - banks | 57,033 | 144 | 126 | 0.3 | 88 | 0.2 | (5) | 1 |
| - other | 46,910 | 567 | 402 | 1.2 | 71 | 0.9 | 191 | 53 |
| Residential mortgages | 140,359 | 3,999 | 693 | 2.8 | 17 | 0.5 | 578 | 243 |
| Personal lending | 33,581 | 3,131 | 2,545 | 9.3 | 81 | 7.6 | 1,157 | 1,271 |
| Property | 42,455 | 3,287 | 818 | 7.7 | 25 | 1.9 | 739 | 98 |
| Construction | 8,680 | 610 | 222 | 7.0 | 36 | 2.6 | 189 | 38 |
| Manufacturing | 25,797 | 555 | 266 | 2.2 | 48 | 1.0 | 119 | 124 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 21,974 | 611 | 259 | 2.8 | 42 | 1.2 | 199 | 103 |
| - transport and storage | 15,946 | 112 | 40 | 0.7 | 36 | 0.3 | 40 | 35 |
| | 17,456 | 507 | 134 | 2.9 | 26 | 0.8 | 145 | 64 |

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| | | | | | | | | | |
|--------------------------------------|---------|--------|-------|------|-----|------|-------|-------|--|
| - health, education and recreation | | | | | | | | | |
| - hotels and restaurants | 8,189 | 741 | 236 | 9.0 | 32 | 2.9 | 165 | 49 | |
| - utilities | 7,098 | 22 | 3 | 0.3 | 14 | - | 1 | - | |
| - other | 24,464 | 583 | 276 | 2.4 | 47 | 1.1 | 137 | 98 | |
| Agriculture, forestry and fishing | 3,758 | 94 | 57 | 2.5 | 61 | 1.5 | 24 | 5 | |
| Finance leases and instalment credit | 8,321 | 244 | 140 | 2.9 | 57 | 1.7 | 63 | 42 | |
| Interest accruals | 831 | - | - | - | - | - | - | - | |
| Latent | - | - | 1,649 | - | - | - | (5) | - | |
| | 469,633 | 15,207 | 7,866 | 3.2 | 52 | 1.7 | 3,737 | 2,224 | |
| of which: | | | | | | | | | |
| UK | | | | | | | | | |
| - residential mortgages | 99,928 | 2,010 | 307 | 2.0 | 15 | 0.3 | 164 | 16 | |
| - personal lending | 23,035 | 2,888 | 2,341 | 12.5 | 81 | 10.2 | 1,033 | 1,142 | |
| - property | 34,970 | 2,454 | 500 | 7.0 | 20 | 1.4 | 394 | 43 | |
| - other | 161,746 | 2,657 | 1,743 | 1.6 | 66 | 1.1 | 689 | 318 | |
| Europe | | | | | | | | | |
| - residential mortgages | 19,473 | 1,506 | 280 | 7.7 | 19 | 1.4 | 184 | 6 | |
| - personal lending | 2,270 | 203 | 164 | 8.9 | 81 | 7.2 | 43 | 19 | |
| - property | 5,139 | 631 | 240 | 12.3 | 38 | 4.7 | 241 | 1 | |
| - other | 38,992 | 1,565 | 1,343 | 4.0 | 86 | 3.4 | 468 | 85 | |
| US | | | | | | | | | |
| - residential mortgages | 20,548 | 460 | 97 | 2.2 | 21 | 0.5 | 225 | 221 | |
| - personal lending | 6,816 | 35 | 35 | 0.5 | 100 | 0.5 | 81 | 110 | |
| - property | 1,611 | 144 | 43 | 8.9 | 30 | 2.7 | 84 | 54 | |
| - other | 33,110 | 388 | 649 | 1.2 | 167 | 2.0 | 35 | 171 | |
| RoW | | | | | | | | | |
| - residential mortgages | 410 | 23 | 9 | 5.6 | 39 | 2.2 | 5 | - | |
| - personal lending | 1,460 | 5 | 5 | 0.3 | 100 | 0.3 | - | - | |
| - property | 735 | 58 | 35 | 7.9 | 60 | 4.8 | 20 | - | |
| - other | 19,390 | 180 | 75 | 0.9 | 42 | 0.4 | 71 | 38 | |
| | 469,633 | 15,207 | 7,866 | 3.2 | 52 | 1.7 | 3,737 | 2,224 | |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

31 December 2011 Gross REIL Provisions REIL Provisions Provisions FY

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| | loans £m | £m | £m | as a % of gross loans % | as a % of REIL % | as a % of gross loans % | Impairment charge £m | FY Amounts written-off £m |
|---|-------------|--------|--------|-------------------------------------|------------------------|----------------------------------|----------------------------|------------------------------------|
| Non-Core | | | | | | | | |
| Central and local | | | | | | | | |
| government | 1,383 | - | - | - | - | - | - | - |
| Finance - banks | 619 | 1 | 1 | 0.2 | 100 | 0.2 | - | - |
| - other | 3,229 | 317 | 147 | 9.8 | 46 | 4.6 | (118) | 43 |
| Residential mortgages | 5,102 | 380 | 180 | 7.4 | 47 | 3.5 | 300 | 318 |
| Personal lending | 1,556 | 110 | 92 | 7.1 | 84 | 5.9 | 67 | 351 |
| Property | 38,064 | 17,969 | 7,861 | 47.2 | 44 | 20.7 | 3,200 | 1,004 |
| Construction | 2,672 | 1,102 | 475 | 41.2 | 43 | 17.8 | (39) | 101 |
| Manufacturing | 4,931 | 423 | 283 | 8.6 | 67 | 5.7 | 121 | 90 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 2,339 | 388 | 204 | 16.6 | 53 | 8.7 | (28) | 53 |
| - transport and storage | 5,477 | 264 | 94 | 4.8 | 36 | 1.7 | 31 | 14 |
| - health, education and recreation | 1,419 | 501 | 245 | 35.3 | 49 | 17.3 | 134 | 43 |
| - hotels and restaurants | 1,161 | 485 | 289 | 41.8 | 60 | 24.9 | 125 | 71 |
| - utilities | 1,849 | 66 | 22 | 3.6 | 33 | 1.2 | 3 | 3 |
| - other | 3,772 | 1,308 | 504 | 34.7 | 39 | 13.4 | 246 | 184 |
| Agriculture, forestry and fishing | 129 | 47 | 27 | 36.4 | 57 | 20.9 | 8 | 13 |
| Finance leases and instalment credit | 6,059 | 622 | 398 | 10.3 | 64 | 6.6 | 81 | 102 |
| Interest accruals | 116 | - | - | - | - | - | - | - |
| Latent | - | - | 647 | - | - | - | (293) | - |
| | 79,877 | 23,983 | 11,469 | 30.0 | 48 | 14.4 | 3,838 | 2,390 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 1,423 | 52 | 11 | 3.7 | 21 | 0.8 | 6 | 1 |
| - personal lending | 127 | 37 | 30 | 29.1 | 81 | 23.6 | (12) | 179 |
| - property | 24,610 | 5,405 | 2,291 | 22.0 | 42 | 9.3 | 1,034 | 377 |
| - other | 19,756 | 2,298 | 1,504 | 11.6 | 65 | 7.6 | 174 | 349 |
| Europe | | | | | | | | |
| - residential mortgages | 553 | 84 | 49 | 15.2 | 58 | 8.9 | 30 | - |
| - personal lending | 492 | 66 | 55 | 13.4 | 83 | 11.2 | 33 | 104 |
| - property | 11,538 | 12,035 | 5,384 | 104.3 | 45 | 46.7 | 2,134 | 497 |
| - other | 11,068 | 2,641 | 1,315 | 23.9 | 50 | 11.9 | 277 | 107 |
| US | | | | | | | | |

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| | | | | | | | | |
|-------------------------|--------|--------|--------|------|-----|------|-------|-------|
| - residential mortgages | 2,926 | 244 | 120 | 8.3 | 49 | 4.1 | 264 | 317 |
| - personal lending | 936 | 7 | 7 | 0.7 | 100 | 0.7 | 46 | 68 |
| - property | 1,370 | 218 | 68 | 15.9 | 31 | 5.0 | (18) | 95 |
| - other | 2,104 | 213 | 329 | 10.1 | 154 | 15.6 | (192) | 96 |
| RoW | | | | | | | | |
| - residential mortgages | 200 | - | - | - | - | - | - | - |
| - personal lending | 1 | - | - | - | - | - | - | - |
| - property | 546 | 311 | 118 | 57.0 | 38 | 21.6 | 50 | 35 |
| - other | 2,227 | 372 | 188 | 16.7 | 51 | 8.4 | 12 | 165 |
| | 79,877 | 23,983 | 11,469 | 30.0 | 48 | 14.4 | 3,838 | 2,390 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| 30 September 2011 | Gross loans £m | REIL £m | Provisions £m | REIL as a % | | Provisions as a % | | YTD Impairment charge £m | YTD Amounts written-off £m |
|--|-------------------|------------|------------------|------------------|----------------------------|------------------------|------------------------|-----------------------------------|-------------------------------------|
| | | | | gross loans % | Provisions of REIL % | of gross loans % | of gross loans % | | |
| Non-Core | | | | | | | | | |
| Central and local government | 1,507 | 76 | - | 5.0 | - | - | - | - | - |
| Finance - banks | 709 | 11 | 1 | 1.6 | 9 | 0.1 | - | - | - |
| - other | 4,884 | 264 | 152 | 5.4 | 58 | 3.1 | (126) | 40 | |
| Residential mortgages | 5,319 | 478 | 281 | 9.0 | 59 | 5.3 | 308 | 223 | |
| Personal lending | 2,810 | 299 | 263 | 10.6 | 88 | 9.4 | 21 | 88 | |
| Property | 40,628 | 18,040 | 7,796 | 44.4 | 43 | 19.2 | 2,643 | 609 | |
| Construction | 3,062 | 1,012 | 481 | 33.1 | 48 | 15.7 | (104) | 46 | |
| Manufacturing | 5,233 | 659 | 251 | 12.6 | 38 | 4.8 | 57 | 69 | |
| Service industries and business activities | | | | | | | | | |
| - retail, wholesale and repairs | 2,427 | 409 | 227 | 16.9 | 56 | 9.4 | 9 | 25 | |
| - transport and storage | 6,009 | 267 | 92 | 4.4 | 34 | 1.5 | 24 | 12 | |
| - health, education and recreation | 1,515 | 564 | 213 | 37.2 | 38 | 14.1 | 87 | 33 | |
| - hotels and restaurants | 1,358 | 592 | 342 | 43.6 | 58 | 25.2 | 116 | 25 | |
| - utilities | 1,725 | 62 | 21 | 3.6 | 34 | 1.2 | 2 | 2 | |
| - other | 4,479 | 1,113 | 548 | 24.8 | 49 | 12.2 | 200 | 157 | |
| | 135 | 58 | 28 | 43.0 | 48 | 20.7 | 1 | 7 | |

| | | | | | | | | |
|--------------------------------------|--------|--------|--------|------|-----|------|-------|-------|
| Agriculture, forestry and fishing | | | | | | | | |
| Finance leases and instalment credit | 7,467 | 677 | 403 | 9.1 | 60 | 5.4 | 60 | 73 |
| Interest accruals | 152 | - | - | - | - | - | - | - |
| Latent | - | - | 751 | - | - | - | (190) | - |
| | 89,419 | 24,581 | 11,850 | 27.5 | 48 | 13.3 | 3,108 | 1,409 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 1,497 | 56 | 11 | 3.7 | 20 | 0.7 | 6 | 1 |
| - personal lending | 295 | 197 | 183 | 66.8 | 93 | 62.0 | 12 | 8 |
| - property | 25,953 | 5,423 | 2,163 | 20.9 | 40 | 8.3 | 896 | 340 |
| - other | 23,769 | 2,375 | 1,576 | 10.0 | 66 | 6.6 | 57 | 229 |
| Europe | | | | | | | | |
| - residential mortgages | 590 | 174 | 134 | 29.5 | 77 | 22.7 | 114 | 4 |
| - personal lending | 526 | 67 | 54 | 12.7 | 81 | 10.3 | (53) | 6 |
| - property | 12,255 | 11,972 | 5,433 | 97.7 | 45 | 44.3 | 1,720 | 188 |
| - other | 11,957 | 2,622 | 1,363 | 21.9 | 52 | 11.4 | 224 | 69 |
| US | | | | | | | | |
| - residential mortgages | 3,040 | 247 | 136 | 8.1 | 55 | 4.5 | 188 | 218 |
| - personal lending | 1,986 | 35 | 26 | 1.8 | 74 | 1.3 | 62 | 74 |
| - property | 1,549 | 269 | 89 | 17.4 | 33 | 5.7 | (23) | 57 |
| - other | 2,259 | 304 | 363 | 13.5 | 119 | 16.1 | (155) | 59 |
| RoW | | | | | | | | |
| - residential mortgages | 192 | 1 | - | 0.5 | - | - | - | - |
| - personal lending | 3 | - | - | - | - | - | - | - |
| - property | 871 | 376 | 111 | 43.2 | 30 | 12.7 | 50 | 24 |
| - other | 2,677 | 463 | 208 | 17.3 | 45 | 7.8 | 10 | 132 |
| | 89,419 | 24,581 | 11,850 | 27.5 | 48 | 13.3 | 3,108 | 1,409 |

Appendix 3 Additional risk management disclosures (continued)

Loans, REIL and impairments by sector and geography (continued)

| 31 December 2010 | Gross loans £m | REIL £m | Provisions £m | REIL | | Provisions | | FY Impairment charge £m | FY Amounts written-off £m |
|------------------|-------------------|------------|------------------|--------------------------------|----------------------|--------------------------------|--------------------------------|----------------------------------|------------------------------------|
| | | | | as a % of gross loans | as a % of REIL | as a % of gross loans | as a % of gross loans | | |
| | | | | | | | | | |

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| | | | | | | | | |
|--|---------|--------|--------|------|-----|------|-------|-------|
| Non-Core | | | | | | | | |
| Central and local | | | | | | | | |
| government | 1,671 | - | - | - | - | - | - | - |
| Finance - banks | 1,003 | 1 | 1 | 0.1 | 100 | 0.1 | (8) | 11 |
| - other | 7,651 | 562 | 193 | 7.3 | 34 | 2.5 | 7 | 88 |
| Residential mortgages | 6,142 | 277 | 184 | 4.5 | 66 | 3.0 | 436 | 426 |
| Personal lending | 3,891 | 413 | 349 | 10.6 | 85 | 9.0 | 213 | 306 |
| Property | 47,651 | 16,297 | 5,918 | 34.2 | 36 | 12.4 | 3,943 | 911 |
| Construction | 3,352 | 1,854 | 653 | 55.3 | 35 | 19.5 | 341 | 108 |
| Manufacturing | 6,520 | 644 | 237 | 9.9 | 37 | 3.6 | (211) | 1,423 |
| Service industries and business activities | | | | | | | | |
| - retail, wholesale and repairs | 3,191 | 546 | 313 | 17.1 | 57 | 9.8 | 135 | 58 |
| - transport and storage | 8,195 | 136 | 78 | 1.7 | 57 | 1.0 | 47 | 4 |
| - health, education and recreation | 1,865 | 548 | 185 | 29.4 | 34 | 9.9 | 14 | 135 |
| - hotels and restaurants | 1,492 | 528 | 268 | 35.4 | 51 | 18.0 | 156 | 57 |
| - utilities | 2,110 | 69 | 20 | 3.3 | 29 | 0.9 | 13 | 7 |
| - other | 5,530 | 855 | 473 | 15.5 | 55 | 8.6 | 241 | 212 |
| Agriculture, forestry and fishing | 135 | 58 | 29 | 43.0 | 50 | 21.5 | 7 | 1 |
| Finance leases and instalment credit | 8,529 | 603 | 414 | 7.1 | 69 | 4.9 | 189 | 71 |
| Interest accruals | 278 | - | - | - | - | - | - | - |
| Latent | - | - | 1,001 | - | - | - | (116) | - |
| | 109,206 | 23,391 | 10,316 | 21.4 | 44 | 9.4 | 5,407 | 3,818 |
| of which: | | | | | | | | |
| UK | | | | | | | | |
| - residential mortgages | 1,665 | 52 | 7 | 3.1 | 13 | 0.4 | 5 | 1 |
| - personal lending | 585 | 195 | 177 | 33.3 | 91 | 30.3 | 13 | 11 |
| - property | 30,492 | 5,532 | 1,719 | 18.1 | 31 | 5.6 | 1,152 | 354 |
| - other | 30,188 | 2,995 | 1,837 | 9.9 | 61 | 6.1 | 508 | 386 |
| Europe | | | | | | | | |
| - residential mortgages | 621 | 45 | 21 | 7.2 | 47 | 3.4 | 37 | - |
| - personal lending | 600 | 198 | 152 | 33.0 | 77 | 25.3 | 23 | 5 |
| - property | 12,636 | 9,903 | 3,959 | 78.4 | 40 | 31.3 | 2,587 | 209 |
| - other | 14,388 | 2,385 | 1,111 | 16.6 | 47 | 7.7 | 295 | 1,338 |
| US | | | | | | | | |
| - residential mortgages | 3,653 | 180 | 156 | 4.9 | 87 | 4.3 | 390 | 424 |
| - personal lending | 2,704 | 20 | 20 | 0.7 | 100 | 0.7 | 79 | 161 |
| - property | 3,318 | 621 | 159 | 18.7 | 26 | 4.8 | 237 | 166 |

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| | | | | | | | | |
|-------------------------|---------|--------|--------|------|-----|------|-------|-------|
| - other | 3,670 | 482 | 484 | 13.1 | 100 | 13.2 | (111) | 353 |
| RoW | | | | | | | | |
| - residential mortgages | 203 | - | - | - | - | - | 4 | 1 |
| - personal lending | 2 | - | - | - | - | - | 98 | 129 |
| - property | 1,205 | 241 | 81 | 20.0 | 34 | 6.7 | (33) | 182 |
| - other | 3,276 | 542 | 433 | 16.5 | 80 | 13.2 | 123 | 98 |
| | 109,206 | 23,391 | 10,316 | 21.4 | 44 | 9.4 | 5,407 | 3,818 |

Appendix 3 Additional risk management disclosures (continued)

ABS by geography and measurement classification

| | US | UK | Other Europe | RoW | Total | FVTPL (1) | | | |
|---------------------------------------|--------|--------|--------------|-------|--------|-----------|---------|---------|---------|
| | | | | | | HFT (2) | DFV (3) | AFS (4) | LAR (5) |
| 31 December 2011 | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross exposure | | | | | | | | | |
| MBS: covered bond | 133 | 203 | 8,256 | - | 8,592 | - | - | 8,592 | - |
| RMBS: Government sponsored or similar | 27,549 | - | 5,884 | 2 | 33,435 | 15,031 | - | 18,404 | - |
| RMBS: prime | 1,201 | 3,487 | 1,541 | 484 | 6,713 | 1,090 | 567 | 4,977 | 79 |
| RMBS: non-conforming | 1,220 | 2,197 | 74 | - | 3,491 | 717 | - | 1,402 | 1,372 |
| RMBS: sub-prime | 1,847 | 427 | 94 | 2 | 2,370 | 2,183 | - | 22 | 165 |
| CMBS | 1,623 | 1,562 | 883 | 1 | 4,069 | 2,001 | - | 862 | 1,206 |
| CDOs | 7,889 | 72 | 469 | - | 8,430 | 4,455 | - | 3,885 | 90 |
| CLOs | 5,019 | 156 | 1,055 | - | 6,230 | 1,294 | - | 4,734 | 202 |
| ABS covered bond | 21 | 71 | 948 | 4 | 1,044 | - | - | 1,044 | - |
| Other ABS | 2,085 | 1,844 | 1,746 | 992 | 6,667 | 1,965 | 17 | 2,389 | 2,296 |
| | 48,587 | 10,019 | 20,950 | 1,485 | 81,041 | 28,736 | 584 | 46,311 | 5,410 |
| Carrying value | | | | | | | | | |
| MBS: covered bond | 136 | 209 | 7,175 | - | 7,520 | - | - | 7,520 | - |
| RMBS: Government sponsored or similar | 28,022 | - | 5,549 | 2 | 33,573 | 15,132 | - | 18,441 | - |
| RMBS: prime | 1,035 | 3,038 | 1,206 | 466 | 5,745 | 872 | 558 | 4,243 | 72 |
| RMBS: non-conforming | 708 | 1,897 | 74 | - | 2,679 | 327 | - | 980 | 1,372 |
| RMBS: sub-prime | 686 | 144 | 72 | 2 | 904 | 737 | - | 9 | 158 |
| CMBS | 1,502 | 1,253 | 635 | 1 | 3,391 | 1,513 | - | 716 | 1,162 |
| CDOs | 1,632 | 31 | 294 | - | 1,957 | 315 | - | 1,555 | 87 |
| CLOs | 4,524 | 98 | 719 | - | 5,341 | 882 | - | 4,280 | 179 |
| ABS covered bond | 19 | 70 | 953 | 4 | 1,046 | - | - | 1,046 | - |

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| | | | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|--------|--------|-----|--------|-------|
| Other ABS | 1,715 | 947 | 1,525 | 966 | 5,153 | 1,038 | - | 1,945 | 2,170 |
| | 39,979 | 7,687 | 18,202 | 1,441 | 67,309 | 20,816 | 558 | 40,735 | 5,200 |
| Net exposure | | | | | | | | | |
| MBS: covered bond | 136 | 209 | 7,175 | - | 7,520 | - | - | 7,520 | - |
| RMBS: Government sponsored or similar | 28,022 | - | 5,549 | 2 | 33,573 | 15,132 | - | 18,441 | - |
| RMBS: prime | 825 | 3,456 | 1,005 | 458 | 5,744 | 447 | 557 | 4,668 | 72 |
| RMBS: non-conforming | 677 | 2,225 | 74 | - | 2,976 | 284 | - | 1,320 | 1,372 |
| RMBS: sub-prime | 385 | 138 | 67 | 2 | 592 | 434 | - | - | 158 |
| CMBS | 860 | 1,253 | 543 | 1 | 2,657 | 777 | - | 718 | 1,162 |
| CDOs | 1,030 | 31 | 294 | - | 1,355 | 304 | - | 964 | 87 |
| CLOs | 1,367 | 98 | 712 | - | 2,177 | 827 | - | 1,171 | 179 |
| ABS covered bond | 19 | 70 | 952 | 4 | 1,045 | - | - | 1,045 | - |
| Other ABS | 1,456 | 843 | 1,527 | 804 | 4,630 | 617 | - | 1,941 | 2,071 |
| | 34,777 | 8,323 | 17,898 | 1,271 | 62,269 | 18,822 | 557 | 37,788 | 5,101 |

For notes relating to this table refer to page 14.

Appendix 3 Additional risk management disclosures (continued)

ABS by geography and measurement classification (continued)

| | | | | | | FVTPL (1) | | | |
|---------------------------------------|--------|-------|--------------|-------|--------|-----------|---------|---------|---------|
| | US | UK | Other Europe | RoW | Total | HFT (2) | DFV (3) | AFS (4) | LAR (5) |
| 30 September 2011 | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross exposure | | | | | | | | | |
| MBS: covered bond | 136 | 206 | 8,468 | - | 8,810 | - | - | 8,810 | - |
| RMBS: Government sponsored or similar | 29,011 | 15 | 6,141 | 1 | 35,168 | 17,622 | - | 17,546 | - |
| RMBS: prime | 1,464 | 3,267 | 1,848 | 493 | 7,072 | 1,152 | 74 | 5,743 | 103 |
| RMBS: non-conforming | 1,197 | 2,198 | 75 | - | 3,470 | 678 | - | 1,416 | 1,376 |
| RMBS: sub-prime | 2,015 | 437 | 106 | 4 | 2,562 | 2,355 | - | 24 | 183 |
| CMBS | 1,937 | 1,748 | 881 | 30 | 4,596 | 2,295 | - | 949 | 1,352 |
| CDOs | 9,427 | 49 | 487 | - | 9,963 | 5,882 | - | 3,989 | 92 |
| CLOs | 5,314 | 119 | 772 | - | 6,205 | 1,050 | - | 4,893 | 262 |
| ABS covered bond | - | - | 1,466 | - | 1,466 | - | - | 1,466 | - |
| Other ABS | 2,074 | 1,688 | 948 | 1,150 | 5,860 | 1,907 | - | 1,612 | 2,341 |
| | 52,575 | 9,727 | 21,192 | 1,678 | 85,172 | 32,941 | 74 | 46,448 | 5,709 |

Carrying value

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| | | | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|--------|--------|---|--------|-------|
| MBS: covered bond | 139 | 214 | 7,504 | - | 7,857 | - | - | 7,857 | - |
| RMBS: Government sponsored or similar | 29,759 | 15 | 5,790 | 1 | 35,565 | 17,948 | - | 17,617 | - |
| RMBS: prime | 1,207 | 2,755 | 1,493 | 478 | 5,933 | 947 | 1 | 4,891 | 94 |
| RMBS: non-conforming | 773 | 1,914 | 75 | - | 2,762 | 366 | - | 1,020 | 1,376 |
| RMBS: sub-prime | 928 | 159 | 83 | 4 | 1,174 | 988 | - | 11 | 175 |
| CMBS | 1,811 | 1,373 | 621 | 30 | 3,835 | 1,759 | - | 838 | 1,238 |
| CDOs | 1,913 | 16 | 298 | - | 2,227 | 476 | - | 1,662 | 89 |
| CLOs | 4,787 | 78 | 500 | - | 5,365 | 647 | - | 4,479 | 239 |
| ABS covered bond | - | - | 1,425 | - | 1,425 | - | - | 1,425 | - |
| Other ABS | 1,743 | 824 | 838 | 1,114 | 4,519 | 992 | - | 1,291 | 2,236 |
| | 43,060 | 7,348 | 18,627 | 1,627 | 70,662 | 24,123 | 1 | 41,091 | 5,447 |

Net exposure

| | | | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|--------|--------|---|--------|-------|
| MBS: covered bond | 139 | 214 | 7,504 | - | 7,857 | - | - | 7,857 | - |
| RMBS: Government sponsored or similar | 29,759 | 15 | 5,790 | 1 | 35,565 | 17,948 | - | 17,617 | - |
| RMBS: prime | 1,102 | 2,740 | 1,292 | 454 | 5,588 | 610 | 1 | 4,883 | 94 |
| RMBS: non-conforming | 739 | 1,903 | 75 | - | 2,717 | 322 | - | 1,019 | 1,376 |
| RMBS: sub-prime | 506 | 159 | 78 | 4 | 747 | 569 | - | 3 | 175 |
| CMBS | 950 | 1,373 | 510 | 30 | 2,863 | 802 | - | 837 | 1,224 |
| CDOs | 369 | 16 | 298 | - | 683 | 225 | - | 369 | 89 |
| CLOs | 1,159 | 78 | 493 | - | 1,730 | 580 | - | 911 | 239 |
| ABS covered bond | - | - | 1,425 | - | 1,425 | - | - | 1,425 | - |
| Other ABS | 1,449 | 717 | 840 | 959 | 3,965 | 548 | - | 1,292 | 2,125 |
| | 36,172 | 7,215 | 18,305 | 1,448 | 63,140 | 21,604 | 1 | 36,213 | 5,322 |

For notes relating to this table refer to page 14.

Appendix 3 Additional risk management disclosures (continued)

ABS by geography and measurement classification (continued)

| | | | | | | FVTPL (1) | | | |
|---------------------------------------|--------|-------|--------------|-----|--------|-----------|---------|---------|---------|
| | US | UK | Other Europe | RoW | Total | HFT (2) | DFV (3) | AFS (4) | LAR (5) |
| 31 December 2010 | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross exposure | | | | | | | | | |
| MBS: covered bond | 138 | 208 | 8,525 | - | 8,871 | - | - | 8,871 | - |
| RMBS: Government sponsored or similar | 24,207 | 16 | 6,422 | - | 30,645 | 13,840 | - | 16,805 | - |
| RMBS: prime | 1,784 | 3,385 | 1,118 | 192 | 6,479 | 1,605 | 1 | 4,749 | 124 |
| | 1,249 | 2,107 | 92 | - | 3,448 | 708 | - | 1,313 | 1,427 |

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RMBS:

non-conforming

| | | | | | | | | | |
|------------------|--------|-------|--------|-------|--------|--------|-----|--------|-------|
| RMBS: sub-prime | 792 | 365 | 139 | 221 | 1,517 | 819 | - | 496 | 202 |
| CMBS | 3,086 | 1,451 | 912 | 45 | 5,494 | 2,646 | 120 | 1,409 | 1,319 |
| CDOs | 12,156 | 128 | 453 | - | 12,737 | 7,951 | - | 4,687 | 99 |
| CLOs | 6,038 | 134 | 879 | 9 | 7,060 | 1,062 | - | 5,572 | 426 |
| ABS covered bond | - | - | 1,908 | - | 1,908 | - | - | 1,908 | - |
| Other ABS | 3,104 | 1,144 | 963 | 1,705 | 6,916 | 1,533 | - | 2,615 | 2,768 |
| | 52,554 | 8,938 | 21,411 | 2,172 | 85,075 | 30,164 | 121 | 48,425 | 6,365 |

Carrying value

| | | | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|--------|--------|-----|--------|-------|
| MBS: covered bond | 142 | 208 | 7,522 | - | 7,872 | - | - | 7,872 | - |
| RMBS: Government sponsored or similar | 24,390 | 16 | 5,958 | - | 30,364 | 13,765 | - | 16,599 | - |
| RMBS: prime | 1,624 | 3,000 | 931 | 192 | 5,747 | 1,384 | 1 | 4,249 | 113 |
| RMBS: non-conforming | 1,084 | 1,959 | 92 | - | 3,135 | 605 | - | 1,102 | 1,428 |
| RMBS: sub-prime | 638 | 255 | 120 | 205 | 1,218 | 681 | - | 344 | 193 |
| CMBS | 2,936 | 1,338 | 638 | 38 | 4,950 | 2,262 | 118 | 1,281 | 1,289 |
| CDOs | 3,135 | 69 | 254 | - | 3,458 | 1,341 | - | 2,021 | 96 |
| CLOs | 5,334 | 102 | 635 | 3 | 6,074 | 691 | - | 4,958 | 425 |
| ABS covered bond | - | - | 1,861 | - | 1,861 | - | - | 1,861 | - |
| Other ABS | 2,780 | 945 | 754 | 1,667 | 6,146 | 1,259 | - | 2,228 | 2,659 |
| | 42,063 | 7,892 | 18,765 | 2,105 | 70,825 | 21,988 | 119 | 42,515 | 6,203 |

Net exposure

| | | | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|--------|--------|----|--------|-------|
| MBS: covered bond | 142 | 208 | 7,522 | - | 7,872 | - | - | 7,872 | - |
| RMBS: Government sponsored or similar | 24,390 | 16 | 5,958 | - | 30,364 | 13,765 | - | 16,599 | - |
| RMBS: prime | 1,523 | 2,948 | 596 | 192 | 5,259 | 897 | 1 | 4,248 | 113 |
| RMBS: non-conforming | 1,081 | 1,959 | 92 | - | 3,132 | 602 | - | 1,102 | 1,428 |
| RMBS: sub-prime | 289 | 253 | 112 | 176 | 830 | 305 | - | 332 | 193 |
| CMBS | 1,823 | 1,336 | 458 | 38 | 3,655 | 1,188 | 10 | 1,230 | 1,227 |
| CDOs | 1,085 | 39 | 245 | - | 1,369 | 743 | - | 530 | 96 |
| CLOs | 1,387 | 102 | 629 | 1 | 2,119 | 673 | - | 1,021 | 425 |
| ABS covered bond | - | - | 1,861 | - | 1,861 | - | - | 1,861 | - |
| Other ABS | 2,293 | 748 | 748 | 1,659 | 5,448 | 690 | - | 2,220 | 2,538 |
| | 34,013 | 7,609 | 18,221 | 2,066 | 61,909 | 18,863 | 11 | 37,015 | 6,020 |

Notes:

- (1) Fair value through profit or loss.
- (2) Held-for-trading.
- (3) Designated as at fair value through profit or loss.
- (4) Available-for-sale.

(5) Loans and receivables.

Appendix 4

Asset Protection Scheme

Appendix 4 Asset Protection Scheme

Covered assets: roll forward to 31 December 2011

The Group has paid Asset Protection Scheme (APS) premiums totalling £2,225 million (£125 million in 2011, £700 million in 2010 and £1,400 million in 2009). From 31 December 2011, premiums of £125 million are payable quarterly until the earlier of 2099 and the date the Group leaves the Scheme.

The table below shows the movement in covered assets.

| | Covered amount £bn |
|--|--------------------------|
| Covered assets at 31 December 2010 | 194.7 |
| Disposals | (4.1) |
| Maturities, amortisation and early repayments | (33.2) |
| Effect of foreign currency movements and other adjustments | (1.6) |
| Covered assets at 30 September 2011 | 155.8 |
| Disposals | (1.2) |
| Maturities, amortisation and early repayments | (9.2) |
| Withdrawals | (12.4) |
| Effect of foreign currency movements and other adjustments | (1.2) |
| Covered assets at 31 December 2011 | 131.8 |

Key points

- The reduction in covered assets was due to run-off of the portfolio, disposals, early repayments and maturing loans.

- The Group continues to take advantage of market conditions and execute sales from a number of its portfolios.
- During the last quarter of 2011, the Group withdrew £12.4 billion of covered assets with a lower than average risk profile from the APS.

Credit impairments and write-downs

The table below analyses the credit impairment provision (adjusted for write-downs) and adjustments to par value (including available-for-sale reserves) relating to covered assets.

| | 31 December 2011 £m | 30 September 2011 £m | 31 December 2010 £m |
|--------------------|------------------------------|-------------------------------|------------------------------|
| Loans and advances | 20,586 | 20,407 | 18,033 |
| Debt securities | 10,703 | 11,079 | 11,747 |
| Derivatives | 3,056 | 3,023 | 2,043 |
| | 34,345 | 34,509 | 31,823 |
| Core | 7,626 | 8,061 | 6,646 |
| Non-Core | 26,719 | 26,448 | 25,177 |
| | 34,345 | 34,509 | 31,823 |

Key points

- The increase in Non-Core impairments of £1.5 billion accounted for the majority of the increase in credit impairments and write-downs in 2011.
- The increase in Core is largely accounted for by impairments offset by asset withdrawals.

Appendix 4 Asset Protection Scheme (continued)

First loss utilisation

The table below shows the first loss utilisation under the original and modified rules.

| | Original Scheme rules | | Modified Scheme rules | |
|------------------|-------------------------|-------------------------------|--------------------------|---------------------------|
| | Gross loss amount £m | Cash recoveries to date £m | Net triggered loss £m | Net triggered total £m |
| 31 December 2011 | | | | |
| Core | 8,451 | (2,240) | 1,567 | 7,778 |
| Non-Core | 17,486 | (2,992) | 8,158 | 22,652 |

| | | | | |
|-------------------|--------|---------|-------|--------|
| | 25,937 | (5,232) | 9,725 | 30,430 |
| Loss credits | | | | 1,802 |
| | | | | 32,232 |
| 30 September 2011 | | | | |
| Core | 8,152 | (1,625) | 2,004 | 8,531 |
| Non-Core | 14,974 | (2,477) | 7,949 | 20,446 |
| | 23,126 | (4,102) | 9,953 | 28,977 |
| Loss credits | | | | 1,792 |
| | | | | 30,769 |
| 31 December 2010 | | | | |
| Core | 6,865 | (1,042) | 1,559 | 7,382 |
| Non-Core | 13,946 | (1,876) | 6,923 | 18,993 |
| | 20,811 | (2,918) | 8,482 | 26,375 |
| Loss credits | | | | 1,241 |
| | | | | 27,616 |

Key points

- The cumulative first loss is £32.2 billion. However, the Group does not expect to claim under the APS, which has a first loss of £60 billion.
- The Group received loss credits of £0.6 billion in 2011 in relation to disposals. Cumulative loss credits at 31 December 2011 were £1.8 billion.
- The Group continues to expect an average recovery rate of approximately 40% across all portfolios.

Appendix 4 Asset Protection Scheme (continued)

Risk-weighted assets

The table below analyses risk-weighted assets (RWAs) covered by the APS.

| | 31 December 2011 | 30 September 2011 | 31 December 2010 |
|--|------------------------|-------------------------|------------------------|
|--|------------------------|-------------------------|------------------------|

| | £bn | £bn | £bn |
|----------|------|------|-------|
| Core | 40.2 | 43.9 | 54.7 |
| Non-Core | 28.9 | 44.7 | 50.9 |
| APS RWAs | 69.1 | 88.6 | 105.6 |

Key points

2011 compared with 2010

- The decrease of £36.5 billion in RWAs covered by the APS, reflects pool movements, assets moving into default and changes in risk parameters.

Q4 2011 compared with Q3 2011

- RWA decreases in the quarter were as a result of pool movements, asset withdrawals, assets moving into default and changes in risk parameters.

Appendix 5

Divisional reorganisation

Divisional reorganisation

Organisational change

In January 2012, the Group announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes will see the reorganisation of the Group's wholesale businesses into 'Markets' and 'International Banking' and the exit and downsizing of selected activities. The changes will ensure the wholesale businesses continue to deliver against the Group's strategy.

The changes will include an exit from cash equities, corporate brokering, equity capital markets and mergers and acquisitions businesses. Significant reductions in balance sheet, funding requirements and cost base in the remaining wholesale businesses will be implemented.

Existing GBM and GTS divisions will be reorganised as follows:

- The 'Markets' business will maintain its focus on fixed income, with strong positions in debt capital raising, securitisation, risk management, foreign exchange and rates. It will serve the corporate and institutional clients of all Group businesses
- GBM's corporate banking business will combine with the international businesses of our GTS arm into a new 'International Banking' unit and provide clients with a 'one-stop shop' access to the Group's debt financing, risk management and payments services. This international corporate business will be self-funded through its stable corporate deposit base.
- The domestic small and mid-size corporates currently served within GTS will be managed within RBS's domestic corporate banking businesses in the UK, Ireland (Ulster Bank) and the US (US Retail and Commercial).

Our wholesale business will be retaining its international footprint to ensure that it can serve our customers' needs globally. We believe, that despite current challenges to the sector, wholesale banking services can play a central role in supporting cross border trade and capital flows, financing requirements and risk management and we remain committed to this business.

Going forward the Group will comprise the following segments:

- Retail and Commercial
 - UK Retail
 - UK Corporate
 - Wealth
 - US Retail and Commercial
 - Ulster Bank
 - International Banking
- Markets
- RBS Insurance
- Group Centre
- Core
- Non-Core

Revised allocation of Group Treasury costs

The Group is also refining the way that Group Treasury costs are allocated. It is in the process of revising prior period information to reflect these changes and further details will be published ahead of the Group's Q1 2012 Interim Management Statement.

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: 23 February 2012

THE ROYAL BANK OF
SCOTLAND GROUP plc
(Registrant)

By: /s/ Jan Cargill

Name: Jan Cargill
Title: Deputy Secretary