

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
November 05, 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 November 5, 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 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): _____

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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

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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:

Third Quarter 2010 Results

RBS Group – Q3 2010 Results

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Appendix 1 Reconciliations of pro forma to statutory income statements and balance sheets

Appendix 2 The Asset Protection Scheme

RBS Group – Q3 2010 Results

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', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on such expressions.

In particular, this document includes forward-looking statements relating, but not limited to: the Group's restructuring plans, capitalisation, portfolios, net interest margin, capital ratios, liquidity, risk weighted assets, return on equity (ROE), cost:income ratios, leverage and loan:deposit ratios, funding and risk profile; the Group's future financial performance; the level and extent of future impairments and write-downs; the protection provided by the Asset Protection Scheme (APS); and the Group's potential exposures to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk. These statements are based on current plans, estimates and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. For example, certain of the market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: the full nationalisation of the Group or other resolution procedures under the Banking Act 2009; the global economy and instability in the global financial markets, and their impact on the financial industry in general and on the Group in particular; the financial stability of other financial institutions, and the Group's counterparties and borrowers; the ability to complete restructurings on a timely basis, or at all, including the disposal of certain Non-Core assets and assets and businesses required as part of the EC State Aid restructuring plan; organisational restructuring; the ability to access sufficient funding to meet liquidity needs; cancellation, change or withdrawal of, or failure to renew, governmental support schemes; the extent of future write-downs and impairment charges caused by depressed asset valuations; the inability to hedge certain risks economically; costs or exposures borne by the Group arising out of the origination or sale of mortgages or mortgage-backed securities in the United States; the value and effectiveness of any credit protection purchased by the Group; unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices and equity prices; changes in the credit ratings of the Group; ineffective management of capital or changes to capital adequacy or liquidity requirements; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; HM Treasury exercising influence over the operations of the Group; the ability of the Group to attract or retain senior management or other key employees; regulatory change in the United Kingdom, the United States and other countries in which the Group operates or a change in United Kingdom Government policy; changes to regulatory requirements relating to capital and liquidity; changes to the monetary and interest rate policies of the Bank of England, the Board of Governors of the Federal Reserve System and other G7 central banks; impairments of goodwill; pension fund shortfalls; litigation and regulatory investigations; general operational risks; insurance claims; reputational risk; general geopolitical and economic conditions in the UK and in other countries in which the Group has significant business activities or investments, including the United States; the ability to achieve revenue benefits and cost savings from the integration of certain of RBS Holdings N.V.'s (formerly ABN AMRO Holding N.V.) businesses and assets; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; the participation of the Group in the APS and the effect of the APS on the Group's financial and capital position; the ability to access the contingent capital arrangements with HM Treasury; the conversion of the B Shares in accordance with their terms; limitations on, or additional requirements imposed on, the Group's activities

as a result of HM Treasury's investment in the Group; and the success of the Group in managing the risks involved in the foregoing.

The forward-looking statements contained in this document speak only as of the date of this announcement, and the Group 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 information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

RBS Group – Q3 2010 Results

Presentation of information

Pro forma results

Pro forma results have been prepared to include only those business units of ABN AMRO that have been retained by RBS and to reclassify certain non-operating items. The business and strategic update, divisional performance and discussion of risk and capital management in this announcement focus on the pro forma results. The basis of preparation of the pro forma results is detailed on page 63.

Statutory results

RFS Holdings is the entity that acquired ABN AMRO and is jointly owned by the Consortium Members. It is controlled by RBS and is therefore fully consolidated in its financial statements. The interests of Fortis, and its successor the State of the Netherlands, and Santander in RFS Holdings are included in minority interests. Following legal separation on 1 April 2010, the interests of other Consortium Members in RFS Holdings relate only to shared assets. In future years, there will be no significant differences between pro forma and statutory results in respect of ABN AMRO.

RBS Group – Q3 2010 Results

Results summary – pro forma

	Quarter ended			Nine months ended	
	30 September 2010 £m	30 June 2010 £m	30 September 2009 £m	30 September 2010 £m	30 September 2009 £m
Core					
Total income (1)	7,029	7,290	7,523	22,508	24,706
Operating expenses (2)	(3,517)	(3,511)	(3,669)	(10,802)	(11,166)
Insurance net claims	(998)	(1,108)	(1,019)	(3,109)	(2,596)
Operating profit before impairment losses and fair value of own debt (3)	2,514	2,671	2,835	8,597	10,944
Impairment losses	(782)	(1,097)	(1,213)	(2,850)	(3,390)
Operating profit before fair value of own debt	1,732	1,574	1,622	5,747	7,554
Fair value of own debt	(858)	619	(483)	(408)	(412)
Operating profit (3)	874	2,193	1,139	5,339	7,142
Non-Core					
Total income (1)	888	873	54	2,695	(2,409)
Operating expenses (2)	(579)	(592)	(526)	(1,827)	(1,762)
Insurance net claims	(144)	(215)	(126)	(492)	(440)
Operating profit/(loss) before impairment losses (3)	165	66	(598)	376	(4,611)
Impairment losses	(1,171)	(1,390)	(2,066)	(4,265)	(7,410)
Operating loss (3)	(1,006)	(1,324)	(2,664)	(3,889)	(12,021)
Total					
Total income (1)	7,917	8,163	7,577	25,203	22,297
Operating expenses (2)	(4,096)	(4,103)	(4,195)	(12,629)	(12,928)
Insurance net claims	(1,142)	(1,323)	(1,145)	(3,601)	(3,036)
Operating profit before impairment losses and fair value of own debt (3)	2,679	2,737	2,237	8,973	6,333
Impairment losses	(1,953)	(2,487)	(3,279)	(7,115)	(10,800)
Operating profit/(loss) before fair value of own debt	726	250	(1,042)	1,858	(4,467)
Fair value of own debt	(858)	619	(483)	(408)	(412)
Operating (loss)/profit (3)	(132)	869	(1,525)	1,450	(4,879)
Integration and restructuring costs	(311)	(254)	(324)	(733)	(1,058)
Gain on redemption of own debt	-	553	-	553	3,790

Asset Protection Scheme credit

default swap

– fair value changes	(825)	500	-	(825)	-
Other	(111)	(511)	(228)	(688)	85
(Loss)/profit before tax (4)	(1,379)	1,157	(2,077)	(243)	(2,062)

For definitions of the notes refer to page 6.

RBS Group – Q3 2010 Results

Results summary – pro forma

Key metrics	Quarter ended			Nine months ended	
	30 September 2010	30 June 2010	30 September 2009	30 September 2010	30 September 2009
Performance ratios					
Core					
- Net interest margin	2.30%	2.24%	2.10%	2.22%	2.14%
- Cost:income ratio (5)	50%	48%	49%	48%	45%
- Adjusted cost:income ratio (6)	58%	57%	56%	56%	51%
Non-Core					
- Net interest margin	1.05%	1.22%	0.55%	1.18%	0.54%
- Cost:income ratio (5)	65%	68%	974%	68%	(73%)
- Adjusted cost:income ratio (6)	78%	90%	(731%)	83%	(62%)
Group					
- Net interest margin	2.05%	2.03%	1.75%	2.00%	1.74%
- Cost:income ratio (5)	52%	50%	55%	50%	58%
- Adjusted cost:income ratio (6)	60%	60%	65%	58%	67%
Continuing operations:					
Basic (loss)/earnings per ordinary and B share (7)					
	(1.1p)	0.8p	(3.2p)	(0.5p)	(5.2p)
	30 September 2010	30 June 2010	Change	31 December 2009	Change
Capital and balance sheet					
Total assets	£1,629bn	£1,581bn	3%	£1,522bn	7%
Funded balance sheet (8)	£1,080bn	£1,058bn	2%	£1,084bn	-
Loan:deposit ratio (Core – net of provisions)	101%	102%	(100bp)	104%	(300bp)
Loan:deposit ratio (Group – net of provisions)	126%	128%	(200bp)	135%	(900bp)
Risk-weighted assets – gross	£592bn	£597bn	(1%)	£566bn	5%
Benefit of Asset Protection Scheme	(£117bn)	(£123bn)	(5%)	(£128bn)	(9%)
Risk-weighted assets	£475bn	£474bn	-	£438bn	8%
Total equity	£77bn	£79bn	(3%)	£80bn	(4%)
Core Tier 1 ratio*	10.2%	10.5%	(30bp)	11.0%	(80bp)
Tier 1 ratio	12.5%	12.8%	(30bp)	14.4%	(190bp)
Risk elements in lending (REIL)	£38bn	£36bn	6%	£35bn	9%
REIL as a % of gross loans and advances	7.0%	6.5%	50bp	6.1%	90bp
Provision balance as % of REIL and potential problem loans (PPL)	46%	43%	300bp	42%	400bp

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Tier 1 leverage ratio (9)	18.0x	17.2x	5%	17.0x	6%
Tangible equity leverage ratio (10)	5.3%	5.5%	(20bp)	5.2%	10bp
Net tangible equity per ordinary and B share	51.8p	52.8p	(2%)	51.3p	1%

* Benefit of APS in Core Tier 1 ratio is 1.2% at 30 September 2010, 1.3% at 30 June 2010 and 1.6% at 31 December 2009.

Notes:

- (1) Excluding fair value of own debt, gain on redemption of own debt, strategic disposals and Asset Protection Scheme credit default swap – fair value changes.
- (2) Excluding amortisation of purchased intangible assets, integration and restructuring costs, bonus tax and write-down of goodwill and other intangible assets.
- (3) Operating profit/(loss) before tax, amortisation of purchased intangible assets, integration and restructuring costs, gain on redemption of own debt, strategic disposals, bonus tax, Asset Protection Scheme credit default swap – fair value changes and write-down of goodwill and other intangible assets.
- (4) Excluding write-down of goodwill and other intangible assets.
- (5) Cost:income ratio is based on total income and operating expenses as defined in (1) and (2) above.
- (6) Adjusted cost:income ratio is based on total income and operating expenses as defined in (1) and (2) above and after netting insurance claims against income.
- (7) Adjusted (loss)/profit from continuing operations attributable to ordinary and B shareholders divided by weighted average number of ordinary and B shares in issue. Refer to page 69.
- (8) Funded balance sheet represents total assets less derivatives.
- (9) Tier 1 leverage ratio is total tangible assets (after netting derivatives) divided by Tier 1 capital.
- (10) Tangible equity leverage ratio is total tangible equity divided by total tangible assets (after netting derivatives).

Results summary – statutory

Highlights

- Income of £6,086 million for Q3 2010.
- Operating loss before tax of £1,560 million for Q3 2010.
- Core Tier 1 ratio 10.2%.

	Quarter ended			Nine months ended	
	30 September 2010 £m	30 June 2010 £m	30 September 2009* £m	30 September 2010 £m	30 September 2009* £m
Continuing operations:					
Total income	6,086	9,437	6,806	24,046	25,827
Operating expenses	(4,551)	(4,453)	(4,590)	(13,721)	(14,550)
Operating profit before impairment losses	393	3,661	1,071	6,724	8,241
Impairment losses	(1,953)	(2,487)	(3,279)	(7,115)	(10,800)
Operating (loss)/profit before tax	(1,560)	1,174	(2,208)	(391)	(2,559)
(Loss)/profit attributable to ordinary and B shareholders	(1,146)	257	(1,800)	(1,137)	(2,842)

* Restated for the reclassification of the results attributable to other Consortium Members as discontinued operations.

For an explanation of the statutory presentation refer to page 4.

A reconciliation between statutory and pro forma results is shown in Appendix 1 to this announcement.

RBS Group – Q3 2010 Results

Summary consolidated income statement
for the quarter ended 30 September 2010 – pro forma

In the income statement set out below, fair value of own debt, amortisation of purchased intangible assets, integration and restructuring costs, gain on redemption of own debt, strategic disposals, bonus tax, Asset Protection Scheme credit default swap – fair value changes and write-down of goodwill and other intangible assets are shown separately. In the statutory condensed consolidated income statement on page 133, these items are included in income and operating expenses as appropriate.

	Quarter ended			Nine months ended	
	30 September 2010 £m	30 June 2010 £m	30 September 2009 £m	30 September 2010 £m	30 September 2009 £m
Core					
Net interest income	3,050	3,212	3,035	9,297	9,384
Non-interest income (excluding insurance net premium income)	2,870	2,973	3,360	9,876	11,977
Insurance net premium income	1,109	1,105	1,128	3,335	3,345
Non-interest income	3,979	4,078	4,488	13,211	15,322
Total income (1)	7,029	7,290	7,523	22,508	24,706
Operating expenses (2)	(3,517)	(3,511)	(3,669)	(10,802)	(11,166)
Profit before other operating charges	3,512	3,779	3,854	11,706	13,540
Insurance net claims	(998)	(1,108)	(1,019)	(3,109)	(2,596)
Operating profit before impairment losses (3)	2,514	2,671	2,835	8,597	10,944
Impairment losses	(782)	(1,097)	(1,213)	(2,850)	(3,390)
Operating profit before fair value of own debt (3)	1,732	1,574	1,622	5,747	7,554
Fair value of own debt	(858)	619	(483)	(408)	(412)
Operating profit (3)	874	2,193	1,139	5,339	7,142
Non-Core					

Net interest income	354	472	226	1,325	737
Non-interest income (excluding insurance net premium income)	354	228	(345)	849	(3,759)
Insurance net premium income	180	173	173	521	613
Non-interest income	534	401	(172)	1,370	(3,146)
Total income (1)	888	873	54	2,695	(2,409)
Operating expenses (2)	(579)	(592)	(526)	(1,827)	(1,762)
Profit/(loss) before other operating charges	309	281	(472)	868	(4,171)
Insurance net claims	(144)	(215)	(126)	(492)	(440)
Operating profit/(loss) before impairment losses (3)	165	66	(598)	376	(4,611)
Impairment losses	(1,171)	(1,390)	(2,066)	(4,265)	(7,410)
Operating loss (3)	(1,006)	(1,324)	(2,664)	(3,889)	(12,021)

For definitions of the notes refer to page 6.

RBS Group – Q3 2010 Results

Summary consolidated income statement
for the quarter ended 30 September 2010 – pro forma (continued)

	Quarter ended			Nine months ended	
	30 September 2010 £m	30 June 2010 £m	30 September 2009 £m	30 September 2010 £m	30 September 2009 £m
Net interest income	3,404	3,684	3,261	10,622	10,121
Non-interest income (excluding insurance net premium income)	3,224	3,201	3,015	10,725	8,218
Insurance net premium income	1,289	1,278	1,301	3,856	3,958
Non-interest income	4,513	4,479	4,316	14,581	12,176
Total income (1)	7,917	8,163	7,577	25,203	22,297
Operating expenses (2)	(4,096)	(4,103)	(4,195)	(12,629)	(12,928)
Profit before other operating charges	3,821	4,060	3,382	12,574	9,369
Insurance net claims	(1,142)	(1,323)	(1,145)	(3,601)	(3,036)
Operating profit before impairment losses (3)	2,679	2,737	2,237	8,973	6,333
Impairment losses	(1,953)	(2,487)	(3,279)	(7,115)	(10,800)
Operating profit/(loss) before fair value of own debt (3)	726	250	(1,042)	1,858	(4,467)
Fair value of own debt	(858)	619	(483)	(408)	(412)
Operating (loss)/profit (3)	(132)	869	(1,525)	1,450	(4,879)
Amortisation of purchased intangible assets	(123)	(85)	(73)	(273)	(213)
Integration and restructuring costs	(311)	(254)	(324)	(733)	(1,058)
Gain on redemption of own debt	-	553	-	553	3,790
Strategic disposals	27	(411)	(155)	(331)	298
Bonus tax	(15)	(15)	-	(84)	-
Asset Protection Scheme credit default swap – fair value changes	(825)	500	-	(825)	-

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(Loss)/profit before tax (4)	(1,379)	1,157	(2,077)	(243)	(2,062)
Tax credit/(charge)	261	(825)	576	(670)	988
(Loss)/profit from continuing operations	(1,118)	332	(1,501)	(913)	(1,074)
Profit/(loss) from discontinued operations, net of tax	2	(26)	(7)	(28)	(65)
(Loss)/profit for the period	(1,116)	306	(1,508)	(941)	(1,139)
Minority interests	(30)	(30)	(47)	(72)	(601)
Preference share and other dividends	-	(19)	(245)	(124)	(791)
(Loss)/profit attributable to ordinary and B shareholders before write-down of goodwill and other intangible assets	(1,146)	257	(1,800)	(1,137)	(2,531)
Write-down of goodwill and other intangible assets, net of tax	-	-	-	-	(311)
(Loss)/profit attributable to ordinary and B shareholders	(1,146)	257	(1,800)	(1,137)	(2,842)

For definitions of the notes refer to page 6.

RBS Group – Q3 2010 Results

Condensed consolidated statement of comprehensive income
for the quarter ended 30 September 2010 – pro forma

	Quarter ended		Nine months ended		
	30 September 2010 £m	30 June 2010 £m	30 September 2009 £m	30 September 2010 £m	30 September 2009 £m
(Loss)/profit for the period	(1,116)	306	(1,508)	(941)	(1,450)
Other comprehensive income					
Available-for-sale financial assets	272	117	2,861	770	1,228
Cash flow hedges	508	38	155	545	676
Currency translation	(661)	480	659	585	(1,788)
Tax on other comprehensive income	(252)	10	(846)	(402)	(438)
Other comprehensive (loss)/income for the period, net of tax	(133)	645	2,829	1,498	(322)
Total comprehensive (loss)/income for the period	(1,249)	951	1,321	557	(1,772)
Attributable to					