

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
March 01, 2013

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 28, 2013

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 | | | | Year ended | | | |
|--|------------------|---------|---------|------------------|--------------|---------|------------------|-----------|
| | 31 December 2012 | | | 31 December 2011 | | | 31 December 2010 | |
| | Managed | One-off | DLG | Statutory | Managed | One-off | DLG | Statutory |
| | reallocation | items | (1) | (1) | reallocation | items | (1) | (1) |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Interest receivable | 18,837 | - | (307) | 18,530 | 21,417 | (7) | (374) | 21,036 |
| Interest payable | (7,142) | (15) | 29 | (7,128) | (8,728) | (3) | (2) | (8,733) |
| Net interest income | 11,695 | (15) | (278) | 11,402 | 12,689 | (10) | (376) | 12,303 |
| Fees and commissions receivable | 5,715 | - | (6) | 5,709 | 6,384 | - | (5) | 6,379 |
| Fees and commissions payable | (1,269) | (1) | 436 | (834) | (1,460) | - | 498 | (962) |
| Income from trading activities | 3,531 | (1,858) | 2 | 1,675 | 3,313 | (612) | - | 2,701 |
| Gain on redemption of own debt | - | 454 | - | 454 | - | 255 | - | 255 |
| Other operating income | 2,397 | (2,724) | (138) | (465) | 2,527 | 1,595 | (147) | 3,975 |
| Insurance net premium income | 3,718 | - | (3,718) | - | 4,256 | - | (4,256) | - |
| Non-interest income | 14,092 | (4,129) | (3,424) | 6,539 | 15,020 | 1,238 | (3,910) | 12,348 |
| Total income | 25,787 | (4,144) | (3,702) | 17,941 | 27,709 | 1,228 | (4,286) | 24,651 |
| Staff costs | (7,639) | (884) | 447 | (8,076) | (8,163) | (515) | 322 | (8,356) |
| Premises and equipment | (2,198) | (152) | 118 | (2,232) | (2,278) | (173) | 28 | (2,423) |
| Other administrative expenses | (3,248) | (2,740) | 395 | (5,593) | (3,395) | (1,536) | 495 | (4,436) |
| Depreciation and amortisation | (1,534) | (320) | 52 | (1,802) | (1,642) | (233) | 36 | (1,839) |
| Write-down of goodwill and other intangible assets | - | (124) | - | (124) | - | (91) | 11 | (80) |

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| | | | | | | | | |
|--|----------|---------|---------|----------|----------|---------|---------|----------|
| Operating expenses | (14,619) | (4,220) | 1,012 | (17,827) | (15,478) | (2,548) | 892 | (17,134) |
| Profit before insurance net claims and impairment losses | 11,168 | (8,364) | (2,690) | 114 | 12,231 | (1,320) | (3,394) | 7,517 |
| Insurance net claims | (2,427) | - | 2,427 | - | (2,968) | - | 2,968 | - |
| Operating profit before impairment losses | 8,741 | (8,364) | (263) | 114 | 9,263 | (1,320) | (426) | 7,517 |
| Impairment losses | (5,279) | - | - | (5,279) | (7,439) | (1,270) | 2 | (8,707) |
| Operating profit/(loss) | 3,462 | (8,364) | (263) | (5,165) | 1,824 | (2,590) | (424) | (1,190) |

For the notes to this table refer to page 3.

Appendix 1 Income statement reconciliations (continued)

| | Year ended | | | | | | | |
|---|------------------|---------------|-------|---------------|------------------|---------------|-------|---------------|
| | 31 December 2012 | | | | 31 December 2011 | | | |
| | Managed | One-off items | DLG | (1) Statutory | Managed | One-off items | DLG | (1) Statutory |
| £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Operating profit/(loss) | 3,462 | (8,364) | (263) | (5,165) | 1,824 | (2,590) | (424) | (1,190) |
| Own credit adjustments (2) | (4,649) | 4,649 | - | - | 1,914 | (1,914) | - | - |
| Asset Protection Scheme (3) | (44) | 44 | - | - | (906) | 906 | - | - |
| Payment Protection Insurance costs | (1,110) | 1,110 | - | - | (850) | 850 | - | - |
| Interest Rate Hedging Products redress and related costs | (700) | 700 | - | - | - | - | - | - |
| Regulatory fines | (381) | 381 | - | - | - | - | - | - |
| Sovereign debt impairment | - | - | - | - | (1,099) | 1,099 | - | - |
| Interest rate hedge adjustments on impaired available-for-sale sovereign debt | - | - | - | - | (169) | 169 | - | - |
| Amortisation of purchased intangible assets | (178) | 178 | - | - | (222) | 222 | - | - |
| Integration and restructuring costs | (1,550) | 1,550 | - | - | (1,064) | 1,064 | - | - |
| Gain on redemption of own debt | 454 | (454) | - | - | 255 | (255) | - | - |
| Strategic disposals | 113 | (113) | - | - | (104) | 104 | - | - |
| Bank levy | (175) | 175 | - | - | (300) | 300 | - | - |
| Bonus tax | - | - | - | - | (27) | 27 | - | - |
| Write-down of goodwill and other intangible assets | (518) | 518 | - | - | (11) | 11 | - | - |
| RFS Holdings minority interest | (20) | 20 | - | - | (7) | 7 | - | - |

| | | | | | | | | |
|---|---------|-------|-------|---------|---------|---|-------|---------|
| Loss including the results of Direct Line Group discontinued operations | (5,296) | 394 | (263) | (5,165) | (766) | - | (424) | (1,190) |
| Direct Line Group discontinued operations | 131 | (394) | 263 | - | (424) | - | 424 | - |
| Loss before tax | (5,165) | - | - | (5,165) | (1,190) | - | - | (1,190) |
| Tax charge | (469) | - | - | (469) | (1,127) | - | - | (1,127) |
| Loss from continuing operations | (5,634) | - | - | (5,634) | (2,317) | - | - | (2,317) |

For the notes to this table refer to page 3.

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2012 | | | | Year ended | | | | 31 December 2011 | | | |
|--|----------------------------|---------------------|-----------|---------------------|----------------------------|---------------------|-----------|---------------------|----------------------------|---------------------|-----------|---------------------|
| | Managed reallocation £m | One-off items £m | DLG £m | (1) Statutory £m | Managed reallocation £m | One-off items £m | DLG £m | (1) Statutory £m | Managed reallocation £m | One-off items £m | DLG £m | (1) Statutory £m |
| (Loss)/profit from discontinued operations, net of tax | | | | | | | | | | | | |
| - Direct Line Group | (184) | - | - | (184) | 301 | - | - | 301 | | | | |
| - Other | 12 | - | - | 12 | 47 | - | - | 47 | | | | |
| (Loss)/profit from discontinued operations, net of tax | (172) | - | - | (172) | 348 | - | - | 348 | | | | |
| Loss for the period | (5,806) | - | - | (5,806) | (1,969) | - | - | (1,969) | | | | |
| Non-controlling interests | 123 | - | - | 123 | (28) | - | - | (28) | | | | |
| Preference share and other dividends | (288) | - | - | (288) | - | - | - | - | | | | |
| Loss attributable to ordinary and B shareholders | (5,971) | - | - | (5,971) | (1,997) | - | - | (1,997) | | | | |

Notes:

- (1) The statutory results of Direct Line Group (DLG), which is classified as a discontinued operation.
- (2) Reallocation of £1,813 million loss (2011 - £225 million gain) to income from trading activities and £2,836 million loss (2011 - £1,621 million gain) to other operating income.
- (3) Reallocation to income from trading activities.

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2012 | | | | Quarter ended 30 September 2012 | | | | 31 December 2011 | | | |
|---------------------------------|------------------|----------------------------------|-------|---------------|------------------------------------|----------------------------------|-------|---------------|------------------|----------------------------------|-------|---------------|
| | Managed | One-off reallocation items | DLG | (1) Statutory | Managed | One-off reallocation items | DLG | (1) Statutory | Managed | One-off reallocation items | DLG | (1) Statutory |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Interest receivable | 4,517 | - | (78) | 4,439 | 4,529 | - | (73) | 4,456 | 5,234 | - | (87) | 5,147 |
| Interest payable | (1,675) | (3) | 12 | (1,666) | (1,656) | (2) | 11 | (1,647) | (2,158) | (2) | (1) | (2,161) |
| Net interest income | 2,842 | (3) | (66) | 2,773 | 2,873 | (2) | (62) | 2,809 | 3,076 | (2) | (88) | 2,986 |
| Fees and commissions receivable | 1,375 | - | (1) | 1,374 | 1,403 | - | (3) | 1,400 | 1,590 | - | (1) | 1,589 |
| Fees and commissions payable | (324) | (1) | 80 | (245) | (341) | - | 132 | (209) | (573) | - | 234 | (339) |
| Income from trading activities | 567 | (97) | 4 | 474 | 769 | (435) | - | 334 | 242 | (480) | - | (238) |
| Loss on redemption of own debt | - | - | - | - | - | (123) | - | (123) | - | (1) | - | (1) |
| Other operating income | 381 | (138) | (16) | 227 | 822 | (1,039) | (35) | (252) | 405 | (200) | (31) | 174 |
| Insurance net premium income | 919 | - | (919) | - | 932 | - | (932) | - | 981 | - | (981) | - |
| Non-interest income | 2,918 | (236) | (852) | 1,830 | 3,585 | (1,597) | (838) | 1,150 | 2,645 | (681) | (779) | 1,185 |
| Total income | 5,760 | (239) | (918) | 4,603 | 6,458 | (1,599) | (900) | 3,959 | 5,721 | (683) | (867) | 4,171 |
| Staff costs | (1,439) | (312) | 123 | (1,628) | (1,943) | (116) | 100 | (1,959) | (1,781) | (212) | 95 | (1,888) |
| Premises and equipment | (573) | (73) | 54 | (592) | (552) | (45) | 47 | (550) | (575) | (99) | 8 | (566) |
| Other administrative expenses | (723) | (1,834) | 51 | (2,506) | (770) | (489) | 66 | (1,193) | (838) | (458) | 147 | (1,149) |
| Depreciation and amortisation | (384) | (138) | 24 | (498) | (374) | (56) | 9 | (421) | (450) | (63) | 12 | (401) |

| | | | | | | | | | | | |
|---|---------|---------|-------|---------|---------|---------|-------|---------|---------|---------|-------|
| Write down of goodwill and other intangible assets | - | (124) | - | (124) | - | - | - | - | - | (91) | 11 |
| Operating expenses | (3,119) | (2,481) | 252 | (5,348) | (3,639) | (706) | 222 | (4,123) | (3,644) | (923) | 273 |
| Profit/(loss) before insurance net claims and impairment losses | 2,641 | (2,720) | (666) | (745) | 2,819 | (2,305) | (678) | (164) | 2,077 | (1,606) | (594) |
| Insurance net claims | (606) | - | 606 | - | (596) | - | 596 | - | (529) | - | 529 |
| Operating profit/(loss) before impairment losses | 2,035 | (2,720) | (60) | (745) | 2,223 | (2,305) | (82) | (164) | 1,548 | (1,606) | (65) |
| Impairment losses | (1,454) | - | - | (1,454) | (1,176) | - | - | (1,176) | (1,692) | (226) | 2 |
| Operating profit/(loss) | 581 | (2,720) | (60) | (2,199) | 1,047 | (2,305) | (82) | (1,340) | (144) | (1,832) | (63) |

For the note to this table refer to page 6.

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2012 | | | | Quarter ended 30 September 2012 | | | | 31 December 2011 | | | |
|-----------------------------|----------------------|---------------|---------------|---------------|---------------------------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | One-off items | | DLG | | One-off items | | DLG | | One-off items | | DLG | |
| | Managed reallocation | (1) Statutory | (1) Statutory | (1) Statutory | Managed reallocation | (1) Statutory | (1) Statutory | (1) Statutory | Managed reallocation | (1) Statutory | (1) Statutory | (1) Statutory |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Operating profit/(loss) | 581 | (2,720) | (60) | (2,199) | 1,047 | (2,305) | (82) | (1,340) | (144) | (1,832) | (63) | (2,000) |
| Own credit adjustments (2) | (220) | 220 | - | - | (1,455) | 1,455 | - | - | (472) | 472 | - | - |
| Asset Protection Scheme (3) | - | - | - | - | 1 | (1) | - | - | (209) | 209 | - | - |
| | (450) | 450 | - | - | (400) | 400 | - | - | - | - | - | - |

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| | | | | | | | | | | | | |
|---|---------|-------|------|---------|---------|-----|------|---------|---------|-----|------|---------|
| Payment Protection Insurance costs | | | | | | | | | | | | |
| Interest Rate Hedging Products redress and related costs | (700) | 700 | - | - | - | - | - | - | - | - | - | - |
| Regulatory fines | (381) | 381 | - | - | - | - | - | - | - | - | - | - |
| Sovereign debt impairment | - | - | - | - | - | - | - | - | (224) | 224 | - | - |
| Amortisation of purchased intangible assets | (32) | 32 | - | - | (47) | 47 | - | - | (53) | 53 | - | - |
| Integration and restructuring costs | (620) | 620 | - | - | (257) | 257 | - | - | (478) | 478 | - | - |
| Loss on redemption of own debt | - | - | - | - | (123) | 123 | - | - | (1) | 1 | - | - |
| Strategic disposals | (16) | 16 | - | - | (23) | 23 | - | - | (82) | 82 | - | - |
| Bank levy | (175) | 175 | - | - | - | - | - | - | (300) | 300 | - | - |
| Write-down of goodwill and other intangible assets | (518) | 518 | - | - | - | - | - | - | (11) | 11 | - | - |
| RFS Holdings minority interest | (2) | 2 | - | - | (1) | 1 | - | - | (2) | 2 | - | - |
| Loss including the results of Direct Line Group discontinued operations | (2,533) | 394 | (60) | (2,199) | (1,258) | - | (82) | (1,340) | (1,976) | - | (63) | (2,039) |
| Direct Line Group discontinued operations | 334 | (394) | 60 | - | (82) | - | 82 | - | (63) | - | 63 | - |
| Loss before tax | (2,199) | - | - | (2,199) | (1,340) | - | - | (1,340) | (2,039) | - | - | (2,039) |
| Tax (charge)/credit | (46) | - | - | (46) | (10) | - | - | (10) | 213 | - | - | 203 |
| | (2,245) | - | - | (2,245) | (1,350) | - | - | (1,350) | (1,826) | - | - | (1,826) |

Loss from
continuing
operations

For the note to this table refer to page 6.

Appendix 1 Income statement reconciliations (continued)

| | 31 December 2012 | | | | Quarter ended 30 September 2012 | | | | 31 December 2011 | | | |
|--|----------------------|----|---------------|---------|------------------------------------|----------------------|---------------|---------|----------------------|----|---------------|---------|
| | One-off items DLG | | (1) Statutory | | One-off items DLG | | (1) Statutory | | One-off items DLG | | (1) Statutory | |
| Managed reallocation | £m | £m | | | £m | Managed reallocation | | | £m | £m | | |
| (Loss)/profit from discontinued operations, net of tax | | | | | | | | | | | | |
| - Direct Line Group | (351) | - | - | (351) | 62 | - | - | 62 | 36 | - | - | - |
| - Other | 6 | - | - | 6 | 5 | - | - | 5 | 10 | - | - | - |
| (Loss)/profit from discontinued operations, net of tax | (345) | - | - | (345) | 67 | - | - | 67 | 46 | - | - | - |
| Loss for the period | (2,590) | - | - | (2,590) | (1,283) | - | - | (1,283) | (1,780) | - | - | (1,780) |
| Non-controlling interests | 107 | - | - | 107 | (3) | - | - | (3) | (18) | - | - | - |
| Preference share and other dividends | (114) | - | - | (114) | (98) | - | - | (98) | - | - | - | - |
| Loss attributable to ordinary and B shareholders | (2,597) | - | - | (2,597) | (1,384) | - | - | (1,384) | (1,798) | - | - | (1,798) |

Notes:

- (1) The statutory results of Direct Line Group, which is classified as a discontinued operation.
- (2) Reallocation of £98 million loss (Q3 2012 - £435 million loss; Q4 2011 - £272 million loss) to income from trading activities and £122 million loss (Q3 2012 - £1,020 million loss; Q4 2012 - £200 million loss) to other

operating income.

- (3) 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 a majority interest in Direct Line Group, 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.

In October 2012, the Group announced that it had received notification of Santander's decision to pull out of its agreed purchase of the Group's UK branch-based businesses. Santander's decision follows extensive work by both parties to separate the businesses into a largely standalone form and to prepare the business, customers and staff for transfer. RBS has initiated a new process of disposal which has attracted renewed interest from trade, private equity and other investors. The Group is reviewing all options for feasibility, ability to execute and a fair outcome for all stakeholders. In parallel with this RBS is creating a standalone banking entity supported by a bespoke technology solution that would facilitate a trade sale now or at some point in the future, or an IPO. We will continue to work with HMT, the EU and the FSA to secure the best outcome for customers and will update the market as appropriate.

The Direct Line Group IPO prospectus was published on 28 September 2012 and the shares were admitted to listing on 16 October 2012. RBS Group sold 520.8 million ordinary shares in Direct Line Group, representing 34.7% of the total share capital, generating gross proceeds of £911 million. This was consistent with the already communicated plan to divest control of Direct Line Group in stages, with control ceded by the end of 2013 and complete disposal by the end of 2014.

Direct Line Group reached agreement with RBS Group in September 2012 for an arm's-length, five year distribution agreement for the continued provision of general insurance products post-divestment. Residual IT services will also be provided under a Transitional Services Agreement.

Appendix 2 Businesses outlined for disposal (continued)

Set out below are the income statements for the year ended 31 December 2012 and key balance sheet metrics as of 31 December 2012 in respect of the EU mandated divestments.

| | UK branch- based businesses £m | Direct Line Group £m |
|--|--|-------------------------------|
| Income statement | | |
| Net interest income | 653 | 280 |
| Fees and commissions receivable | 217 | 6 |
| Fees and commissions payable | (11) | (436) |
| Income from trading activities | 16 | (2) |
| Other operating income | 5 | 151 |
| Insurance net premium income | - | 3,718 |
| Non-interest income | 227 | 3,437 |
| Total income (1) | 880 | 3,717 |
| Staff costs | (164) | (337) |
| Premises and equipment | - | (95) |
| Other administrative expenses | (269) | (365) |
| Depreciation and amortisation | - | (52) |
| Operating expenses | (433) | (849) |
| Profit before insurance net claims and impairment losses | 447 | 2,868 |
| Insurance net claims | - | (2,427) |
| Operating profit before impairment losses | 447 | 441 |
| Impairment losses | (142) | - |
| Operating profit (2) | 305 | 441 |
| Capital and balance sheet | £bn | £bn |
| Total assets (3) | 18.8 | 12.7 |
| Loans and advances to customers (gross) | 18.9 | 0.9 |
| Customer deposits | 21.5 | - |
| Risk elements in lending | 1.4 | - |
| Risk-weighted assets | 12.2 | n/a |

Notes:

- (1) Total income for Direct Line Group includes investment income of £243 million.
- (2) Managed view operating profit for Direct Line Group excludes the goodwill write-down, £394 million, integration and restructuring costs, £135 million and other separation costs, £43 million.
- (3) Total assets for Direct Line Group include approximately £0.5 billion of goodwill, of which £0.3 billion is attributed to Direct Line Group by RBS Group.

Appendix 3

Analysis of balance sheet
pre and post disposal groups

Appendix 3 Analysis of balance sheet pre and post disposal groups

In accordance with IFRS 5 assets and liabilities of disposal groups are presented as a single line on the face of the balance sheet. As allowed by IFRS, disposal groups are included within risk measures.

| | 31 December 2012 | | | 30 September 2012 | | | 31 December 2011 | | |
|---|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|
| | Balance sheet £m | Disposal groups (1) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (2) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (3) £m | Gross of disposal groups £m |
| Assets | | | | | | | | | |
| Cash and balances at central banks | 79,290 | 18 | 79,308 | 80,122 | 49 | 80,171 | 79,269 | 127 | 79,396 |
| Net loans and advances to banks | 29,168 | 2,112 | 31,280 | 38,347 | 83 | 38,430 | 43,870 | 87 | 43,957 |
| Reverse repurchase agreements and stock borrowing | 34,783 | - | 34,783 | 34,026 | - | 34,026 | 39,440 | - | 39,440 |
| Loans and advances to banks | 63,951 | 2,112 | 66,063 | 72,373 | 83 | 72,456 | 83,310 | 87 | 83,397 |
| Net loans and advances to customers | 430,088 | 1,863 | 431,951 | 423,155 | 19,409 | 442,564 | 454,112 | 19,405 | 473,517 |
| Reverse repurchase agreements and stock borrowing | 70,047 | - | 70,047 | 63,909 | - | 63,909 | 61,494 | - | 61,494 |
| Loans and advances to customers | 500,135 | 1,863 | 501,998 | 487,064 | 19,409 | 506,473 | 515,606 | 19,405 | 535,011 |
| Debt securities | 157,438 | 7,186 | 164,624 | 177,722 | 31 | 177,753 | 209,080 | - | 209,080 |
| Equity shares | 15,232 | 5 | 15,237 | 15,527 | 5 | 15,532 | 15,183 | 5 | 15,188 |
| Settlement balances | 5,741 | - | 5,741 | 15,055 | - | 15,055 | 7,771 | 14 | 7,785 |
| Derivatives | 441,903 | 15 | 441,918 | 468,171 | 366 | 468,537 | 529,618 | 439 | 530,057 |
| Intangible assets | 13,545 | 750 | 14,295 | 14,798 | - | 14,798 | 14,858 | 15 | 14,873 |
| Property, plant and equipment | 9,784 | 223 | 10,007 | 11,220 | 116 | 11,336 | 11,868 | 4,749 | 16,617 |
| Deferred tax | 3,443 | - | 3,443 | 3,480 | - | 3,480 | 3,878 | - | 3,878 |
| Other financial assets | - | 924 | 924 | 891 | - | 891 | 1,309 | - | 1,309 |

| | | | | | | | | | |
|--|-----------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|
| Prepayments, accrued income and other assets | 7,820 | 742 | 8,562 | 9,804 | 444 | 10,248 | 9,667 | 456 | 10,123 |
| Assets of disposal groups | 14,013 | (13,838) | 175 | 20,667 | (20,503) | 164 | 25,450 | (25,297) | 153 |
| Total assets | 1,312,295 | - | 1,312,295 | 1,376,894 | - | 1,376,894 | 1,506,867 | - | 1,506,867 |

For the notes to this page refer to page 3.

Appendix 3 Analysis of balance sheet pre and post disposal groups (continued)

| | 31 December 2012 | | | 30 September 2012 | | | 31 December 2011 | | |
|---|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|
| | Balance sheet £m | Disposal groups (1) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (2) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (3) £m | Gross of disposal groups £m |
| Liabilities | | | | | | | | | |
| Bank deposits | 57,073 | 1 | 57,074 | 58,127 | 1 | 58,128 | 69,113 | 1 | 69,114 |
| Repurchase agreements and stock lending | 44,332 | - | 44,332 | 49,222 | - | 49,222 | 39,691 | - | 39,691 |
| Deposits by banks | 101,405 | 1 | 101,406 | 107,349 | 1 | 107,350 | 108,804 | 1 | 108,805 |
| Customer deposits | 433,239 | 753 | 433,992 | 412,712 | 22,168 | 434,880 | 414,143 | 22,610 | 436,753 |
| Repurchase agreements and stock lending | 88,040 | - | 88,040 | 93,343 | - | 93,343 | 88,812 | - | 88,812 |
| Customer accounts | 521,279 | 753 | 522,032 | 506,055 | 22,168 | 528,223 | 502,955 | 22,610 | 525,565 |
| Debt securities in issue | 94,592 | - | 94,592 | 104,157 | - | 104,157 | 162,621 | - | 162,621 |
| Settlement balances | 5,878 | - | 5,878 | 14,427 | - | 14,427 | 7,477 | 8 | 7,485 |
| Short positions | 27,591 | - | 27,591 | 32,562 | - | 32,562 | 41,039 | - | 41,039 |
| Derivatives | 434,333 | 7 | 434,340 | 462,300 | 42 | 462,342 | 523,983 | 126 | 524,109 |
| Accruals, deferred income and other liabilities | 14,801 | 2,679 | 17,480 | 18,458 | 449 | 18,907 | 23,125 | 1,233 | 24,358 |
| Retirement benefit liabilities | 3,884 | - | 3,884 | 1,779 | - | 1,779 | 2,239 | - | 2,239 |
| Deferred tax | 1,141 | - | 1,141 | 1,686 | - | 1,686 | 1,945 | - | 1,945 |
| Insurance liabilities | - | 6,193 | 6,193 | 6,249 | - | 6,249 | 6,312 | - | 6,312 |
| Subordinated liabilities | 26,773 | 529 | 27,302 | 25,309 | - | 25,309 | 26,319 | - | 26,319 |
| Liabilities of disposal groups | 10,170 | (10,162) | 8 | 22,670 | (22,660) | 10 | 23,995 | (23,978) | 17 |
| Total liabilities | 1,241,847 | - | 1,241,847 | 1,303,001 | - | 1,303,001 | 1,430,814 | - | 1,430,814 |

For the notes to this page refer to page 3.

Appendix 3 Analysis of balance sheet pre and post disposal groups (continued)

| | 31 December 2012 | | | 30 September 2012 | | | 31 December 2011 | | |
|--|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|---------------------|------------------------------|--------------------------------|
| | Balance sheet £m | Disposal groups (1) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (2) £m | Gross of disposal groups £m | Balance sheet £m | Disposal groups (3) £m | Gross of disposal groups £m |
| Selected financial data | | | | | | | | | |
| Gross loans and advances to customers | 451,224 | 1,875 | 453,099 | 443,356 | 20,188 | 463,544 | 473,872 | 20,196 | 494,068 |
| Customer loan impairment provisions | (21,136) | (12) | (21,148) | (20,201) | (779) | (20,980) | (19,760) | (791) | (20,551) |
| Net loans and advances to customers | 430,088 | 1,863 | 431,951 | 423,155 | 19,409 | 422,564 | 454,112 | 19,405 | 473,517 |
| Gross loans and advances to banks | 29,282 | 2,112 | 31,394 | 38,464 | 83 | 38,547 | 43,993 | 87 | 44,080 |
| Bank loan impairment provisions | (114) | - | (114) | (117) | - | (117) | (123) | - | (123) |
| Net loans and advances to banks | 29,168 | 2,112 | 31,280 | 38,347 | 83 | 38,430 | 43,870 | 87 | 43,957 |
| Total loan impairment provisions | (21,250) | (12) | (21,262) | (20,318) | (779) | (21,097) | (19,883) | (791) | (20,674) |
| Customer REIL | 40,993 | 13 | 41,006 | 39,913 | 1,402 | 41,315 | 40,708 | 1,549 | 42,257 |
| Bank REIL | 134 | - | 134 | 187 | - | 187 | 137 | - | 137 |
| Total REIL | 41,127 | 13 | 41,140 | 40,100 | 1,402 | 41,502 | 40,845 | 1,549 | 42,394 |
| Gross unrealised gains on debt securities | 3,946 | 230 | 4,176 | 4,517 | - | 4,517 | 4,978 | - | 4,978 |
| Gross unrealised losses on debt securities | (1,832) | (15) | (1,847) | (2,052) | - | (2,052) | (3,408) | - | (3,408) |

Notes:

- (1) Primarily Direct Line Group.
- (2) Primarily UK branch-based businesses (see Appendix 2).
- (3) Primarily UK branch-based businesses, RBS Aviation Capital, sold in 2012, and remainder of RBS Sempra Commodities JV.

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Signatures

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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: 28 February 2013

THE ROYAL BANK OF
SCOTLAND GROUP plc
(Registrant)

By: /s/ Jan Cargill

Name: Jan Cargill
Title: Deputy Secretary