

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
July 21, 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 July 21, 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:

Restatement Document  
Q2 2014

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#### Forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'believes', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'will', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on such expressions. The forward-looking statements contained in this document speak only as of the date of this announcement, and RBS does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### The Royal Bank of Scotland Group plc ("RBS")

#### Divisional Reorganisation and Reporting Changes

This announcement provides further details of the changes to the RBS structure announced in February 2014 and includes restated financial results for the year ended 31 December 2013 on the basis of the new segments. To aid comparison of RBS's second quarter 2014 results with prior periods, restated financial information for the periods ended 31 March 2014 and 30 June 2013 is also contained within.

While these restatements affect the segmental results, they do not affect RBS's overall statutory income statement, balance sheet, other primary statements or regulatory capital measures.

#### Divisional Reorganisation

##### Organisational change

On 27 February 2014, RBS announced a refreshed strategic direction with the ambition of building a bank which earns its customers' trust by serving them better than any other bank.

##### Business structure

RBS is now structured to deliver this ambition by organising itself around the needs of its customers, so as to combine customer groups with similar needs into franchises able to deliver co-ordinated services.

The reorganised bank will be a UK-focused retail and corporate bank with an international footprint to drive its corporate business. The previously reported operating divisions are now realigned into three franchises:

- Personal & Business Banking (PBB) serves individual and mass affluent customers together with small businesses (generally up to £2 million turnover), with more business bankers moving back into branches. PBB comprises two reportable segments, UK Personal & Business Banking, including Williams & Glyn, (UK PBB) and Ulster Bank.
- Commercial & Private Banking (CPB) serves commercial and mid-corporate customers and high net worth individuals, deepening relationships with commercial clients, operating overseas through its market-leading trade and foreign exchange services, while connecting our private banking brands more effectively to successful business owners and entrepreneurs. CPB comprises two reportable segments, Commercial Banking and Private Banking.

- Corporate & Institutional Banking (CIB) serves our corporate and institutional clients primarily in the UK and Western Europe, as well as those US and Asian multinationals with substantial trade and investment links in the region, with debt financing, risk management and trade services, focusing on core product capabilities that are of most relevance to our clients. CIB is a single reportable segment.

In addition to the segments noted above, RBS will continue to manage and report Citizens Financial Group (CFG) and RBS Capital Resolution (RCR) separately until disposal or wind-down. Residual unallocated costs will continue to be reported within Central items.

RBS's first quarter 2014 results announcement provided details of transfers between Non-Core, the divisions and RCR which were effective 1 January 2014; no restatements were made in respect of these transfers. The realignment of previously reported operating divisions into three franchises does not impact RCR.

In the new reporting structure, US Retail & Commercial (US R&C) is now referred to as CFG and Wealth is now referred to as Private Banking.

### The Royal Bank of Scotland Group plc ("RBS")

#### Reporting Changes

In order to present a more complete picture of funding, operational and business costs of the franchises and operating segments, the following reporting changes have been implemented:

#### One-off and other items

To improve the transparency of the operating performance of the reporting segments, a number of previously centrally reported items (Payment Protection Insurance costs, Interest Rate Hedging Products redress and related costs, regulatory and legal actions, Restructuring costs, amortisation of purchased intangible assets and bank levy) have now been allocated to the reporting segments. Only the following one-off and other items will be now reported as central items:

- Own credit adjustments
- Gain/(loss) on redemption of own debt
- Write-down of goodwill
- Strategic disposals
- RFS Holdings minority interest

#### Revised allocation of costs

As part of its internal reorganisation, RBS has centralised all services and functions. The costs relating to Services and Functions previously reported as direct expenses in the divisions are now reallocated to businesses using appropriate drivers and reported as indirect expenses in the segmental income statements.

The costs and drivers of functions and services will be discussed in RBS's second quarter 2014 results announcement.

#### Treasury allocations

The basis of allocation of Treasury costs has been amended to align the recovery of funding and hedging costs across RBS and for the transfer of certain assets and their associated costs out of Treasury.

#### Revised segmental return on equity

For the purposes of computing segmental return on equity, notional equity is calculated as a percentage of the monthly average of segmental risk-weighted assets (RWAs). Previously, notional equity was allocated at 10% of RWAs after capital deductions (RWAE). This has been revised to 12% of RWAs across all businesses.

#### Interim results 2014

RBS's results for the first half of 2014 will be announced on Friday 1 August 2014. These results will be reported on the new structure and reporting basis as described above.

In conjunction with this Q2 Restatement Document, a financial supplement showing restated financial information for the last nine quarters will be available at [www.investors.rbs.com/restatement](http://www.investors.rbs.com/restatement).

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#### Document roadmap

Pages 4 to 11 show the income statements, key metrics and balance sheets for the new customer franchises. These reflect the re-representation of certain one-off and other items that were previously reported below operating profit and the impact of changes to the allocation of costs from Services and Functions.

Appendix 1 shows the adjustments to the consolidated income statement as previously reported to the new restated basis. This reflects the re-representation of one-off and other items, including Restructuring costs and Litigation and conduct costs that were previously reported below operating profit. As discussed under 'Reporting Changes' on page 2, only a limited number of items are now shown below operating profit.

Operating results on a statutory basis are not affected by the changes described in this document. Reconciliations between the revised basis and the statutory basis are included on pages 13 to 16.

Appendix 2 summarises the performance of each of the new reportable segments and shows how the previously reported divisions have been allocated to the new reportable segments. These tables include more detailed key metrics (ROE, cost:income ratio) and balance sheet items.

Appendix 3 shows the adjustments to the previously reported divisional results to the new restated basis and shows how these divisions have been allocated to the new reportable segments. These tables include more detailed key metrics (cost:income ratio) and balance sheet items.

#### Customer franchises

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Total RBS

PBB

Quarter ended 31 March 2014

CPB

CIB

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	Ulster			Commercial Private			Central				Total
	PBB	Bank	Total	Banking	Banking	Total	(1)	CFG	RCR	RBS	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income statement (2)											
Net interest income	1,124	154	1,278	488	170	658	179	103	488	(8)	2,698
Non-interest income	339	47	386	282	103	385	1,172	102	229	81	2,355
Total income	1,463	201	1,664	770	273	1,043	1,351	205	717	73	5,053
Direct expenses											
- staff	(225)	(63)	(288)	(133)	(80)	(213)	(272)	(585)	(251)	(38)	(1,647)
- other	(130)	(17)	(147)	(63)	(18)	(81)	(113)	(1,024)	(249)	(18)	(1,632)
Indirect expenses	(520)	(63)	(583)	(212)	(101)	(313)	(588)	1,507	-	(23)	-
Restructuring costs											
- direct	-	-	-	-	-	-	(15)	(114)	-	-	(129)
- indirect	10	(2)	8	(1)	-	(1)	(24)	17	-	-	-
Total expenses	(865)	(145)	(1,010)	(409)	(199)	(608)	(1,012)	(199)	(500)	(79)	(3,408)
Operating profit/(loss) before impairment losses											
Impairment (losses)/recoveries	598	56	654	361	74	435	339	6	217	(6)	1,645
Operating profit/(loss)	(88)	(47)	(135)	(40)	1	(39)	(6)	(1)	(73)	(108)	(362)
Operating profit/(loss)	510	9	519	321	75	396	333	5	144	(114)	1,283
Memo:											
Profit attributable to ordinary and B shareholders (4)											1,195
Total expenses - adjusted (5)	(875)	(143)	(1,018)	(408)	(199)	(607)	(973)	(102)	(500)	(79)	(3,279)
Operating profit/(loss) - adjusted (5)	500	11	511	322	75	397	372	102	144	(114)	1,412

For the notes to this table refer to the following page.

Customer franchises

Total RBS

	Quarter ended 31 March 2014					Total
	PBB	CPB		CIB	Total	
	Ulster	Commercial	Private	Central		

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Key metrics	UK			Banking			items	CFG	RCR	RBS	
	PBB	Bank	Total	Banking	Banking	Total					
Return on equity (6)	26.0%	0.9%	16.7%	12.6%	15.3%	13.1%	5.6%	nm	5.1%	(7.3%)	8.9%
Return on equity - adjusted (5,6)	25.5%	1.1%	16.4%	12.7%	15.3%	13.1%	6.2%	nm	5.1%	(7.3%)	9.7%
Net interest margin	3.61%	2.29%	3.37%	2.68%	3.70%	2.89%	0.85%	nm	2.94%	(0.08%)	2.12%
Cost:income ratio	59%	72%	61%	53%	73%	58%	75%	nm	70%	108%	67%
Cost:income ratio - adjusted (5)	60%	71%	61%	53%	73%	58%	72%	nm	70%	108%	65%
Loan impairment charge as a % of gross loans and advances	0.3%	0.7%	0.3%	0.2%	-	0.2%	-	nm	0.5%	1.2%	0.1%
Capital and balance sheet (7)	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances to customers (gross, excluding reverse repos)	128.4	26.6	155.0	86.2	16.8	103.0	70.7	0.7	53.2	34.0	416.6
Loan impairment provisions	(2.9)	(3.4)	(6.3)	(1.3)	(0.1)	(1.4)	(0.2)	(0.1)	(0.5)	(15.7)	(24.2)
Net loans and advances to customers	125.5	23.2	148.7	84.9	16.7	101.6	70.5	0.6	52.7	18.3	392.4
Total funded assets	132.8	26.0	158.8	89.6	21.1	110.7	286.6	90.4	75.7	24.3	746.5
Risk elements in lending	4.5	4.7	9.2	3.4	0.3	3.7	0.1	0.1	1.3	23.0	37.4
Customer deposits (excluding repos)	144.6	21.1	165.7	87.6	36.6	124.2	57.1	1.0	54.9	1.5	404.4
Loan:deposit ratio (excluding repos)	87%	110%	90%	97%	45%	82%	123%	nm	96%	nm	97%
	65%	72%	68%	37%	45%	38%	199%	nm	41%	68%	65%

Provision coverage (8)												
Risk-weighted assets (Basel 3)	48.5	28.7	77.2	63.5	12.0	75.5	140.2	19.6	61.3	40.5	414.3	

nm = not meaningful

Notes:

- (1) Central items includes unallocated costs which principally comprise profits on the sale of the Treasury AFS portfolio (quarter ended 31 March 2014 - £203 million, year ended 31 December 2013 - £724 million, half year ended 30 June 2013 - £460 million and quarter ended 30 June 2013 - £105 million) and profit and loss on hedges that do not qualify for hedge accounting.
- (2) Excluding residual one-off and other items as discussed on page 2. Items previously reported below operating profit including restructuring costs and litigation and conduct costs, are now allocated to the individual businesses and reflected in their results.
- (3) Litigation and conduct costs in 2013 mainly relate to: Payment Protection Insurance (PPI) in PPB; Interest Rate Hedging Products redress and related costs (IRHP) allocated 50% to CPB and 50% to CIB; and regulatory and legal actions principally relating to LIBOR and mortgage-backed securities in CIB.
- (4) See Appendix 1 for reconciliations of restated operating profit/(loss) to profit/(loss) attributable to ordinary and B shareholders.
- (5) Excluding restructuring costs and litigation and conduct costs.
- (6) Divisional return on equity is based on divisional operating profit after tax divided by average notional equity (based on 12% of the monthly average of divisional RWAs; previously - 10% of RWAE).
- (7) Includes disposal groups.
- (8) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.

Customer franchises

Total RBS

	Year ended 31 December 2013										
	PBB			CPB			CIB			Total	
	Ulster			Commercial		Private	Central			Total	
	UK	Bank	Total	Banking	Banking	Total	(1)	CFG	Non-Core	RBS	
PBB	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income statement (2)											
Net interest income	4,490	619	5,109	1,962	658	2,620	684	783	1,892	(96)	10,992
Non-interest income	1,323	240	1,563	1,195	419	1,614	4,324	126	1,073	(250)	8,450
Total income	5,813	859	6,672	3,157	1,077	4,234	5,008	909	2,965	(346)	19,442
Direct expenses											
- staff	(933)	(239)	(1,172)	(515)	(318)	(833)	(984)	(2,612)	(1,091)	(190)	(6,882)
- other	(524)	(63)	(587)	(272)	(83)	(355)	(690)	(4,308)	(986)	(202)	(7,128)



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Indirect expenses	(1,949)	(263)	(2,212)	(886)	(475)	(1,361)	(2,893)	6,790	(111)	(213)	-
Restructuring costs											
- direct	(118)	(27)	(145)	(18)	(18)	(36)	(85)	(358)	(16)	(16)	(656)
- indirect	(109)	(12)	(121)	(37)	(9)	(46)	(117)	290	-	(6)	-
Litigation and conduct costs											
(3)	(860)	(90)	(950)	(247)	(206)	(453)	(2,441)	-	-	-	(3,844)
Total expenses	(4,493)	(694)	(5,187)	(1,975)	(1,109)	(3,084)	(7,210)	(198)	(2,204)	(627)	(18,510)
Operating profit/(loss) before impairment losses	1,320	165	1,485	1,182	(32)	1,150	(2,202)	711	761	(973)	932
Impairment losses	(501)	(1,774)	(2,275)	(652)	(29)	(681)	(680)	(64)	(156)	(4,576)	(8,432)
Operating profit/(loss)	819	(1,609)	(790)	530	(61)	469	(2,882)	647	605	(5,549)	(7,500)
Memo:											
Loss attributable to ordinary and B shareholders											(8,995)
(4)											
Total expenses - adjusted (5)	(3,406)	(565)	(3,971)	(1,673)	(876)	(2,549)	(4,567)	(130)	(2,188)	(605)	(14,010)
Operating profit/(loss) - adjusted (5)	1,906	(1,480)	426	832	172	1,004	(239)	715	621	(5,527)	(3,000)
Impairments pertaining to the creation of RCR	(2)	(892)	(894)	(123)	-	(123)	(355)	-	-	(3,118)	(4,490)

For the notes to this table refer to page 5.

Customer franchises

Total RBS

	Year ended 31 December 2013				Total
	PBB	CPB		CIB	
	Ulster	Commercial	Private	Central	

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Key metrics	UK			Banking			items	CFG	Non-Core	RBS	
	PBB	Bank	Total	Banking	Banking	Total					
Return on equity (6)	9.8%	(33.2%)	(5.7%)	4.9%	(3.1%)	3.7%	(12.9%)	nm	5.7%	(73.2%)	(14.5%)
Return on equity - adjusted (5,6)	22.8%	(30.6%)	3.1%	7.7%	8.7%	7.9%	(1.1%)	nm	5.8%	(72.9%)	(9.1%)
Net interest margin	3.56%	1.88%	3.21%	2.64%	3.47%	2.81%	0.80%	nm	2.91%	(0.19%)	2.01%
Cost:income ratio	77%	81%	78%	63%	103%	73%	144%	nm	74%	(181%)	95%
Cost:income ratio - adjusted (5)	59%	66%	60%	53%	81%	60%	91%	nm	74%	(175%)	72%
Loan impairment charge as a % of gross loans and advances	0.4%	5.6%	1.4%	0.8%	0.2%	0.7%	1.0%	nm	0.3%	12.5%	2.0%
Capital and balance sheet (7)	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances to customers (gross, excluding reverse repos)	127.8	31.4	159.2	85.0	16.8	101.8	69.1	0.4	50.6	36.7	417.8
Loan impairment provisions	(3.0)	(5.4)	(8.4)	(1.5)	(0.1)	(1.6)	(0.9)	(0.2)	(0.3)	(13.8)	(25.2)
Net loans and advances to customers	124.8	26.0	150.8	83.5	16.7	100.2	68.2	0.2	50.3	22.9	392.6
Total funded assets	132.2	28.0	160.2	87.9	21.0	108.9	268.6	102.8	71.3	28.0	739.8
Risk elements in lending	4.7	8.5	13.2	4.3	0.3	4.6	1.6	-	1.0	19.0	39.4
Customer deposits (excluding repos)	144.9	21.7	166.6	90.7	37.2	127.9	64.8	1.1	55.1	2.2	417.7
Loan:deposit ratio (excluding repos)	86%	120%	91%	92%	45%	78%	105%	nm	91%	nm	94%

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Provision coverage (8)	63%	64%	63%	38%	43%	38%	59%	nm	26%	73%	64%
Risk-weighted assets (Basel 2.5)	51.2	30.7	81.9	65.8	12.0	77.8	120.4	20.1	56.1	29.2	385.5

For the notes to this table refer to page 5.

Customer franchises

Total RBS

	Half year ended 30 June 2013										
	PBB			CPB			CIB			Total	
	UK	Ulster	Total	Commercial Banking	Private Banking	Total	Central items (1)	CFG	Non-Core	RBS	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income statement (2)											
Net interest income	2,200	302	2,502	936	317	1,253	314	451	939	(17)	5,442
Non-interest income	629	142	771	613	214	827	2,394	221	570	383	5,166
Total income	2,829	444	3,273	1,549	531	2,080	2,708	672	1,509	366	10,608
Direct expenses											
- staff	(469)	(124)	(593)	(254)	(173)	(427)	(580)	(1,304)	(572)	(109)	(3,585)
- other	(200)	(27)	(227)	(145)	(30)	(175)	(284)	(2,002)	(482)	(104)	(3,274)
Indirect expenses	(947)	(125)	(1,072)	(401)	(228)	(629)	(1,325)	3,182	(48)	(108)	-
Restructuring costs											
- direct	(70)	(15)	(85)	(14)	(1)	(15)	(37)	(110)	(3)	(21)	(271)
- indirect	(39)	(6)	(45)	(15)	(4)	(19)	(46)	112	-	(2)	-
Litigation and conduct costs (3)	(160)	(25)	(185)	(25)	-	(25)	(410)	-	-	-	(620)
Total expenses	(1,885)	(322)	(2,207)	(854)	(436)	(1,290)	(2,682)	(122)	(1,105)	(344)	(7,750)
Operating profit before impairment losses	944	122	1,066	695	95	790	26	550	404	22	2,858
Impairment (losses)/recoveries	(256)	(503)	(759)	(282)	(7)	(289)	(223)	3	(51)	(831)	(2,150)
Operating profit/(loss)	688	(381)	307	413	88	501	(197)	553	353	(809)	708

Memo:

535

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Profit attributable to ordinary and B shareholders (4)

Total expenses - adjusted (5)	(1,616)	(276)	(1,892)	(800)	(431)	(1,231)	(2,189)	(124)	(1,102)	(321)	(6,859)
Operating profit/(loss) - adjusted (5)	957	(335)	622	467	93	560	296	551	356	(786)	1,599

For the notes to this table refer to page 5.

Customer franchises

Total RBS

Key metrics	Half year ended 30 June 2013										
	PBB			CPB			CIB			Total	
	UK	Ulster	Bank	Commercial	Private	Total	Central	items	CFG	Non-Core	RBS
Return on equity (6)	16.4%	(14.9%)	4.3%	7.6%	8.9%	7.8%	(1.6%)	nm	6.6%	(18.7%)	1.7%
Return on equity - adjusted (5,6)	22.8%	(13.1%)	8.8%	8.6%	9.4%	8.7%	2.5%	nm	6.7%	(18.2%)	4.2%
Net interest margin	3.50%	1.82%	3.15%	2.53%	3.33%	2.69%	0.72%	nm	2.90%	(0.06%)	1.97%
Cost:income ratio	67%	73%	67%	55%	82%	62%	99%	nm	73%	94%	73%
Cost:income ratio - adjusted (5)	57%	62%	58%	52%	81%	59%	81%	nm	73%	88%	65%
Loan impairment charge as a % of gross loans and advances	0.4%	3.1%	0.9%	0.7%	0.1%	0.6%	0.6%	nm	0.2%	3.5%	0.5%

Capital and balance sheet (7)

Loans and advances to customers (gross, excluding reverse repos)

£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
127.4	32.9	160.3	85.8	17.1	102.9	77.0	0.6	53.3	47.2	441.3	
(3.4)	(4.4)	(7.8)	(1.5)	(0.1)	(1.6)	(0.6)	-	(0.3)	(11.4)	(21.7)	

Loan  
impairment  
provisionsNet loans and  
advances to

customers	124.0	28.5	152.5	84.3	17.0	101.3	76.4	0.6	53.0	35.8	419.6
Total funded assets	131.2	30.3	161.5	88.8	21.3	110.1	328.1	123.3	74.1	45.4	842.5
Risk elements in lending	5.4	8.6	14.0	4.4	0.3	4.7	1.5	-	1.1	20.9	42.2
Customer deposits (excluding repos)	139.9	23.1	163.0	91.0	38.9	129.9	79.3	2.1	60.1	2.8	437.2
Loan deposit ratio (excluding repos)	89%	123%	94%	93%	44%	78%	96%	nm	88%	nm	96%
Provision coverage (8)	62%	52%	56%	35%	39%	35%	45%	nm	23%	55%	52%
Risk-weighted assets (Basel 2.5)	52.4	33.9	86.3	67.2	12.5	79.7	143.3	22.2	58.2	46.3	436.0

For the notes to this table refer to page 5.

## Customer franchises

## Total RBS

	Quarter ended 30 June 2013										
	PBB			CPB			CIB			Total	
	Ulster			Commercial		Private	Central			RBS	
	UK	Bank	Total	Banking	Banking	Total	items	(1)	CFG	Non-Core	RBS
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income statement (2)											
Net interest income	1,118	152	1,270	484	159	643	142	226	469	20	2,770
Non-interest income	320	88	408	325	110	435	1,094	209	278	253	2,677
Total income	1,438	240	1,678	809	269	1,078	1,236	435	747	273	5,447
Direct expenses											
- staff	(235)	(67)	(302)	(127)	(88)	(215)	(247)	(663)	(286)	(51)	(1,764)
- other	(96)	(12)	(108)	(77)	(17)	(94)	(154)	(1,035)	(233)	(49)	(1,673)
Indirect expenses	(484)	(65)	(549)	(205)	(112)	(317)	(657)	1,606	(27)	(56)	-
Restructuring costs											

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- direct	(47)	(14)	(61)	(7)	(1)	(8)	(24)	(53)	(2)	(1)	(149)
- indirect	(22)	(4)	(26)	(9)	(2)	(11)	(20)	59	-	(2)	-
Litigation and conduct costs (3)	(160)	(25)	(185)	-	-	-	(385)	-	-	-	(570)
Total expenses	(1,044)	(187)	(1,231)	(425)	(220)	(645)	(1,487)	(86)	(548)	(159)	(4,156)
Operating profit/(loss) before impairment losses	394	53	447	384	49	433	(251)	349	199	114	1,291
Impairment (losses)/recoveries	(126)	(263)	(389)	(155)	(2)	(157)	(144)	3	(32)	(398)	(1,117)
Operating profit/(loss)	268	(210)	58	229	47	276	(395)	352	167	(284)	174
Memo: Profit attributable to ordinary and B shareholders (4)											142
Total expenses - adjusted (5)	(815)	(144)	(959)	(409)	(217)	(626)	(1,058)	(92)	(546)	(156)	(3,437)
Operating profit/(loss) - adjusted (5)	497	(167)	330	245	50	295	34	346	169	(281)	893

For the notes to this table refer to page 5.

Customer franchises

Total RBS

Key metrics	Quarter ended 30 June 2013										
	PBB			CPB			CIB			Total	
	UK	Ulster	Bank	Commercial	Private	Total	Central	items	CFG		Non-Core
Return on equity (6)	12.8%	(16.8%)	1.7%	8.5%	9.4%	8.6%	(6.8%)	nm	6.3%	(14.1%)	0.9%
Return on equity - adjusted (5,6)	23.8%	(13.4%)	9.5%	9.1%	10.0%	9.2%	0.6%	nm	6.4%	(13.9%)	5.0%
Net interest margin	3.56%	1.84%	3.20%	2.63%	3.34%	2.77%	0.67%	nm	2.89%	0.15%	2.00%
Cost:income ratio	73%	78%	73%	53%	82%	60%	120%	nm	73%	58%	76%
Cost:income ratio - adjusted (5)	57%	60%	57%	51%	81%	58%	86%	nm	73%	57%	63%
	0.4%	3.2%	1.0%	0.7%	-	0.6%	0.7%	nm	0.2%	3.4%	0.3%

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Loan  
impairment  
charge as a %  
of gross loans  
and advances

Capital and  
balance sheet  
(7)

Loans and  
advances to  
customers

(gross,  
excluding  
reverse repos)

Loan  
impairment  
provisions

Net loans and  
advances to  
customers

Total funded  
assets

Risk elements  
in lending

Customer  
deposits  
(excluding  
repos)

Loan deposit  
ratio  
(excluding  
repos)

Provision  
coverage (8)

Risk-weighted  
assets (Basel  
2.5)

	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Loans and advances to customers (gross, excluding reverse repos)	127.4	32.9	160.3	85.8	17.1	102.9	77.0	0.6	53.3	47.2	441.3	
Loan impairment provisions	(3.4)	(4.4)	(7.8)	(1.5)	(0.1)	(1.6)	(0.6)	-	(0.3)	(11.4)	(21.7)	
Net loans and advances to customers	124.0	28.5	152.5	84.3	17.0	101.3	76.4	0.6	53.0	35.8	419.6	
Total funded assets	131.2	30.3	161.5	88.8	21.3	110.1	328.1	123.3	74.1	45.4	842.5	
Risk elements in lending	5.4	8.6	14.0	4.4	0.3	4.7	1.5	-	1.1	20.9	42.2	
Customer deposits (excluding repos)	139.9	23.1	163.0	91.0	38.9	129.9	79.3	2.1	60.1	2.8	437.2	
Loan deposit ratio (excluding repos)	89%	123%	94%	92%	44%	78%	97%	nm	88%	nm	96%	
Provision coverage (8)	62%	52%	56%	35%	39%	35%	45%	nm	23%	55%	52%	
Risk-weighted assets (Basel 2.5)	52.4	33.9	86.3	67.2	12.5	79.7	143.3	22.2	58.2	46.3	436.0	

For the notes to this table refer to page 5.

## Appendix 1

## Consolidated income statement

## Consolidated income statement reconciliation for the quarter ended 31 March 2014

	As previously reported £m	Re-presentation of one-off and other items £m	Restated £m	Reallocation of residual one-off and other items £m	Presentational adjustments (1) £m	Statutory £m
Interest receivable	3,799	-	3,799	1	-	3,800
Interest payable	(1,101)	-	(1,101)	(4)	-	(1,105)
Net interest income	2,698	-	2,698	(3)	-	2,695
Fees and commissions receivable	1,291	-	1,291	-	-	1,291
Fees and commissions payable	(236)	-	(236)	-	-	(236)
Income from trading activities	856	-	856	96	-	952
Gain on redemption of own debt	-	-	-	20	-	20
Other operating income	444	-	444	247	-	691
Non-interest income	2,355	-	2,355	363	-	2,718
Total income	5,053	-	5,053	360	-	5,413
Staff costs	(1,647)	-	(1,647)	(1)	(43)	(1,691)
Premises and equipment	(594)	-	(594)	-	(59)	(653)
Other administrative expenses	(687)	-	(687)	1	(25)	(711)
Depreciation and amortisation	(262)	(7)	(269)	(1)	(2)	(272)
Write-down of other intangible assets	-	(82)	(82)	-	-	(82)



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Restructuring costs	-	(129)	(129)	-	129	-
Operating expenses	(3,190)	(218)	(3,408)	(1)	-	(3,409)
Profit before impairment losses	1,863	(218)	1,645	359	-	2,004
Impairment losses	(362)	-	(362)	-	-	(362)
Operating profit	1,501	(218)	1,283	359	-	1,642
Own credit adjustments (2)	139	-	139	(139)	-	-
Restructuring costs	(129)	129	-	-	-	-
Gain on redemption of own debt	20	-	20	(20)	-	-
Write-down of goodwill and other intangible assets	(82)	82	-	-	-	-
Amortisation of purchased intangible assets	(7)	7	-	-	-	-
Strategic disposals	191	-	191	(191)	-	-
RFS Holdings minority interest	9	-	9	(9)	-	-
Profit before tax	1,642	-	1,642	-	-	1,642
Tax	(362)	-	(362)	-	-	(362)
Profit from continuing operations	1,280	-	1,280	-	-	1,280
Profit from discontinued operations, net of tax	9	-	9	-	-	9
Profit for the period	1,289	-	1,289	-	-	1,289
Non-controlling interests	(19)	-	(19)	-	-	(19)
Preference share and other dividends	(75)	-	(75)	-	-	(75)
Profit attributable to ordinary and B shareholders	1,195	-	1,195	-	-	1,195

Notes:

- (1) Reallocation of separately reported restructuring costs and litigation and conduct costs to the statutory operating expense lines.
- (2) Reallocation of £95 million gain to income from trading activities and £44 million gain to other operating income.

## Consolidated income statement reconciliation for the year ended 31 December 2013

	As previously reported £m	Re-presentation of one-off and other items £m	Restated £m	Reallocation of residual one-off and other items £m	Presentational adjustments (1) £m	Statutory £m
Interest receivable	16,740	-	16,740	-	-	16,740
Interest payable	(5,748)	-	(5,748)	(11)	-	(5,759)
Net interest income	10,992	-	10,992	(11)	-	10,981
Fees and commissions receivable	5,460	-	5,460	-	-	5,460
Fees and commissions payable	(942)	-	(942)	-	-	(942)
Income from trading activities	2,651	-	2,651	34	-	2,685
Gain on redemption of own debt	-	-	-	175	-	175
Other operating income	1,281	-	1,281	117	-	1,398
Non-interest income	8,450	-	8,450	326	-	8,776
Total income	19,442	-	19,442	315	-	19,757
Staff costs	(6,882)	-	(6,882)	(1)	(280)	(7,163)
Premises and equipment	(2,233)	-	(2,233)	-	(115)	(2,348)
Other administrative expenses	(2,947)	(200)	(3,147)	2	(4,099)	(7,244)
Depreciation and amortisation	(1,251)	(153)	(1,404)	-	(6)	(1,410)
Write-down of goodwill and other intangible assets	-	(344)	(344)	(1,059)	-	(1,403)
Restructuring costs	-	(656)	(656)	-	656	-
Litigation and conduct costs	-	(3,844)	(3,844)	-	3,844	-
Operating expenses	(13,313)	(5,197)	(18,510)	(1,058)	-	(19,568)
Profit before impairment losses	6,129	(5,197)	932	(743)	-	189
Impairment losses	(8,432)	-	(8,432)	-	-	(8,432)
Operating loss	(2,303)	(5,197)	(7,500)	(743)	-	(8,243)
Own credit adjustments (2)	(120)	-	(120)	120	-	-
Payment Protection Insurance costs	(900)	900	-	-	-	-
Interest Rate Hedging Products redress and						

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related costs	(550)	550	-	-	-	-
Regulatory and legal actions	(2,394)	2,394	-	-	-	-
Restructuring costs	(656)	656	-	-	-	-
Gain on redemption of own debt	175	-	175	(175)	-	-
Write-down of goodwill and other intangible assets	(1,403)	344	(1,059)	1,059	-	-
Amortisation of purchased intangible assets	(153)	153	-	-	-	-
Strategic disposals	161	-	161	(161)	-	-
Bank levy	(200)	200	-	-	-	-
RFS Holdings minority interest	100	-	100	(100)	-	-
Loss before tax	(8,243)	-	(8,243)	-	-	(8,243)
Tax	(382)	-	(382)	-	-	(382)
Loss from continuing operations	(8,625)	-	(8,625)	-	-	(8,625)
Profit from discontinued operations, net of tax	148	-	148	-	-	148
Loss for the period	(8,477)	-	(8,477)	-	-	(8,477)
Non-controlling interests	(120)	-	(120)	-	-	(120)
Preference share and other dividends	(398)	-	(398)	-	-	(398)
Loss attributable to ordinary and B shareholders	(8,995)	-	(8,995)	-	-	(8,995)

Notes:

- (1) Reallocation of separately reported restructuring costs and litigation and conduct costs to the statutory operating expense lines.
- (2) Reallocation of £35 million gain to income from trading activities and £155 million loss to other operating income.

Consolidated income statement reconciliation for the half year ended 30 June 2013

	As previously reported	Re-representation of one-off and other items	Restated	Reallocation of residual one-off and other items	Presentational adjustments	Statutory
	£m	£m	£m	£m	(1) £m	£m
Interest receivable	8,560	-	8,560	-	-	8,560

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Interest payable	(3,118)	-	(3,118)	(5)	-	(3,123)
Net interest income	5,442	-	5,442	(5)	-	5,437
Fees and commissions receivable	2,708	-	2,708	-	-	2,708
Fees and commissions payable	(460)	-	(460)	-	-	(460)
Income from trading activities	1,890	-	1,890	174	-	2,064
Gain on redemption of own debt	-	-	-	191	-	191
Other operating income	1,028	-	1,028	304	-	1,332
Non-interest income	5,166	-	5,166	669	-	5,835
Total income	10,608	-	10,608	664	-	11,272
Staff costs	(3,585)	-	(3,585)	-	(142)	(3,727)
Premises and equipment	(1,079)	-	(1,079)	-	(25)	(1,104)
Other administrative expenses	(1,479)	-	(1,479)	2	(704)	(2,181)
Depreciation and amortisation	(637)	(79)	(716)	-	(20)	(736)
Write-down of goodwill and other intangible assets	-	-	-	-	-	-
Restructuring costs	-	(271)	(271)	-	271	-
Litigation and conduct costs	-	(620)	(620)	-	620	-
Operating expenses	(6,780)	(970)	(7,750)	2	-	(7,748)
Profit before impairment losses	3,828	(970)	2,858	666	-	3,524
Impairment losses	(2,150)	-	(2,150)	-	-	(2,150)
Operating profit	1,678	(970)	708	666	-	1,374
Own credit adjustments (2)	376	-	376	(376)	-	-
Payment Protection Insurance costs	(185)	185	-	-	-	-
Interest Rate Hedging Products redress and related costs	(50)	50	-	-	-	-
Regulatory and legal actions	(385)	385	-	-	-	-
Restructuring costs	(271)	271	-	-	-	-

Gain on redemption of own debt	191	-	191	(191)	-	-
Write-down of goodwill and other intangible assets						
Amortisation of purchased intangible assets	(79)	79	-	-	-	-
Strategic disposals	-	-	-	-	-	-
RFS Holdings minority interest	99	-	99	(99)	-	-
Profit before tax	1,374	-	1,374	-	-	1,374
Tax	(678)	-	(678)	-	-	(678)
Profit from continuing operations	696	-	696	-	-	696
Profit from discontinued operations, net of tax	138	-	138	-	-	138
Profit for the period	834	-	834	-	-	834
Non-controlling interests	(117)	-	(117)	-	-	(117)
Preference share and other dividends	(182)	-	(182)	-	-	(182)
Profit attributable to ordinary and B shareholders	535	-	535	-	-	535

## Notes:

- (1) Reallocation of separately reported restructuring costs and litigation and conduct costs to the statutory operating expense lines.
- (2) Reallocation of £175 million gain to income from trading activities and £201 million gain to other operating income.

## Consolidated income statement reconciliation for the quarter ended 30 June 2013

	As previously reported	Re-presentation of one-off and other items	Restated	Reallocation of residual one-off and other items	Presentational adjustments	Statutory
	£m	£m	£m	£m	(1) £m	£m
Interest receivable	4,281	-	4,281	-	-	4,281

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Interest payable	(1,511)	-	(1,511)	(3)	-	(1,514)
Net interest income	2,770	-	2,770	(3)	-	2,767
Fees and commissions receivable	1,392	-	1,392	-	-	1,392
Fees and commissions payable	(250)	-	(250)	-	-	(250)
Income from trading activities	874	-	874	75	-	949
Gain on redemption of own debt	-	-	-	242	-	242
Other operating income	661	-	661	59	-	720
Non-interest income	2,677	-	2,677	376	-	3,053
Total income	5,447	-	5,447	373	-	5,820
Staff costs	(1,764)	-	(1,764)	-	(76)	(1,840)
Premises and equipment	(526)	-	(526)	-	(22)	(548)
Other administrative expenses	(801)	-	(801)	1	(618)	(1,418)
Depreciation and amortisation	(308)	(38)	(346)	-	(3)	(349)
Restructuring costs	-	(149)	(149)	-	149	-
Litigation and conduct costs	-	(570)	(570)	-	570	-
Operating expenses	(3,399)	(757)	(4,156)	1	-	(4,155)
Profit before impairment losses	2,048	(757)	1,291	374	-	1,665
Impairment losses	(1,117)	-	(1,117)	-	-	(1,117)
Operating profit	931	(757)	174	374	-	548
Own credit adjustments (2)	127	-	127	(127)	-	-
Payment Protection Insurance costs	(185)	185	-	-	-	-
Regulatory and legal actions	(385)	385	-	-	-	-
Restructuring costs	(149)	149	-	-	-	-
Gain on redemption of own debt	242	-	242	(242)	-	-
Amortisation of purchased intangible assets	(38)	38	-	-	-	-
Strategic disposals	6	-	6	(6)	-	-

RFS Holdings minority interest	(1)	-	(1)	1	-	-
Profit before tax	548	-	548	-	-	548
Tax	(328)	-	(328)	-	-	(328)
Profit from continuing operations	220	-	220	-	-	220
Profit from discontinued operations, net of tax	9	-	9	-	-	9
Profit for the period	229	-	229	-	-	229
Non-controlling interests	14	-	14	-	-	14
Preference share and other dividends	(101)	-	(101)	-	-	(101)
Profit attributable to ordinary and B shareholders	142	-	142	-	-	142

## Notes:

- (1) Reallocation of separately reported restructuring costs and litigation and conduct costs to the statutory operating expense lines.
- (2) Reallocation of £76 million gain to income from trading activities and £51 million gain to other operating income.

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Appendix 2

## Components of customer franchises

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Components of customer franchises

The tables in this appendix summarise the performance of each of the new franchises and show how the previously

reported divisions have been allocated to them.

Personal & Business Banking (PBB) includes the segments UK Personal & Business Banking (UK PBB) and Ulster Bank. UK PBB includes the whole of UK Retail and Business Banking operations, which serves customers with a turnover of up to £2 million which was previously included in UK Corporate division. Williams & Glyn is included in this segment.

Commercial & Private Banking (CPB) includes the segments Commercial Banking and Private Banking. Commercial Banking comprises the commercial and mid-corporate elements of UK Corporate. It also includes a small number of large domestically focused UK Corporates previously reported within International Banking.

Corporate & Institutional Banking (CIB) includes the majority of customers previously reported within the International Banking and Markets businesses. CIB is reported as a single segment.

#### Components of customer franchises

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

Quarter ended	UK			Allocated from		CFG	Markets	Centre	RCR	Total
	Retail	Corporate	Wealth	International Banking	Ulster Bank					
31 March 2014	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK PBB	451	59	-	-	-	-	-	-	-	510
Ulster Bank	-	-	-	-	9	-	-	-	-	9
PBB	451	59	-	-	9	-	-	-	-	519
Commercial Banking	-	314	-	3	-	-	-	4	-	321
Private Banking	-	-	75	-	-	-	-	-	-	75
CPB	-	314	75	3	-	-	-	4	-	396
Corporate & Institutional Banking	-	31	-	75	-	-	227	-	-	333
Central items	-	-	-	-	-	-	-	5	-	5
Citizens Financial Group	-	-	-	-	-	144	-	-	-	144
RCR	-	-	-	-	-	-	-	-	(114)	(114)
Operating profit/(loss)	451	404	75	78	9	144	227	9	(114)	1,283

	UK	UK	Allocated from International	Ulster	Non-
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Year ended 31 December 2013	Retail Corporate Wealth			Banking Bank		CFG	Markets	Centre	Core	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK PBB	692	127	-	-	-	-	-	-	-	819
Ulster Bank	-	-	-	-	(1,609)	-	-	-	-	(1,609)
PBB	692	127	-	-	(1,609)	-	-	-	-	(790)
Commercial Banking	-	503	-	15	-	-	-	12	-	530
Private Banking	-	-	(61)	-	-	-	-	-	-	(61)
CPB	-	503	(61)	15	-	-	-	12	-	469
Corporate & Institutional Banking	-	(244)	-	66	-	-	(2,704)	-	-	(2,882)
Central items	-	-	-	-	-	-	-	647	-	647
Citizens Financial Group	-	-	-	-	-	605	-	-	-	605
Non-Core	-	-	-	-	-	-	-	-	(5,549)	(5,549)
Operating profit/(loss)	692	386	(61)	81	(1,609)	605	(2,704)	659	(5,549)	(7,500)

Components of customer franchises

Half year ended 30 June 2013	UK			Business allocated from					Non- Core	Total
	Retail	Corporate	Wealth	Banking	Bank	CFG	Markets	Centre		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK PBB	603	85	-	-	-	-	-	-	-	688
Ulster Bank	-	-	-	-	(381)	-	-	-	-	(381)
PBB	603	85	-	-	(381)	-	-	-	-	307
Commercial Banking	-	400	-	8	-	-	-	5	-	413
Private Banking	-	-	88	-	-	-	-	-	-	88
CPB	-	400	88	8	-	-	-	5	-	501
Corporate & Institutional Banking	-	45	-	62	-	-	(304)	-	-	(197)
Central items	-	-	-	-	-	-	-	553	-	553

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Citizens										
Financial Group	-	-	-	-	-	353	-	-	-	353
Non-Core	-	-	-	-	-	-	-	-	(809)	(809)

Operating profit/(loss)	603	530	88	70	(381)	353	(304)	558	(809)	708
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Quarter ended 30 June 2013

UK PBB		212	56	-	-	-	-	-	-	-	268
Ulster Bank		-	-	-	-	(210)	-	-	-	-	(210)
PBB		212	56	-	-	(210)	-	-	-	-	58
Commercial Banking		-	222	-	4	-	-	-	3	-	229
Private Banking		-	-	47	-	-	-	-	-	-	47
CPB		-	222	47	4	-	-	-	3	-	276
Corporate & Institutional Banking		-	26	-	7	-	-	(428)	-	-	(395)
Central items		-	-	-	-	-	-	-	352	-	352
Citizens Financial Group		-	-	-	-	-	167	-	-	-	167
Non-Core		-	-	-	-	-	-	-	-	(284)	(284)
Operating profit/(loss)		212	304	47	11	(210)	167	(428)	355	(284)	174

Personal & Business Banking

Quarter ended 31 March 2014

Income statement	Allocated from		UK PBB £m	Ulster Bank £m	Total PBB £m
	UK Retail £m	UK Corporate £m			
Net interest income	972	152	1,124	154	1,278
Non-interest income	246	93	339	47	386
Total income	1,218	245	1,463	201	1,664
Direct expenses					
- staff	(162)	(63)	(225)	(63)	(288)
- other	(120)	(10)	(130)	(17)	(147)
Indirect expenses	(437)	(83)	(520)	(63)	(583)
Restructuring costs					
- indirect	11	(1)	10	(2)	8
Total expenses	(708)	(157)	(865)	(145)	(1,010)

Operating profit before impairment losses	510	88	598	56	654
Impairment losses	(59)	(29)	(88)	(47)	(135)
Operating profit	451	59	510	9	519
Memo: operating profit - adjusted (1)	440	60	500	11	511
Key metrics					
Return on equity (2)	30.3%	12.4%	26.0%	0.9%	16.7%
Return on equity - adjusted (1,2)	29.6%	12.6%	25.5%	1.1%	16.4%
Net interest margin	3.51%	4.34%	3.61%	2.29%	3.37%
Cost:income ratio	58%	64%	59%	72%	61%
Cost:income ratio - adjusted (1)	59%	64%	60%	71%	61%
Loan impairment charge as % of gross customer loans and advances	0.2%	0.8%	0.3%	0.7%	0.3%

31 March 2014

Capital and balance sheet	Allocated from		UK PBB £bn	Ulster Bank £bn	Total PBB £bn
	UK Retail £bn	UK Corporate £bn			
Loans and advances to customers (gross)	113.8	14.6	128.4	26.6	155.0
Loan impairment provisions	(1.9)	(1.0)	(2.9)	(3.4)	(6.3)
Net loans and advances to customers	111.9	13.6	125.5	23.2	148.7
Total funded assets	118.4	14.4	132.8	26.0	158.8
Risk elements in lending	3.3	1.2	4.5	4.7	9.2
Customer deposits (excluding repos)	114.8	29.8	144.6	21.1	165.7
Loan:deposit ratio (excluding repos)	98%	46%	87%	110%	90%
Provision coverage (3)	58%	85%	65%	72%	68%
Risk-weighted assets	36.8	11.7	48.5	28.7	77.2

## Notes:

- (1) Excluding restructuring costs.
- (2) Return on equity is based on divisional operating profit after tax divided by average notional equity (based on 12% of the monthly average of divisional RWAs; previously - 10% of RWAs).
- (3) Provision coverage represents loan impairment provisions as a percentage of risk elements in lending.

## Personal &amp; Business Banking

	Year ended 31 December 2013				
	Allocated from		UK PBB £m	Ulster Bank £m	Total PBB £m
	UK Retail £m	UK Corporate £m			
Income statement					
Net interest income	3,883	607	4,490	619	5,109
Non-interest income	958	365	1,323	240	1,563
Total income	4,841	972	5,813	859	6,672
Direct expenses					
- staff	(674)	(259)	(933)	(239)	(1,172)
- other	(442)	(82)	(524)	(63)	(587)
Indirect expenses	(1,637)	(312)	(1,949)	(263)	(2,212)
Restructuring costs					
- direct	(118)	-	(118)	(27)	(145)
- indirect	(94)	(15)	(109)	(12)	(121)
Litigation and conduct costs	(860)	-	(860)	(90)	(950)
Total expenses	(3,825)	(668)	(4,493)	(694)	(5,187)
Operating profit before impairment losses	1,016	304	1,320	165	1,485
Impairment losses	(324)	(177)	(501)	(1,774)	(2,275)
Operating profit/(loss)	692	127	819	(1,609)	(790)
Memo: operating profit/(loss) - adjusted (1)	1,764	142	1,906	(1,480)	426
Impairments pertaining to the creation of RCR	-	(2)	(2)	(892)	(894)
Key metrics					
Return on equity (2)	11.4%	5.6%	9.8%	(33.2%)	(5.7%)
Return on equity - adjusted (1,2)	29.0%	6.3%	22.8%	(30.6%)	3.1%
Net interest margin	3.48%	4.14%	3.56%	1.88%	3.21%
Cost:income ratio	79%	69%	77%	81%	78%
Cost:income ratio - adjusted (1)	57%	67%	59%	66%	60%
Loan impairment charge as a % of gross customer loans and advances	0.3%	1.2%	0.4%	5.6%	1.4%

31 December 20