

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
August 01, 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 August 1, 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-  
\_\_\_\_\_

---

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:

Condensed consolidated income statement  
for the period ended 30 June 2014

	Half year ended		Quarter ended		
	30 June 2014 £m	30 June 2013 £m	30 June 2014 £m	31 March 2014 £m	30 June 2013 £m
Interest receivable	7,621	8,560	3,821	3,800	4,281
Interest payable	(2,128)	(3,123)	(1,023)	(1,105)	(1,514)
Net interest income	5,493	5,437	2,798	2,695	2,767
Fees and commissions receivable	2,605	2,708	1,314	1,291	1,392
Fees and commissions payable	(487)	(460)	(251)	(236)	(250)
Income from trading activities	1,493	2,064	541	952	949
Gain on redemption of own debt	20	191	-	20	242
Other operating income	1,036	1,332	345	691	720
Non-interest income	4,667	5,835	1,949	2,718	3,053
Total income	10,160	11,272	4,747	5,413	5,820
Staff costs	(3,536)	(3,727)	(1,845)	(1,691)	(1,840)
Premises and equipment	(1,275)	(1,104)	(622)	(653)	(548)
Other administrative expenses	(1,662)	(2,181)	(951)	(711)	(1,418)
Depreciation and amortisation	(554)	(736)	(282)	(272)	(349)
Write-down of goodwill and other intangible assets	(212)	-	(130)	(82)	-
Operating expenses	(7,239)	(7,748)	(3,830)	(3,409)	(4,155)
Profit before impairment losses	2,921	3,524	917	2,004	1,665
Impairment (losses)/recoveries	(269)	(2,150)	93	(362)	(1,117)
Operating profit before tax	2,652	1,374	1,010	1,642	548
Tax charge	(733)	(678)	(371)	(362)	(328)
Profit from continuing operations	1,919	696	639	1,280	220
Profit from discontinued operations, net of tax	35	138	26	9	9
Profit for the period	1,954	834	665	1,289	229
Non-controlling interests	(42)	(117)	(23)	(19)	14
Preference share and other dividends	(487)	(182)	(412)	(75)	(101)

Profit attributable to ordinary and

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

B shareholders	1,425	535	230	1,195	142
Earnings/(loss) per ordinary and equivalent B share (EPS)					
Basic EPS from continuing and discontinued operations	12.7p	-	2.0p	-	-
Basic EPS from continuing operations	12.5p	-	1.9p	-	-
Adjusted EPS from continuing operations	12.1p	(0.5p)	4.3p	7.8p	(1.8p)

Notes:

- (1) A reconciliation between the statutory income statement above and the non-statutory income statement on page 12 is given in Appendix 2 to this announcement.
- (2) Basic EPS for the half year and quarter ended 30 June 2013 have been restated to reflect the terms of the dividend access share (see Note 9 on page 88).
- (3) Diluted EPS in the half year ended 30 June 2014 and the quarter ended 30 June 2014 were 0.1p lower than basic EPS.

Condensed consolidated statement of comprehensive income for the period ended 30 June 2014

	Half year ended		Quarter ended		
	30 June 2014	30 June 2013	30 June 2014	31 March 2014	30 June 2013
	£m	£m	£m	£m	£m
Profit for the period	1,954	834	665	1,289	229
Items that qualify for reclassification					
Available-for-sale financial assets	529	(733)	265	264	(1,009)
Cash flow hedges	248	(1,536)	(47)	295	(1,502)
Currency translation	(733)	1,310	(598)	(135)	113
Tax	(160)	726	(72)	(88)	678
Other comprehensive (loss)/income after tax	(116)	(233)	(452)	336	(1,720)
Total comprehensive income/(loss) for the period	1,838	601	213	1,625	(1,491)
Total comprehensive income/(loss) is attributable to:					
Non-controlling interests	30	134	6	24	(15)
Preference shareholders	140	152	75	65	81
Paid-in equity holders	27	30	17	10	20
Dividend access share	320	-	320	-	-
Ordinary and B shareholders	1,321	285	(205)	1,526	(1,577)
	1,838	601	213	1,625	(1,491)

Key points

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

- The movement in available-for-sale financial assets during both the half year and quarter reflects unrealised gains predominately arising on Spanish and US bonds, partially offset by realised gains on high quality UK, Dutch and German sovereign bonds.
- Cash flow hedging gains in H1 largely result from decreases in Sterling, Euro and US dollar swap rates in the main durations of the underlying portfolio.
- Currency translation losses during the half year and quarter are principally due to the strengthening of Sterling against the US dollar and, in the quarter, the Euro.

Condensed consolidated balance sheet  
at 30 June 2014

	30 June 2014 £m	31 March 2014 £m	31 December 2013 £m
<b>Assets</b>			
Cash and balances at central banks	68,670	69,647	82,659
Net loans and advances to banks	28,904	28,302	27,555
Reverse repurchase agreements and stock borrowing	28,163	26,470	26,516
Loans and advances to banks	57,067	54,772	54,071
Net loans and advances to customers	385,554	390,780	390,825
Reverse repurchase agreements and stock borrowing	53,542	51,743	49,897
Loans and advances to customers	439,096	442,523	440,722
Debt securities	112,794	120,737	113,599
Equity shares	7,834	9,761	8,811
Settlement balances	19,682	16,900	5,591
Derivatives	274,906	277,294	288,039
Intangible assets	12,173	12,428	12,368
Property, plant and equipment	7,115	7,437	7,909
Deferred tax	3,107	3,289	3,478
Prepayments, accrued income and other assets	7,418	7,077	7,614
Assets of disposal groups	1,246	1,905	3,017
<b>Total assets</b>	<b>1,011,108</b>	<b>1,023,770</b>	<b>1,027,878</b>
<b>Liabilities</b>			
Bank deposits	39,179	35,371	35,329
Repurchase agreements and stock lending	31,722	31,691	28,650
Deposits by banks	70,901	67,062	63,979
Customer deposits	401,226	401,276	414,396
Repurchase agreements and stock lending	51,540	57,085	56,484
Customer accounts	452,766	458,361	470,880
Debt securities in issue	59,087	61,755	67,819
Settlement balances	15,128	17,175	5,313
Short positions	39,019	37,850	28,022
Derivatives	270,087	274,506	285,526

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

Accruals, deferred income and other liabilities	14,876	15,336	16,017
Retirement benefit liabilities	2,742	2,829	3,210
Deferred tax	605	583	507
Subordinated liabilities	24,809	24,139	24,012
Liabilities of disposal groups	125	3,238	3,378
<b>Total liabilities</b>	<b>950,145</b>	<b>962,834</b>	<b>968,663</b>
Equity			
Non-controlling interests	618	612	473
Owners' equity*			
Called up share capital	6,811	6,752	6,714
Reserves	53,534	53,572	52,028
<b>Total equity</b>	<b>60,963</b>	<b>60,936</b>	<b>59,215</b>
<b>Total liabilities and equity</b>	<b>1,011,108</b>	<b>1,023,770</b>	<b>1,027,878</b>
* Owners' equity attributable to:			
Ordinary and B shareholders	55,053	55,032	53,450
Other equity owners	5,292	5,292	5,292
	60,345	60,324	58,742

Average balance sheet

	Half year ended		Quarter ended	
	30 June 2014 %	30 June 2013 %	30 June 2014 %	31 March 2014 %
Average yields, spreads and margins of the banking business				
Gross yield on interest-earning assets of banking business	3.03	3.10	3.05	3.01
Cost of interest-bearing liabilities of banking business	(1.18)	(1.46)	(1.16)	(1.21)
Interest spread of banking business	1.85	1.64	1.89	1.80
Benefit from interest-free funds	0.32	0.33	0.33	0.32
Net interest margin of banking business	2.17	1.97	2.22	2.12
Average interest rates				
Base rate	0.50	0.50	0.50	0.50
London inter-bank three month offered rates				