

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
February 27, 2014

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 27, 2014

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-  
\_\_\_\_\_

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

## Divisional performance

The results of each division on a managed basis are set out below. The results are stated before movements in own credit adjustments, Payment Protection Insurance costs, Interest Rate Hedging Products redress and related costs, regulatory and legal actions, amortisation of purchased intangible assets, integration and restructuring costs, gain/(loss) on redemption of own debt, write-down of goodwill and other intangible assets, Asset Protection Scheme, strategic disposals, bank levy and RFS Holdings minority interest. The impact of the establishment of RBS Capital Resolution is included within the 'managed basis' results.

	Year ended		Quarter ended		
	31 December 2013	31 December 2012	31 December 2013	September 2013	31 December 2012
	£m	£m	£m	£m	£m
Operating profit/(loss) before impairment losses by division					
UK Retail	2,267	2,420	545	599	606
UK Corporate	2,248	2,634	544	572	658
Wealth	250	289	70	61	92
International Banking	508	705	107	111	192
Ulster Bank	317	324	71	72	75
US Retail & Commercial	803	845	188	201	223
Retail & Commercial	6,393	7,217	1,525	1,616	1,846
Markets	712	1,546	73	209	161
Central items	(25)	124	(173)	47	126
Core	7,080	8,887	1,425	1,872	2,133
Non-Core	(951)	(656)	(732)	(264)	(239)
Group operating profit before impairment losses	6,129	8,231	693	1,608	1,894
Impairment losses/(recoveries) by division					
UK Retail	324	529	73	82	93
UK Corporate	1,188	838	659	150	234
Wealth	29	46	21	1	16
International Banking	229	111	47	28	37
Ulster Bank	1,774	1,364	1,067	204	318
US Retail & Commercial	156	91	46	59	23

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Retail & Commercial	3,700	2,979	1,913	524	721
Markets	92	37	34	(1)	22
Central items	64	40	1	66	8
Core	3,856	3,056	1,948	589	751
Non-Core	4,576	2,223	3,164	581	703
Group impairment losses	8,432	5,279	5,112	1,170	1,454
Of which RCR related (1)	4,490	-	4,290	200	-

Note:

(1) Pertaining to the creation of RCR and related strategy.

Divisional performance

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	Year ended		Quarter ended		
	31 December 2013 £m	31 December 2012 £m	31 December 2013 £m	30 September 2013 £m	31 December 2012 £m
Operating profit/(loss) by division					
UK Retail	1,943	1,891	472	517	513
UK Corporate	1,060	1,796	(115)	422	424
Wealth	221	243	49	60	76
International Banking	279	594	60	83	155
Ulster Bank	(1,457)	(1,040)	(996)	(132)	(243)
US Retail & Commercial	647	754	142	142	200
Retail & Commercial	2,693	4,238	(388)	1,092	1,125
Markets	620	1,509	39	210	139
Central items	(89)	84	(174)	(19)	118
Core	3,224	5,831	(523)	1,283	1,382
Non-Core	(5,527)	(2,879)	(3,896)	(845)	(942)
Group operating (loss)/ profit	(2,303)	2,952	(4,419)	438	440

	Year ended		Quarter ended		
	31 December 2013 %	31 December 2012 %	31 December 2013 %	30 September 2013 %	31 December 2012 %

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Net interest margin by division					
UK Retail	3.57	3.58	3.60	3.62	3.60
UK Corporate	3.07	3.06	3.13	3.09	2.97
Wealth	3.56	3.73	3.70	3.56	3.69
International Banking	1.59	1.64	1.54	1.47	1.62
Ulster Bank	1.91	1.88	2.10	1.86	1.93
US Retail & Commercial	2.95	2.97	2.98	2.99	2.90
Retail & Commercial	2.94	2.92	2.99	2.95	2.91
Non-Core	(0.19)	0.31	(0.36)	(0.35)	0.29
Group net interest margin	2.01	1.92	2.08	2.01	1.94

	30		
	31 December	September	31 December
	2013	2013	2012
	£bn	£bn	£bn
Total funded assets by division			
UK Retail	117.6	117.0	117.4
UK Corporate	105.0	107.0	110.2
Wealth	21.0	21.0	21.4
International Banking	48.5	53.3	53.0
Ulster Bank	28.0	29.2	30.6
US Retail & Commercial	71.3	71.4	72.1
Retail & Commercial	391.4	398.9	404.7
Markets	212.8	248.2	284.5
Central items	106.7	120.5	110.3
Core	710.9	767.6	799.5
Non-Core	28.0	37.3	57.4
	738.9	804.9	856.9
Direct Line Group	-	-	12.7
RFS Holdings minority interest	0.9	0.9	0.8
Group	739.8	805.8	870.4

Divisional performance

	30				
	31 December	September	Change	31 December	Change
	2013	2013		2012	
	£bn	£bn		£bn	
Risk-weighted assets by division					
UK Retail	43.9	44.8	(2%)	45.7	(4%)

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UK Corporate Wealth	86.1	87.2	(1%)	86.3	(0%)
International Banking	12.0	12.1	(1%)	12.3	(2%)
Ulster Bank	49.0	48.4	1%	51.9	(6%)
US Retail & Commercial	30.7	31.8	(3%)	36.1	(15%)
	56.1	56.1	-	56.5	(1%)
Retail & Commercial	277.8	280.4	(1%)	288.8	(4%)
Markets	64.5	73.2	(12%)	101.3	(36%)
Other (primarily Group Treasury)	10.1	11.6	(13%)	5.8	74%
Core	352.4	365.2	(4%)	395.9	(11%)
Non-Core	29.2	40.9	(29%)	60.4	(52%)
Group before RFS Holdings minority interest	381.6	406.1	(6%)	456.3	(16%)
RFS Holdings minority interest	3.9	3.9	-	3.3	18%
Group	385.5	410.0	(6%)	459.6	(16%)

Employee numbers by division (full time equivalents rounded to the nearest hundred)	31 December 2013	30 September 2013	31 December 2012
UK Retail	23,700	23,900	26,000
UK Corporate	13,700	13,700	13,300
Wealth	4,800	5,000	5,100
International Banking	4,700	4,800	4,600
Ulster Bank	4,700	4,800	4,500
US Retail & Commercial	18,500	18,300	18,700
Retail & Commercial	70,100	70,500	72,200
Markets	10,300	10,900	11,300
Group Centre	7,400	7,300	6,800
Core	87,800	88,700	90,300
Non-Core	1,400	1,900	3,100
	89,200	90,600	93,400
Business Services	29,200	29,500	29,100
Integration and restructuring	200	200	500
Group	118,600	120,300	123,000

UK Retail

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	Year ended		Quarter ended		
	31 December 2013 £m	31 December 2012 £m	31 December 2013 £m	30 September 2013 £m	31 December 2012 £m
<b>Income statement</b>					
Net interest income	3,979	3,990	1,014	1,013	1,011
Net fees and commissions	919	884	249	243	202
Other non-interest income	39	95	4	11	17
Non-interest income	958	979	253	254	219
Total income	4,937	4,969	1,267	1,267	1,230
<b>Direct expenses</b>					
- staff	(707)	(811)	(172)	(177)	(186)
- other	(562)	(372)	(198)	(137)	(90)
Indirect expenses	(1,401)	(1,366)	(352)	(354)	(348)
	(2,670)	(2,549)	(722)	(668)	(624)
Profit before impairment losses	2,267	2,420	545	599	606
Impairment losses	(324)	(529)	(73)	(82)	(93)
Operating profit	1,943	1,891	472	517	513
<b>Analysis of income by product</b>					
Personal advances	923	916	247	233	228
Personal deposits	468	661	116	125	150
Mortgages	2,606	2,367	665	664	610
Cards	838	863	206	213	214
Other	102	162	33	32	28
Total income	4,937	4,969	1,267	1,267	1,230
<b>Analysis of impairments by sector</b>					
Mortgages	30	92	(13)	18	5
Personal	180	307	61	34	64
Cards	114	130	25	30	24
Total impairment losses	324	529	73	82	93
<b>Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector</b>					
Mortgages	-	0.1%	(0.1%)	0.1%	-

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Personal	2.2%	3.5%	3.0%	1.7%	2.9%
Cards	2.0%	2.3%	1.7%	2.1%	1.7%
Total	0.3%	0.5%	0.3%	0.3%	0.3%

UK Retail

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Key metrics

	Year ended		Quarter ended		
	31 December 2013	31 December 2012	31 December 2013	September 2013	31 December 2012
Performance ratios					
Return on equity (1)	26.3%	24.4%	25.5%	28.0%	27.2%
Net interest margin	3.57%	3.58%	3.60%	3.62%	3.60%
Cost:income ratio	54%	51%	57%	53%	51%

	31 December 2013	30 September 2013	Change	31 December 2012	Change
	£bn	£bn		£bn	
Capital and balance sheet					
Loans and advances to customers (gross)					
- mortgages	99.3	98.9	-	99.1	-
- personal	8.1	8.1	-	8.8	(8%)
- cards	5.8	5.7	2%	5.7	2%
	113.2	112.7	-	113.6	-
Loan impairment provisions	(2.1)	(2.2)	(5%)	(2.6)	(19%)
Net loans and advances to customers	111.1	110.5	1%	111.0	-
Risk elements in lending	3.6	3.8	(5%)	4.6	(22%)
Provision coverage (2)	59%	59%	-	58%	100bp
Customer deposits					
- Current accounts	32.6	31.5	3%	28.9	13%
- Savings	82.3	81.9	-	78.7	5%
Total customer deposits	114.9	113.4	1%	107.6	7%
Assets under management (excluding deposits)	5.8	5.9	(2%)	6.0	(3%)
Loan:deposit ratio (excluding repos)	97%	97%	-	103%	(600bp)
Risk-weighted assets (3)					
- Credit risk (non-counterparty)	36.1	37.0	(2%)	37.9	(5%)
- Operational risk	7.8	7.8	-	7.8	-

Total risk-weighted assets	43.9	44.8	(2%)	45.7	(4%)
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## Notes:

- (1) Divisional return on equity is based on divisional operating profit after tax divided by average notional equity (based on 10% of the monthly average of divisional RWAs, adjusted for capital deductions).
- (2) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.
- (3) Divisional RWAs are based on a long-term conservative average secured mortgage probability of default methodology rather than the current lower point in time basis required for regulatory reporting.

## UK Retail

## Key points

In March 2013 UK Retail announced its strategy to become a simpler and more customer-focused business. Investment of £700 million over the next 3-5 years has been committed to build the best retail bank in the UK. Good progress has been made with £180 million of investment during 2013 through a number of initiatives directed at enhancing customer service and simplification of products and services. These have included:

- Improvements to Mobile and Digital Banking which continue to evolve in line with how customers prefer to conduct their business. One example of this is the enhancements in the mobile application allowing customers to pay their mobile phone contacts and obtain cash without using their debit card with the award winning 'Get Cash'. Investment in digital products and services continued in 2013, with 50% of eligible customers now banking online or on mobile. We currently have 5.6 million online users and 2.9 million customers using our mobile app with over 100 million transactions made in 2013. Branch counter transactions were 31 million or 11% lower across the same period. In addition, UK Retail now has over 2.5 million active mobile users, using the service 28 times a month on average. Mobile net promoter scores continued to increase in 2013.
- During the year UK Retail invested in the introduction of a new integrated telephony system, increased training and the professional development of our staff. We spent more time on each call to support excellent customer service and to promote relevant offerings, including self service.
- During Q1 2013 mortgage advisors attended extensive training courses to help ensure customers receive the best possible outcome to meet their needs. The training affected balance growth during H1 2013; however, application volumes have rebounded quickly with the launch of competitively priced products and the 'NatYes' and 'RBYES' advertising campaigns leading to H2 2013 applications being 30% higher than H1 2013. RBS was the first bank to be ready to deliver the second phase of the UK Government's Help To Buy scheme, launched in early October 2013. Extended opening hours in branches helped to deliver more than 3,000 approvals assisting young people and families across Britain buy their home. Gross mortgage lending increased 3% year-on-year to £14.3 billion with Q4 2013 25% higher than Q4 2012.



- Significant focus on streamlining processes has benefited all distribution channels, with the capacity created allowing more time for staff coaching and resulting in advisors spending more time and having better conversations with customers.
- In addition, our product range has been simplified down from 56 to 46 with several products winning awards. A highlight of this UK Retail strategy is the success of the new instant saver product launched in Q4 2012, which at the end of 2013 had more than £10 billion in balances. Furthermore, nearly 800,000 customers have registered for Cashback Plus online since launch in Q3 2013 and are being rewarded for using their debit cards with selected retailers.
- A major branch refurbishment programme is under way with over one quarter completed. 350 branches now have a digital banking zone where customers can use in-branch technology to access online banking. Wi-Fi in-branch allows customers to access their account via their own devices.

## UK Retail

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### Key points (continued)

During 2013 good progress has been made with FCA (Financial Conduct Authority) reportable complaints, which declined 22%. In addition, the provision relating to historic Payment Protection Insurance (PPI) mis-selling was increased by £860 million, bringing the total to £3.0 billion. The PPI expense is not included in the operating profit of UK Retail.

In 2014, UK Retail will aim to maintain a leading position in digital banking, launching new capability and customer proposition through mobile devices.

### 2013 compared with 2012

- Operating profit increased by 3% to £1,943 million driven by a 39% decline in impairment losses. Net interest income was broadly stable, though investment advice income was adversely impacted following changes introduced by the Retail Distribution Review (RDR). Costs increased primarily because of a higher FSCS levy and other regulatory charges totalling £116 million in the year, conduct-related provisions of £63 million and additional technology investment of £45 million.
- Mortgage balance growth was affected in H1 2013 by mortgage advisor training; however, balances recovered during H2 2013 assisted by early adoption of the second phase of the UK Government's Help To Buy scheme. Gross lending increased to £8.9 billion in H2 2013. Customer deposits increased by 7%, above the UK market average of 4% due to strong growth in both current accounts (13%) and instant access savings accounts (15%).
- Net interest income was broadly flat.

Mortgage new business margins reduced in line with market conditions; however, overall book margins improved.

Deposit margins declined reflecting the impact of continued lower rates on current account hedges. Savings margins, however, have increased over 2013 with improved market pricing.

- Non-interest income fell by 2% to £958 million due to subdued advice income post RDR.

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- Direct costs increased by 7% due to higher FSCS levy and other regulatory charges and conduct-related provisions of £63 million. This was partly offset by lower staff costs due to a reduction in headcount of 2,300. Indirect costs increased by 3%, largely due to investment in technology.
- Impairments declined by 39% to £324 million due to lower customer defaults across all products reflecting continued improvement in asset quality.
- Risk-weighted assets declined by 4% to £43.9 billion largely reflecting balance reductions across the unsecured portfolio and quality improvements.

### Q4 2013 compared with Q3 2013

- Operating profit declined 9% due to additional conduct-related provisions and an increased charge for FSCS levy, partially offset by lower staff costs and impairments.
- Mortgage balances continued to increase as the second phase of Help to Buy launched with a high volume of applications received. Deposit balances increased 1% with current account growth of 3% as customers continue to favour convenience over price.
- Net interest income remained flat at £1,014 million with improving savings margins offset by lower income from unsecured products and lower current account hedge returns.

### UK Retail

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#### Key points (continued)

#### Q4 2013 compared with Q3 2013(continued)

- Direct costs increased 18% to £370 million due to conduct-related provisions of £50 million and an £18 million increase in the FSCS levy charge. Indirect costs were broadly flat.
- Impairments declined 11% to £73 million due to lower customer default rates and higher house prices improving recovery expectations on defaulted mortgage assets.
- Risk-weighted assets declined slightly due to small quality improvements.

#### Q4 2013 compared with Q4 2012

- Operating profit was 8% lower at £472 million as income growth of 3% and a 22% decline in impairments were more than offset by higher charges for FSCS levy of £44 million and additional conduct-related provisions of £32 million.
- Net interest income increased slightly to £1,014 million due to overall mortgage margin improvement.
- Non-interest income increased 16% to £253 million due to higher current account-related fee income partly offset by lower investment and advice income.
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Direct costs were 34% higher at £370 million due to FSCS levy and conduct-related provisions as well as additional investment in technology. Staff costs were 8% lower as headcount declined 9%.

Impairments declined 22% to £73 million reflecting lower customer default rates.

UK Corporate

	Year ended		Quarter ended		
	31 December 2013 £m	31 December 2012 £m	31 December 2013 £m	30 September 2013 £m	31 December 2012 £m
<b>Income statement</b>					
Net interest income	2,874	2,974	728	725	717
Net fees and commissions	1,310	1,365	326	328	349
Other non-interest income	283	384	75	59	107
Non-interest income	1,593	1,749	401	387	456
Total income	4,467	4,723	1,129	1,112	1,173
<b>Direct expenses</b>					
- staff	(912)	(940)	(229)	(229)	(226)
- other	(442)	(364)	(134)	(90)	(99)
Indirect expenses	(865)	(785)	(222)	(221)	(190)
	(2,219)	(2,089)	(585)	(540)	(515)
Profit before impairment losses	2,248	2,634	544	572	658
Impairment losses	(1,188)	(838)	(659)	(150)	(234)
Operating profit	1,060	1,796	(115)	422	424
<b>Analysis of income by business</b>					
Corporate and commercial lending	2,557	2,636	639	631	672
Asset and invoice finance	671	685	168	169	176
Corporate deposits	350	568	106	88	87
Other	889	834	216	224	238
Total income	4,467	4,723	1,129	1,112	1,173
<b>Analysis of impairments/(recoveries) by sector</b>					
Financial institutions	10	15	4	5	3
Hotels and restaurants	53	52	16	7	23
Housebuilding and construction	39	143	12	9	25
Manufacturing	50	49	20	17	10

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Private sector education, health, social work, recreational and community services	138	37	33	36	2
Property	439	252	236	41	71
Wholesale and retail trade, repairs	74	112	15	20	47
Asset and invoice finance	32	40	21	5	10
Shipping	341	82	310	(1)	42
Other	12	56	(8)	11	1
Total impairment losses	1,188	838	659	150	234
Of which RCR related (1)	410	-	410	-	-

Note:

(1) Pertaining to the creation of RCR and related strategy.

UK Corporate

	Year ended		Quarter ended		
	31 December 2013	31 December 2012	31 December 2013	30 September 2013	31 December 2012
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector					
Financial institutions	0.2%	0.3%	0.3%	0.4%	0.2%
Hotels and restaurants	1.1%	0.9%	1.4%	0.5%	1.6%
Housebuilding and construction	1.3%	4.2%	1.7%	1.2%	2.9%
Manufacturing	1.2%	1.0%	1.9%	1.6%	0.9%
Private sector education, health, social work, recreational and community services	1.6%	0.4%	1.6%	1.7%	0.1%
Property	2.0%	1.0%	4.3%	0.7%	1.1%
Wholesale and retail trade, repairs	0.9%	1.3%	0.7%	1.0%	2.2%
Asset and invoice finance	0.3%	0.4%	0.7%	0.2%	0.4%
Shipping	5.2%	1.1%	19.1%	(0.1%)	2.2%
Other	-	0.2%	(0.1%)	0.2%	-
Total	1.2%	0.8%	2.6%	0.6%	0.9%

Key metrics

	Year ended		Quarter ended		
	31 December 2013	31 December 2012	31 December 2013	30 September 2013	31 December 2012

Performance ratios					
Return on equity (1)	7.9%	14.5%	(3.4%)	12.4%	13.2%
Net interest margin	3.07%	3.06%	3.13%	3.09%	2.97%
Cost:income ratio	50%	44%	52%	49%	44%

Note:

- (1) Divisional return on equity is based on divisional operating profit after tax divided by average notional equity (based on 10% of the monthly average of divisional RWAs, adjusted for capital deductions).

#### UK Corporate

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	31 December 2013 £bn	30 September 2013 £bn	Change	31 December 2012 £bn	Change
Capital and balance sheet					
Loans and advances to customers (gross)					
- financial institutions	5.5	4.7	17%	5.8	(5%)
- hotels and restaurants	4.7	5.5	(15%)	5.6	(16%)
- housebuilding and construction	2.9	2.9	-	3.4	(15%)
- manufacturing	4.2	4.3	(2%)	4.7	(11%)
- private sector education, health, social work, recreati					