

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
August 06, 2010

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 6, 2010

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

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

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:

Statutory results

The condensed consolidated financial statements and related notes presented on pages 145 to 191 inclusive are on a statutory basis and include the results and financial position of RFS Holdings (RFS), the entity that acquired ABN AMRO. The interests of the State of the Netherlands and Santander in RFS are included in minority interests.

Legal separation of ABN AMRO Bank NV took place on 1 April 2010. As a result, RBS no longer consolidates the interests in ABN AMRO of its consortium partners in its results. Consortium partners results for the first quarter of 2010 are classified as discontinued operations. Prior periods have been restated accordingly.

Condensed consolidated income statement for the half year ended 30 June 2010 (unaudited)

In the income statement below, amortisation of purchased intangible assets and integration and restructuring costs are included in operating expenses.

	First half	First half	Full year
	2010	2009	2009
			(audited)
	£m	£m	£m
Interest receivable	11,580	14,641	26,311
Interest payable	(4,362)	(7,792)	(12,923)
Net interest income	7,218	6,849	13,388
Fees and commissions receivable	4,104	4,466	8,738
Fees and commissions payable	(1,151)	(1,351)	(2,790)
Income from trading activities	3,876	1,964	3,761
Gain on redemption of own debt	553	3,790	3,790

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Other operating income (excluding insurance premium income)	793	646	873
Insurance net premium income	2,567	2,657	5,266
Non-interest income	10,742	12,172	19,638
Total income	17,960	19,021	33,026
Staff costs			
- excluding curtailment gains	(5,054)	(5,136)	(9,993)
- pension schemes curtailment gains	-	-	2,148
Premises and equipment	(1,082)	(1,278)	(2,594)
Other administrative expenses	(2,033)	(2,203)	(4,449)
Depreciation and amortisation	(1,001)	(1,032)	(2,166)
Write-down of goodwill and other intangible assets	-	(311)	(363)
Operating expenses	(9,170)	(9,960)	(17,417)
Profit before other operating charges and impairment losses	8,790	9,061	15,609
Insurance net claims	(2,459)	(1,891)	(4,357)
Impairment losses	(5,162)	(7,521)	(13,899)
Operating profit/(loss) before tax	1,169	(351)	(2,647)
Tax (charge)/credit	(932)	456	429
Profit/(loss) from continuing operations	237	105	(2,218)
Loss on distribution of ABN AMRO Bank NV to the State of the Netherlands			
and Santander	(1,019)	-	-
Other profits/(losses) from discontinued operations, net of tax	313	30	(105)
(Loss)/profit from discontinued operations, net of tax	(706)	30	(105)
(Loss)/profit for the period	(469)	135	(2,323)
Minority interests	602	(631)	(349)
Other owners' dividends	(124)	(546)	(935)
Profit/(loss) attributable to ordinary and B shareholders	9	(1,042)	(3,607)
Basic earnings/(loss) per ordinary and B share from continuing operations (Note 10)	0.6p	(1.7p)	(6.3p)
Diluted earnings/(loss) per ordinary and B share from continuing operations			
(Note 10)	0.5p	(1.7p)	(6.3p)
Basic loss per ordinary and B share from discontinued operations (Note 10)	-	(0.1p)	(0.1p)

Diluted loss per ordinary and B share from discontinued operations (Note 10)	-	(0.1p)	(0.1p)
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**Condensed consolidated statement of comprehensive income
for the half year ended 30 June 2010 (unaudited)**

	First half	First half	Full year
	2010	2009	2009
	£m	£m	(audited) £m
(Loss)/profit for the period	(469)	135	(2,323)
Other comprehensive income:			
Available-for-sale financial assets	508	(1,660)	2,016
Cash flow hedges	1,254	364	684
Currency translation	694	(4,281)	(3,300)
Actuarial losses on defined benefit plans	-	-	(3,665)
Tax on other comprehensive income	(446)	478	430
Other comprehensive income/(loss) for the period, net of tax	2,010	(5,099)	(3,835)
Total comprehensive income/(loss) for the period	1,541	(4,964)	(6,158)
Attributable to:			
Minority interests	(132)	(1,818)	(1,346)
Preference shareholders	105	510	878
Paid-in equity holders	19	36	57
Ordinary and B shareholders	1,549	(3,692)	(5,747)
	1,541	(4,964)	(6,158)

Financial review

Operating profit

Operating profit before tax for the half year was £1,169 million compared with a loss of £351 million in the first half of 2009.

Total income

Total income decreased 6% to £17,960 million from £19,021 million in the first half of 2009.

Net interest income increased by 5% to £7,218 million.

Non-interest income decreased to £10,742 million from £12,172 million in 2009. This included a gain on redemption of own debt of £553 million compared with £3,790 million in the first half of 2009. Excluding the gain on redemption of own debt, non-interest income increased by £1,807 million primarily due to the increase in income from trading activities.

Operating expenses

Operating expenses decreased from £9,960 million in the first half of 2009 to £9,170 million of which integration and restructuring costs were £422 million compared with £734 million in 2009.

Net insurance claims

Bancassurance and general insurance claims, after reinsurance, increased by 30% to £2,459 million.

Impairment losses

Impairment losses were £5,162 million, compared with £7,521 million in the first half of 2009.

Taxation

The tax charge for first half of 2010 was £932 million compared with a tax credit of £456 million in the first half of 2009.

Earnings

Basic earnings per ordinary and B share, including discontinued operations, improved to 0.6p from a loss of 1.8p in the first half of 2009.

Capital

Capital ratios at 30 June 2010 were Core Tier 1 of 10.5%, Tier 1 of 12.8% and Total of 13.9%.

Condensed consolidated balance sheet

at 30 June 2010 (unaudited)

	30 June 2010	31 December 2009 (audited)
	£m	£m
Assets		
Cash and balances at central banks	29,591	52,261
Net loans and advances to banks	54,489	56,656
Reverse repurchase agreements and stock borrowing	47,663	35,097
Loans and advances to banks	102,152	91,753
Net loans and advances to customers	539,375	687,353
Reverse repurchase agreements and stock borrowing	39,396	41,040
Loans and advances to customers	578,771	728,393
Debt securities	236,260	267,254
Equity shares	17,326	19,528
Settlement balances	20,718	12,033
Derivatives	522,871	441,454
Intangible assets	14,482	17,847
Property, plant and equipment	17,608	19,397
Deferred taxation	5,839	7,039
Prepayments, accrued income and other assets	14,095	20,985
Assets of disposal groups	22,340	18,542

Total assets	1,582,053	1,696,486
Liabilities		
Bank deposits	96,710	104,138
Repurchase agreements and stock lending	44,165	38,006
Deposits by banks	140,875	142,144
Customer deposits	420,890	