

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
May 02, 2012

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 May 01 , 2012

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

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:

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

Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)

This announcement provides details of the changes to the Group structure announced in January 2012 and restates the segmental results for 2011 and 2010 on the new divisional basis. To further aid historic comparison ahead of the Group's first quarter 2012 results, restated first and fourth quarter 2011 financial information is also contained within. A spreadsheet containing this financial information will also be available at www.rbs.com/ir.

While these restatements affect the reported results of the divisions that comprise the Group's business, they have no impact on the Group's overall Income Statement, Balance Sheet or other primary statements.

Details of this reorganisation are set out below.

Divisional reorganisation

Organisational change

In January 2012, the Group announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes have seen the reorganisation of the Group's wholesale businesses into 'Markets' and 'International Banking' and the proposed exit and/or downsizing of selected activities. The changes will ensure the wholesale businesses continue to deliver against the Group's strategy.

The changes will include an exit from cash equities, corporate broking, equity capital markets and mergers and acquisitions advisory businesses. Significant reductions in balance sheet, funding requirements and cost base in the remaining wholesale businesses will be implemented.

The GBM and GTS divisions have been reorganised as follows:

o

The 'Markets' division will maintain its focus on fixed income, with strong positions in debt capital raising, securitisation, risk management, foreign exchange and rates. It will serve the corporate and institutional clients of all Group businesses.

o

GBM's corporate banking business has combined with the international businesses of our GTS arm into a new 'International Banking' division which provides clients with a 'one-stop shop' access to the Group's debt financing, risk management and payments services. This international corporate business will ultimately be self-funded through its stable corporate deposit base.

o

The domestic small and mid-size corporates currently served within GTS will be managed within RBS's domestic corporate banking businesses in the UK, Ireland

(Ulster Bank) and the US (US Retail & Commercial).

Our wholesale businesses will be retaining their international footprint to ensure that they can serve our customers' needs globally. We believe that, despite current challenges to the sector, wholesale banking services can play a central role in supporting cross border trade and capital flows, financing requirements and risk management and we remain committed to this business.

Group Reporting Changes

Revised allocation of Group Treasury costs

In the first quarter of 2012, the Group revised its allocation of funding and liquidity costs and capital for the new divisional structure as well as for a new methodology. The new methodology is designed to ensure that the allocated funding and liquidity costs more fully reflect each division's funding requirement. Comparatives have been restated.

Revised divisional return on equity ratios

For the purposes of divisional return on equity ratios, notional equity has been calculated as a percentage of the monthly average of divisional risk-weighted assets (RWAs), adjusted for capital deductions. Historically, notional equity was allocated at 9% of RWAs for the Retail & Commercial divisions and 10% of RWAs for Global Banking & Markets. This has been revised and 10% of RWAs is now applied to both the Retail & Commercial and Markets divisions.

Fair Value of own Debt and Derivative Liabilities

The Group had previously excluded changes in the fair value of own debt (FVOD) in presenting the underlying performance of the Group on a managed basis given it is a volatile non-cash item. To better align our managed view of performance, movements in the fair value of own derivative liabilities (FVDL), previously incorporated within Markets operating performance, are now combined with the movement in FVOD in a single measure, 'Own Credit Adjustments' (OCA). Group and Markets operating results have been adjusted to reflect this change which does not affect profit/(loss) before and after tax.

Q1 2012 Results

The Group's results for the first quarter of 2012 will be announced on Friday 4 May. These results will be reported on the new divisional and Group reporting basis as described above. A financial supplement showing restated financial information for the last eight quarters will be available on the day at www.rbs.com/ir.

For further information please contact:

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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',

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'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 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.

Divisional Restatements

| Total income | Year ended 31 December 2010 | | | Year ended 31 December 2011 | | |
|-----------------------------------|------------------------------------|------------------|----------------|------------------------------------|------------------|----------------|
| | As previously reported £m | Adjustment £m | Restated £m | As previously reported £m | Adjustment £m | Restated £m |
| UK Retail | 5,415 | (24) | 5,391 | 5,478 | 30 | 5,508 |
| UK Corporate Wealth | 3,895 | 901 | 4,796 | 3,860 | 1,003 | 4,863 |
| International Banking | 1,056 | (21) | 1,035 | 1,177 | (73) | 1,104 |
| Global Transaction Services | - | 3,277 | 3,277 | - | 2,555 | 2,555 |
| Ulster Bank | 2,561 | (2,561) | - | 2,251 | (2,251) | - |
| US Retail & Commercial | 975 | 78 | 1,053 | 907 | 40 | 947 |
| Retail & Commercial Markets | 2,946 | 116 | 3,062 | 2,900 | 137 | 3,037 |
| Global Banking & Markets | 16,848 | 1,766 | 18,614 | 16,573 | 1,441 | 18,014 |
| Direct Line Group | - | 6,233 | 6,233 | - | 4,415 | 4,415 |
| Central Items | 7,912 | (7,912) | - | 5,941 | (5,941) | - |
| Core | 4,239 | - | 4,239 | 3,807 | - | 3,807 |
| Non-Core | 699 | 55 | 754 | 250 | 35 | 285 |
| Total | 29,698 | 142 | 29,840 | 26,571 | (50) | 26,521 |
| | 2,964 | (210) | 2,754 | 1,206 | (18) | 1,188 |
| | 32,662 | (68) | (1) 32,594 | 27,777 | (68) | (1) 27,709 |

| | Quarter ended 31 March 2011 | | | Quarter ended 31 December 2011 | | |
|-----------|------------------------------------|------------------|----------------|------------------------------------|------------------|----------------|
| | As previously reported £m | Adjustment £m | Restated £m | As previously reported £m | Adjustment £m | Restated £m |
| UK Retail | 1,380 | 10 | 1,390 | 1,313 | (4) | 1,309 |

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| | | | | | | | | |
|-----------------------------|-------|---------|-----|-------|-------|-------|-----|-------|
| UK Corporate Wealth | 1,021 | 241 | | 1,262 | 925 | 252 | | 1,177 |
| International Banking | 281 | (10) | | 271 | 303 | (23) | | 280 |
| Global Transaction Services | - | 647 | | 647 | - | 593 | | 593 |
| Ulster Bank | 542 | (542) | | - | 573 | (573) | | - |
| US Retail & Commercial | 220 | 12 | | 232 | 220 | 6 | | 226 |
| Retail & Commercial Markets | 694 | 33 | | 727 | 751 | 39 | | 790 |
| Global Banking & Markets | 4,138 | 391 | | 4,529 | 4,085 | 290 | | 4,375 |
| Direct Line Group | - | 2,108 | | 2,108 | - | 692 | | 692 |
| Central Items | 2,380 | (2,380) | | - | 912 | (912) | | - |
| Core | 1,006 | - | | 1,006 | 863 | - | | 863 |
| Non-Core | 23 | 12 | | 35 | 63 | 6 | | 69 |
| Total | 7,547 | 131 | | 7,678 | 5,923 | 76 | | 5,999 |
| | 486 | (51) | | 435 | (304) | 26 | | (278) |
| | 8,033 | 80 | (1) | 8,113 | 5,619 | 102 | (1) | 5,721 |

Note:

(1) Net adjustment to total income reflects the movement of FVDL to OCA, with such movements now shown below operating profit.

Divisional Restatements

| Operating profit/(loss) | Year ended 31 December 2010 | | | Year ended 31 December 2011 | | |
|-----------------------------|------------------------------|------------------|----------------|------------------------------|------------------|----------------|
| | As previously reported £m | Adjustment £m | Restated £m | As previously reported £m | Adjustment £m | Restated £m |
| UK Retail | 1,372 | (24) | 1,348 | 1,991 | 30 | 2,021 |
| UK Corporate Wealth | 1,463 | 430 | 1,893 | 1,414 | 510 | 1,924 |
| International Banking | 304 | (21) | 283 | 321 | (73) | 248 |
| Global Transaction Services | - | 1,311 | 1,311 | - | 755 | 755 |
| Ulster Bank | 1,088 | (1,088) | - | 743 | (743) | - |
| | (761) | 78 | (683) | (1,024) | 40 | (984) |
| | 306 | 43 | 349 | 479 | 58 | 537 |

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US Retail &
Commercial

| | | | | | | | | |
|-----------------------------|---------|---------|-----|---------|---------|---------|-----|---------|
| Retail & Commercial | 3,772 | 729 | | 4,501 | 3,924 | 577 | | 4,501 |
| Markets | - | 2,724 | | 2,724 | - | 899 | | 899 |
| Global Banking & Markets | 3,364 | (3,364) | | - | 1,561 | (1,561) | | - |
| Direct Line Group | (295) | - | | (295) | 454 | - | | 454 |
| | | | | | | | | 191 |
| Central Items | 577 | 53 | | 630 | 156 | 35 | | |
| Core | 7,418 | 142 | | 7,560 | 6,095 | (50) | | 6,045 |
| Non-Core | (5,505) | (210) | | (5,715) | (4,203) | (18) | | (4,221) |
| Total | 1,913 | (68) | (1) | 1,845 | 1,892 | (68) | (1) | 1,824 |

| | Quarter ended 31 March 2011 | | | Quarter ended 31 December 2011 | | | | |
|--------------------------------|------------------------------------|------------------|----------------|------------------------------------|------------------|----------------|-----|-------|
| | As previously reported £m | Adjustment £m | Restated £m | As previously reported £m | Adjustment £m | Restated £m | | |
| UK Retail | 508 | 10 | 518 | 461 | (3) | 458 | | |
| UK Corporate Wealth | 493 | 124 | 617 | 275 | 131 | 406 | | |
| | 80 | (10) | 70 | 96 | (23) | 73 | | |
| International Banking | - | 226 | 226 | - | 152 | 152 | | |
| Global Transaction Services | 187 | (187) | - | 197 | (197) | - | | |
| Ulster Bank | (377) | 12 | (365) | (239) | 6 | (233) | | |
| US Retail & Commercial | 80 | 14 | 94 | 157 | 20 | 177 | | |
| Retail & Commercial | 971 | 189 | 1,160 | 947 | 86 | 1,033 | | |
| Markets | - | 1,029 | 1,029 | - | (109) | (109) | | |
| Global Banking & Markets | 1,098 | (1,098) | - | (95) | 95 | - | | |
| Direct Line Group | 67 | - | 67 | 125 | - | 125 | | |
| Central Items | (43) | 11 | (32) | 85 | 4 | 89 | | |
| Core | 2,093 | 131 | 2,224 | 1,062 | 76 | 1,138 | | |
| Non-Core | (1,040) | (51) | (1,091) | (1,308) | 26 | (1,282) | | |
| Total | 1,053 | 80 | (1) | 1,133 | (246) | 102 | (1) | (144) |

Note:

(1) Net adjustment to operating profit reflects the movement of FVDL to OCA, with such movements now shown below operating profit.

Divisional Restatements (continued)

| Risk-weighted assets | 31 December 2010 | | | 31 December 2011 | | |
|--------------------------------|-------------------------------|-------------------|-----------------|-------------------------------|-------------------|-----------------|
| | As | | Restated £bn | As | | Restated £bn |
| | previously reported £bn | Adjustment £bn | | previously reported £bn | Adjustment £bn | |
| UK Retail | 48.8 | - | 48.8 | 48.4 | - | 48.4 |
| UK Corporate Wealth | 81.4 | 2.8 | 84.2 | 76.1 | 3.2 | 79.3 |
| International | 12.5 | - | 12.5 | 12.9 | - | 12.9 |
| Banking | - | 51.7 | 51.7 | - | 43.2 | 43.2 |
| Global Transaction Services | 18.3 | (18.3) | - | 17.3 | (17.3) | - |
| Ulster Bank | 31.6 | - | 31.6 | 36.3 | - | 36.3 |
| US Retail & Commercial | 57.0 | 0.4 | 57.4 | 58.8 | 0.5 | 59.3 |
| Retail & Commercial | 249.6 | 36.6 | 286.2 | 249.8 | 29.6 | 279.4 |
| Markets | - | 110.3 | 110.3 | - | 120.3 | 120.3 |
| Global Banking & Markets | 146.9 | (146.9) | - | 151.1 | (151.1) | - |
| Other | 18.0 | - | 18.0 | 10.8 | 1.2 | 12.0 |
| Core | 414.5 | - | 414.5 | 411.7 | - | 411.7 |
| Non-Core | 153.7 | - | 153.7 | 93.3 | - | 93.3 |
| Total | 568.2 | - | 568.2 | 505.0 | - | 505.0 |

| | 31 March 2011 | | |
|------------------------|-------------------------------|-------------------|-----------------|
| | As | | Restated £bn |
| | previously reported £bn | Adjustment £bn | |
| UK Retail | 50.3 | - | 50.3 |
| UK Corporate Wealth | 79.3 | 3.0 | 82.3 |
| | 12.6 | - | 12.6 |
| | - | 45.7 | 45.7 |

| | | | |
|---|-------|---------|-------|
| International Banking Global Transaction Services | 18.2 | (18.2) | - |
| Ulster Bank | 31.7 | - | 31.7 |
| US Retail & Commercial | 53.6 | 0.4 | 54.0 |
| Retail & Commercial | 245.7 | 30.9 | 276.6 |
| Markets | - | 114.3 | 114.3 |
| Global Banking & Markets | 146.5 | (146.5) | - |
| Other | 14.5 | 1.3 | 15.8 |
| Core | 406.7 | - | 406.7 |
| Non-Core | 128.5 | - | 128.5 |
| Total | 535.2 | - | 535.2 |

Divisional Restatements (continued)

UK Retail

| | Year ended 31 December 2010 | | | | Year ended 31 December 2011 | | | |
|---|-----------------------------|-------------------------------------|------------------------------------|---------------|-----------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 4,078 | 4 | (28) | 4,054 | 4,272 | 48 | (18) | 4,302 |
| Non-interest income (net of insurance claims) | 1,337 | - | - | 1,337 | 1,206 | - | - | 1,206 |
| Total income | 5,415 | 4 | (28) | 5,391 | 5,478 | 48 | (18) | 5,508 |
| Direct expenses | | | | | | | | |
| - staff | (889) | - | - | (889) | (839) | - | - | (839) |
| - other | (480) | - | - | (480) | (437) | - | - | (437) |
| Indirect expenses | (1,514) | - | - | (1,514) | (1,423) | - | - | (1,423) |
| | (2,883) | - | - | (2,883) | (2,699) | - | - | (2,699) |
| Operating profit before impairment losses | 2,532 | 4 | (28) | 2,508 | 2,779 | 48 | (18) | 2,809 |

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|-------------------|---------|---|------|---------|-------|----|------|-------|
| Impairment losses | (1,160) | - | - | (1,160) | (788) | - | - | (788) |
| Operating profit | 1,372 | 4 | (28) | 1,348 | 1,991 | 48 | (18) | 2,021 |

£bn £bn £bn £bn £bn £bn £bn £bn

Capital and balance sheet

| | | | | | | | | |
|--|-------|---|---|-------|-------|---|---|-------|
| Loans and advances to customers (gross) | 108.4 | - | - | 108.4 | 110.8 | - | - | 110.8 |
| Customer deposits | 96.1 | - | - | 96.1 | 101.9 | - | - | 101.9 |
| Assets under management (excluding deposits) | 5.7 | - | - | 5.7 | 5.5 | - | - | 5.5 |
| Risk-weighted assets | 48.8 | - | - | 48.8 | 48.4 | - | - | 48.4 |

Divisional Restatements (continued)

UK Retail (continued)

| | Quarter ended 31 March 2011 | | | | Quarter ended 31 December 2011 | | | | |
|---|-----------------------------|-------------------------------------|------------------------------------|---------------|--------------------------------|-------------------------------------|------------------------------------|-------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Other adjustments £m | Revised £m |
| Income statement | | | | | | | | | |
| Net interest income | 1,076 | 7 | 3 | 1,086 | 1,036 | 9 | (13) | - | 1,032 |
| Non-interest income | 304 | - | - | 304 | 277 | - | - | - | 277 |
| Total income | 1,380 | 7 | 3 | 1,390 | 1,313 | 9 | (13) | - | 1,309 |
| Direct expenses | | | | | | | | | |
| - staff | (215) | - | - | (215) | (200) | - | - | - | (200) |
| - other | (113) | - | - | (113) | (116) | - | - | - | (116) |
| Indirect expenses | (350) | - | - | (350) | (345) | - | - | 1 | (344) |
| | (678) | - | - | (678) | (661) | - | - | 1 | (660) |
| Operating profit before impairment losses | 702 | 7 | 3 | 712 | 652 | 9 | (13) | 1 | 649 |

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| | | | | | | | | | |
|--|-------|-------|-----|-------|-------|-------|------|-----|-------|
| Impairment losses | (194) | - | - | (194) | (191) | - | - | - | (191) |
| Operating profit | 508 | 7 | 3 | 518 | 461 | 9 | (13) | 1 | 458 |
| | | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Capital and balance sheet | | | | | | | | | |
| Loans and advances to customers (gross) | | 110.0 | - | - | 110.0 | 110.8 | - | - | 110.8 |
| Customer deposits | | 96.1 | - | - | 96.1 | 101.9 | - | - | 101.9 |
| Assets under management (excluding deposits) | | 5.8 | - | - | 5.8 | 5.5 | - | - | 5.5 |
| Risk-weighted assets | | 50.3 | - | - | 50.3 | 48.4 | - | - | 48.4 |

Divisional Restatements (continued)

UK Corporate

| | Year ended 31 December 2010 | | | | | Year ended 31 December 2011 | | | | |
|---------------------|-----------------------------|-------------------------------------|-------------------------------------|------------------------------------|---------------|-----------------------------|-------------------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Transfer from Global Services £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Transfer from Global Services £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | | | |
| Net interest income | 2,572 | 15 | 244 | 169 | 3,000 | 2,585 | 140 | 259 | 108 | 3,092 |
| Non-interest income | 1,323 | - | 473 | - | 1,796 | 1,275 | - | 496 | - | 1,771 |
| Total income | 3,895 | 15 | 717 | 169 | 4,796 | 3,860 | 140 | 755 | 108 | 4,863 |
| Direct expenses | | | | | | | | | | |
| - staff | (778) | - | (134) | - | (912) | (780) | - | (142) | - | (922) |
| - other | (359) | - | (52) | - | (411) | (335) | - | (55) | - | (390) |
| Indirect expenses | (534) | - | (279) | - | (813) | (546) | - | (288) | - | (834) |
| | (1,671) | - | (465) | - | (2,136) | (1,661) | - | (485) | - | (2,146) |

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|---|-------|-----|------|-----|-------|-------|-----|------|-----|-------|
| Operating profit before impairment losses | 2,224 | 15 | 252 | 169 | 2,660 | 2,199 | 140 | 270 | 108 | 2,774 |
| Impairment losses | (761) | - | (6) | - | (767) | (785) | - | (8) | - | (791) |
| Operating profit | 1,463 | 15 | 246 | 169 | 1,893 | 1,414 | 140 | 262 | 108 | 1,983 |
| | | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Capital and balance sheet | | | | | | | | | | |
| Total third party assets | 114.6 | - | 2.4 | - | 117.0 | 111.8 | - | 2.4 | - | 114.2 |
| Loans and advances to customers (gross) | 111.7 | - | 2.1 | - | 113.8 | 108.7 | - | 2.0 | - | 110.7 |
| Customer deposits | 100.0 | - | 24.5 | - | 124.5 | 100.9 | - | 25.4 | - | 126.3 |
| Risk-weighted assets | 81.4 | - | 2.8 | - | 84.2 | 76.1 | - | 3.2 | - | 79.3 |

Divisional Restatements (continued)

UK Corporate (continued)

| | Quarter ended 31 March 2011 | | | | | Quarter ended 31 December 2011 | | | | |
|---------------------|-----------------------------|-------------------------------|-------------------------------|------------------------------|---------|--------------------------------|-------------------------------|-------------------------------|------------------------------|---------|
| | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Income statement | | | | | | | | | | |
| Net interest income | 689 | 27 | 62 | 33 | 811 | 634 | 39 | 63 | 22 | 758 |
| Non-interest income | 332 | - | 119 | - | 451 | 291 | - | 128 | - | 419 |
| Total income | 1,021 | 27 | 181 | 33 | 1,262 | 925 | 39 | 191 | 22 | 1,177 |
| Direct expenses | | | | | | | | | | |

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|-------------------------|-------|----|-------|----|-------|-------|----|-------|----|------|
| - staff | (202) | - | (33) | - | (235) | (195) | - | (36) | - | (23) |
| - other | (90) | - | (14) | - | (104) | (86) | - | (13) | - | (9) |
| Indirect expenses | (131) | - | (68) | - | (199) | (135) | - | (70) | - | (20) |
| | (423) | - | (115) | - | (538) | (416) | - | (119) | - | (53) |
| Operating profit before | | | | | | | | | | |
| impairment losses | 598 | 27 | 66 | 33 | 724 | 509 | 39 | 72 | 22 | 64 |
| Impairment losses | (105) | - | (2) | - | (107) | (234) | - | (2) | - | (23) |
| Operating profit | 493 | 27 | 64 | 33 | 617 | 275 | 39 | 70 | 22 | 41 |

£bn £bn £bn £bn £bn £bn £bn £bn £bn £bn

Capital and balance sheet

| | | | | | | | | | | |
|---|-------|---|------|---|-------|-------|---|------|---|-------|
| Total third party assets | 115.0 | - | 2.7 | - | 117.7 | 111.8 | - | 2.4 | - | 114.2 |
| Loans and advances to customers (gross) | 112.5 | - | 2.3 | - | 114.8 | 108.7 | - | 2.0 | - | 110.7 |
| Customer deposits | 100.6 | - | 23.8 | - | 124.4 | 100.9 | - | 25.4 | - | 126.3 |
| Risk-weighted assets | 79.3 | - | 3.0 | - | 82.3 | 76.1 | - | 3.2 | - | 79.3 |

Divisional Restatements (continued)

Wealth

| | Year ended 31 December 2010 | | | | Year ended 31 December 2011 | | | |
|---------------------|-----------------------------|-------------------------------------|------------------------------------|---------------|-----------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 609 | (54) | 33 | 588 | 718 | (71) | (2) | 645 |
| Non-interest income | 447 | - | - | 447 | 459 | - | - | 459 |
| Total income | 1,056 | (54) | 33 | 1,035 | 1,177 | (71) | (2) | 1,104 |
| Direct expenses | | | | | | | | |
| - staff | (382) | - | - | (382) | (413) | - | - | (413) |
| - other | (142) | - | - | (142) | (195) | - | - | (195) |

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| | | | | | | | | |
|---|-------|------|----|-------|-------|------|-----|-------|
| Indirect expenses | (210) | - | - | (210) | (223) | - | - | (223) |
| | (734) | - | - | (734) | (831) | - | - | (831) |
| Operating profit before impairment losses | 322 | (54) | 33 | 301 | 346 | (71) | (2) | 273 |
| Impairment losses | (18) | - | - | (18) | (25) | - | - | (25) |
| Operating profit | 304 | (54) | 33 | 283 | 321 | (71) | (2) | 248 |

£bn £bn £bn £bn £bn £bn £bn £bn £bn

Capital and balance sheet

| | | | | | | | | |
|--|------|---|---|------|------|---|---|------|
| Loans and advances to customers (gross) | 16.1 | - | - | 16.1 | 16.9 | - | - | 16.9 |
| Customer deposits | 37.1 | - | - | 37.1 | 38.2 | - | - | 38.2 |
| Assets under management (excluding deposits) | 33.9 | - | - | 33.9 | 30.9 | - | - | 30.9 |
| Risk-weighted assets | 12.5 | - | - | 12.5 | 12.9 | - | - | 12.9 |

Divisional Restatements (continued)

Wealth (continued)

| | Quarter ended 31 March 2011 | | | | Quarter ended 31 December 2011 | | | |
|---|-----------------------------|-------------------------------------|------------------------------------|---------------|--------------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 167 | (21) | 11 | 157 | 191 | (16) | (7) | 168 |
| Non-interest income | 114 | - | - | 114 | 112 | - | - | 112 |
| Total income | 281 | (21) | 11 | 271 | 303 | (16) | (7) | 280 |
| Direct expenses | | | | | | | | |
| - staff | (100) | - | - | (100) | (96) | - | - | (96) |
| - other | (44) | - | - | (44) | (43) | - | - | (43) |
| Indirect expenses | (52) | - | - | (52) | (55) | - | - | (55) |
| | (196) | - | - | (196) | (194) | - | - | (194) |
| Operating profit before impairment losses | 85 | (21) | 11 | 75 | 109 | (16) | (7) | 86 |
| Impairment losses | (5) | - | - | (5) | (13) | - | - | (13) |

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| | | | | | | | | |
|--|------|------|--------|------|--------|------|-----|--------|
| Operating profit | 80 | (21) | 11 | 70 | 96 | (16) | (7) | 73 |
| | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Capital and balance sheet | | | | | | | | |
| Loans and advances to customers (gross) | 16.5 | - | - 16.5 | | 16.9 - | | | - 16.9 |
| Customer deposits | 37.5 | - | - | 37.5 | 38.2 | - | | - 38.2 |
| Assets under management (excluding deposits) | 34.4 | - | - | 34.4 | 30.9 - | | | - 30.9 |
| Risk-weighted assets | 12.6 | - | - | 12.6 | 12.9 - | | | - 12.9 |

Divisional Restatements (continued)

International Banking

Year ended 31 December 2010

| | Global Transaction Services as previously reported £m | Original Treasury Allocations £m | Transfer from Markets £m | Transfer to Corporate £m | Transfer to UK US Retail & Commercial £m | Revised Treasury Allocations £m | Other adjustments £m | Revised £m |
|-------------------------|--|---|--------------------------------|-----------------------------------|---|--|----------------------------|---------------|
| Income statement | | | | | | | | |
| Net interest income | 974 | (290) | 1,008 | (244) | (5) | (88) | (2) | 1,353 |
| Non-interest income | 1,587 | - | 940 | (473) | (131) | - | 1 | 1,924 |
| Total income | 2,561 | (290) | 1,948 | (717) | (136) | (88) | (1) | 3,277 |
| Direct expenses | | | | | | | | |
| - staff | (411) | - | (611) | 134 | 17 | - | - | (871) |
| - other | (159) | - | (179) | 52 | 11 | - | 1 | (274) |
| Indirect expenses | (894) | - | (163) | 279 | 43 | - | - | (735) |
| | (1,464) | - | (953) | 465 | 71 | - | 1 | (1,880) |
| Operating profit before | 1,097 | (290) | 995 | (252) | (65) | (88) | - | 1,397 |

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| | | | | | | | | |
|---------------------------|-------|-------|------|--------|-------|------|----------|-------|
| impairment losses | | | | | | | | |
| Impairment losses | (9) | - | (86) | 6 | 2 | - | 1 | (86) |
| Operating profit | 1,088 | (290) | 909 | (246) | (63) | (88) | 1 | 1,311 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Total third party assets | 25.2 | - | 56.3 | (2.4) | (1.2) | - | - | 77.9 |
| Loans and advances | 14.4 | - | 51.0 | (2.1) | (0.1) | - | 2.8 (1) | 66.0 |
| Customer deposits | 69.9 | - | 0.8 | (24.5) | (0.6) | - | (1.9)(2) | 43.7 |
| Risk-weighted assets | 18.3 | - | 36.6 | (2.8) | (0.4) | - | - | 51.7 |

Notes:

(1) International Banking is managed against combined Loan and Advances to Customers and Banks. Global Transaction Services was managed principally against Loans and Advances to Customers only.

(2) Transfers to US Retail and Commercial Customer Deposits exclude repurchase agreements. Global Transaction Services was managed on Customer Deposits including repurchase agreements in Customer Deposits.

Divisional Restatements(continued)

International Banking (continued)

| | Year ended 31 December 2011 | | | | | | | |
|---------------------|---|----------------------------------|--------------------------|-----------------------------|---------------------------------------|---------------------------------|----------------------|------------|
| | Global Transaction Services as previously reported £m | Original Treasury Allocations £m | Transfer from Markets £m | Transfer to UK Corporate £m | Transfer to US Retail & Commercial £m | Revised Treasury Allocations £m | Other adjustments £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 1,076 | (356) | 871 | (259) | (7) | (123) | (3) | 1,199 |
| Non-interest income | 1,175 | - | 818 | (496) | (133) | - | (8) | 1,356 |

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| | | | | | | | | |
|---|---------|-------|-------|--------|-------|-------|----------|---------|
| Total income | 2,251 | (356) | 1,689 | (755) | (140) | (123) | (11) | 2,555 |
| Direct expenses | | | | | | | | |
| - staff | (375) | - | (491) | 142 | 19 | - | (1) | (706) |
| - other | (113) | - | (182) | 55 | 13 | - | 1 | (226) |
| Indirect expenses | (854) | - | (180) | 288 | 46 | - | - | (700) |
| | (1,342) | - | (853) | 485 | 78 | - | - | (1,632) |
| Operating profit before impairment losses | 909 | (356) | 836 | (270) | (62) | (123) | (11) | 923 |
| Impairment losses | (166) | - | (11) | 8 | 1 | - | - | (168) |
| Operating profit | 743 | (356) | 825 | (262) | (61) | (123) | (11) | 755 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Total third party assets | 25.9 | - | 47.8 | (2.4) | (1.3) | - | (0.1) | 69.9 |
| Loans and advances | 15.8 | - | 43.4 | (2.0) | (0.2) | - | 3.3 (1) | 60.3 |
| Customer deposits | 71.7 | - | 0.6 | (25.4) | (0.5) | - | (1.3)(2) | 45.1 |
| Risk-weighted assets | 17.3 | - | 30.8 | (3.2) | (0.5) | - | (1.2) | 43.2 |

Notes:

- (1) International Banking is managed against combined Loan and Advances to Customers and Banks. Global Transaction Services was managed principally against Loans and Advances to Customers only.
- (2) Transfers to US Retail and Commercial Customer Deposits exclude repurchase agreements. Global Transaction Services was managed on Customer Deposits including repurchase agreements in Customer Deposits.

Divisional Restatements (continued)

International Banking (continued)

| Global Transaction | Original Treasury | Quarter ended 31 March 2011 | | | Revised Treasury | Other adjustments | Revised |
|--------------------|-------------------|-----------------------------|-------------|-------------|------------------|-------------------|---------|
| | | Transfer | Transfer to | Transfer to | | | |

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| | Services as previously reported £m | Allocations £m | from Markets £m | UK Corporate £m | US Retail & Commercial £m | Allocations £m | £m | £m |
|---|---|-------------------|--------------------|--------------------|---------------------------------|-------------------|----------|-------|
| Income statement | | | | | | | | |
| Net interest income | 260 | (91) | 224 | (62) | (2) | (25) | (1) | 303 |
| Non-interest income | 282 | - | 214 | (119) | (32) | - | (1) | 344 |
| Total income | 542 | (91) | 438 | (181) | (34) | (25) | (2) | 647 |
| Direct expenses | | | | | | | | |
| - staff | (96) | - | (136) | 33 | 4 | - | - | (195) |
| - other | (29) | - | (50) | 14 | 2 | - | 2 | (61) |
| Indirect expenses | (210) | - | (41) | 68 | 12 | - | - | (171) |
| | (335) | - | (227) | 115 | 18 | - | 2 | (427) |
| Operating profit before impairment losses | 207 | (91) | 211 | (66) | (16) | (25) | - | 220 |
| Impairment losses | (20) | - | 24 | 2 | 1 | - | (1) | 6 |
| Operating profit | 187 | (91) | 235 | (64) | (15) | (25) | (1) | 226 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Total third party assets | 27.1 | - | 53.7 | (2.7) | (1.2) | - | (0.1) | 76.8 |
| Loans and advances | 17.2 | - | 48.8 | (2.3) | (0.1) | - | 2.8 (1) | 66.4 |
| Customer deposits | 69.3 | - | 0.7 | (23.8) | (0.5) | - | (1.6)(2) | 44.1 |
| Risk-weighted assets | 18.2 | - | 32.2 | (3.0) | (0.4) | - | (1.3) | 45.7 |

Notes:

(1) International Banking is managed against combined Loan and Advances to Customers and Banks. Global Transaction Services was managed principally against Loans and Advances to Customers only.

(2)

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Transfers to US Retail and Commercial Customer Deposits exclude repurchase agreements. Global Transaction Services was managed on Customer Deposits including repurchase agreements in Customer Deposits.

Divisional Restatements (continued)

International Banking (continued)

| | Quarter ended 31 December 2011 | | | | | | | |
|---|--|---|--------------------------------|---|--|--|----------------------------|---------------|
| | Global Transaction Services as previously reported £m | Original Treasury Allocations £m | Transfer from Markets £m | Transfer to UK Corporate £m | Transfer to US Retail & Commercial £m | Revised Treasury Allocations £m | Other adjustments £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 277 | (90) | 203 | (63) | (2) | (32) | - | 293 |
| Non-interest income | 296 | - | 171 | (128) | (36) | - | (3) | 300 |
| Total income | 573 | (90) | 374 | (191) | (38) | (32) | (3) | 593 |
| Direct expenses | | | | | | | | |
| - staff | (95) | - | (105) | 36 | 5 | - | (1) | (160) |
| - other | (26) | - | (43) | 13 | 4 | - | 1 | (51) |
| Indirect expenses | (208) | - | (47) | 70 | 10 | - | 1 | (174) |
| | (329) | - | (195) | 119 | 19 | - | 1 | (385) |
| Operating profit before impairment losses | 244 | (90) | 179 | (72) | (19) | (32) | (2) | 208 |
| Impairment losses | (47) | - | (11) | 2 | - | - | - | (56) |
| Operating profit | 197 | (90) | 168 | (70) | (19) | (32) | (2) | 152 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| | 25.9 | - | 47.8 | (2.4) | (1.3) | - | (0.1) | 69.9 |

| | | | | | | | | | |
|--------------------------|------|---|------|--------|-------|---|----------|------|--|
| Total third party assets | | | | | | | | | |
| Loans and advances | 15.8 | - | 43.4 | (2.0) | (0.2) | - | 3.3 (1) | 60.3 | |
| Customer deposits | 71.7 | - | 0.6 | (25.4) | (0.5) | - | (1.3)(2) | 45.1 | |
| Risk-weighted assets | 17.3 | - | 30.8 | (3.2) | (0.5) | - | (1.2) | 43.2 | |

Notes:

- (1) International Banking is managed against combined Loan and Advances to Customers and Banks. Global Transaction Services was managed principally against Loans and Advances to Customers only.
- (2) Transfers to US Retail and Commercial Customer Deposits exclude repurchase agreements. Global Transaction Services was managed on Customer Deposits including repurchase agreements in Customer Deposits.

Divisional Restatements (continued)

Ulster Bank

| | Year ended 31 December 2010 | | | | Year ended 31 December 2011 | | | |
|---|-----------------------------|-------------------------------------|------------------------------------|---------------|-----------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 761.99 | | (21) | 839 | 696 | 17 | | 23,736 |
| Non-interest income | 214 | - | - | 214 | 211 | - | - | 211 |
| Total income | 975 | 99 | (21) | 1,053 | 907 | 17 | 23 | 947 |
| Direct expenses | | | | | | | | |
| - staff | (237) | - | - | (237) | (221) | - | - | (221) |
| - other | (74) | - | - | (74) | (67) | - | - | (67) |
| Indirect expenses | (264) | - | - | (264) | (259) | - | - | (259) |
| | (575) | - | - | (575) | (547) | - | - | (547) |
| Operating profit before impairment losses | 400 | 99 | (21) | 478 | 360 | 17 | 23 | 400 |
| Impairment losses | (1,161) | - | - | (1,161) | (1,384) | - | - | (1,384) |
| Operating loss | (761) | 99 | (21) | (683) | (1,024) | 17 | 23 | (984) |
| | | £bn | £bn | £bn | £bn | £bn | £bn | £bn |

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Capital and balance sheet

| | | | | | | | | |
|---|------|---|---|------|------|---|---|------|
| Loans and advances to customers (gross) | 36.9 | - | - | 36.9 | 34.1 | - | - | 34.1 |
| Customer deposits | 23.1 | - | - | 23.1 | 21.8 | - | - | 21.8 |
| Risk-weighted assets | 31.6 | - | - | 31.6 | 36.3 | - | - | 36.3 |

Divisional Restatements (continued)

Ulster Bank (continued)

| | Quarter ended 31 March 2011 | | | | Quarter ended 31 December 2011 | | | |
|---|-----------------------------|-------------------------------------|------------------------------------|---------------|--------------------------------|-------------------------------------|------------------------------------|---------------|
| | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m | Previously reported £m | Original Treasury Allocations £m | Revised Treasury Allocations £m | Revised £m |
| Income statement | | | | | | | | |
| Net interest income | 169 | 11 | 1 | 181 | 171 | 4 | 2 | 177 |
| Non-interest income | 51 | - | - | 51 | 49 | - | - | 49 |
| Total income | 220 | 11 | 1 | 232 | 220 | 4 | 2 | 226 |
| Direct expenses | | | | | | | | |
| - staff | (56) | - | - | (56) | (53) | - | - | (53) |
| - other | (18) | - | - | (18) | (15) | - | - | (15) |
| Indirect expenses | (62) | - | - | (62) | (64) | - | - | (64) |
| | (136) | - | - | (136) | (132) | - | - | (132) |
| Operating profit before impairment losses | 84 | 11 | 1 | 96 | 88 | 4 | 2 | 94 |
| Impairment losses | (461) | - | - | (461) | (327) | - | - | (327) |
| Operating loss | (377) | 11 | 1 | (365) | (239) | 4 | 2 | (233) |
| | | £bn | £bn | £bn | £bn | £bn | £bn | £bn |

Capital and balance sheet

| | | | | | | | | |
|---|------|---|---|------|------|---|---|------|
| Loans and advances to customers (gross) | 37.2 | - | - | 37.2 | 34.1 | - | - | 34.1 |
| Customer deposits | 23.8 | - | - | 23.8 | 21.8 | - | - | 21.8 |
| Risk-weighted assets | 31.7 | - | - | 31.7 | 36.3 | - | - | 36.3 |

Divisional Restatements (continued)

US Retail & Commercial (£ Sterling)

| | Year ended 31 December 2010 | | | | | Year ended 31 December 2011 | | | | |
|---|-----------------------------|-------------------------------|---|------------------------------|------------|-----------------------------|-------------------------------|---|------------------------------|---------|
| | Previously reported | Original Treasury Allocations | Transfer from Global Transaction Services | Revised Treasury Allocations | Revised | Previously reported | Original Treasury Allocations | Transfer from Global Transaction Services | Revised Treasury Allocations | Revised |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Income statement | | | | | | | | | | |
| Net interest income | 1,917 | 31 | 5 | (51) | 1,902 | 1,896 | 29 | 7 | (32) | 1,900 |
| Non-interest income | 1,029 | - | - | 131 | - 1,160 | 1,004 | - | 133 | - | 1,137 |
| Total income | 2,946 | 31 | - | 136 | (51) 3,062 | 2,900 | 29 | 140 | (32) | 3,037 |
| Direct expenses | | | | | | | | | | |
| - staff | (784) | - | - | (17) | - (801) | (819) | - | (19) | - | (838) |
| - other | (569) | - | - | (11) | - (580) | (544) | - | (13) | - | (557) |
| Indirect expenses | (770) | - | - | (43) | - (813) | (733) | - | (46) | - | (779) |
| | (2,123) | - | - | (71) | - (2,194) | (2,096) | - | (78) | - | (2,174) |
| Operating profit before impairment losses | 823 | 31 | - | 65 | (51) 868 | 804 | 29 | 62 | (32) | 863 |
| Impairment losses | (517) | - | - | (2) | - (519) | (325) | - | (1) | - | (326) |
| Operating profit | 306 | 31 | - | 63 | (51) 349 | 479 | 29 | 61 | (32) | 537 |
| | | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Capital and balance sheet | | | | | | | | | | |
| Total third party assets | 71.2 | - | - | 1.2 | - 72.4 | 74.5 | - | 1.3 | - | 75.8 |
| Loans and advances to | 48.6 | - | - | 0.1 | - 48.7 | 51.4 | - | 0.2 | - | 51.6 |

| | | | | | | | | | |
|----------------------|--------|--|-----|---|------|--------|--|-----|--------|
| customers (gross) | | | | | | | | | |
| Customer deposits | | | | | | | | | |
| (excluding | | | | | | | | | |
| repos) | 58.7 - | | 0.6 | - | 59.3 | 59.5 - | | 0.5 | - 60.0 |
| Risk-weighted assets | 57.0 - | | 0.4 | - | 57.4 | 58.8 - | | 0.5 | - 59.3 |

Divisional Restatements (continued)

US Retail & Commercial (£ Sterling) (continued)

| | Quarter ended 31 March 2011 | | | | | Quarter ended 31 December 2011 | | | | |
|-------------------------|-----------------------------|-------------------------------|---|------------------------------|---------|--------------------------------|-------------------------------|---|------------------------------|---------|
| | Previously reported | Original Treasury Allocations | Transfer from Global Transaction Services | Revised Treasury Allocations | Revised | Previously reported | Original Treasury Allocations | Transfer from Global Transaction Services | Revised Treasury Allocations | Revised |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Income statement | | | | | | | | | | |
| Net interest income | 451 | 12 | 2 | (13) | 452 | 493 | 5 | 2 | (4) | 496 |
| Non-interest income | 243 | - | 32 | - | 275 | 258 | - | 36 | - | 294 |
| Total income | 694 | 12 | 34 | (13) | 727 | 751 | 5 | 38 | (4) | 790 |
| Direct expenses | | | | | | | | | | |
| - staff | (197) | - | (4) | - | (201) | (211) | - | (5) | - | (216) |
| - other | (124) | - | (2) | - | (126) | (133) | - | (4) | - | (137) |
| Indirect expenses | (183) | - | (12) | - | (195) | (185) | - | (10) | - | (195) |
| | (504) | - | (18) | - | (522) | (529) | - | (19) | - | (548) |
| Operating profit before | | | | | | | | | | |
| impairment losses | 190 | 12 | 16 | (13) | 205 | 222 | 5 | 19 | (4) | 242 |
| Impairment losses | (110) | - | (1) | - | (111) | (65) | - | - | - | (65) |
| | 80 | 12 | 15 | (13) | 94 | 157 | 5 | 19 | (4) | 177 |

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Operating profit

| | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
|---|------|-----|-----|-----|------|------|-----|-----|-----|------|
| Capital and balance sheet | | | | | | | | | | |
| Total third party assets | 70.6 | - | 1.2 | - | 71.8 | 74.5 | - | 1.3 | - | 75.8 |
| Loans and advances to customers (gross) | 46.9 | - | 0.1 | - | 47.0 | 51.4 | - | 0.2 | - | 51.6 |
| Customer deposits (excluding repos) | 56.7 | - | 0.5 | - | 57.2 | 59.5 | - | 0.5 | - | 60.0 |
| Risk-weighted assets | 53.6 | - | 0.4 | - | 54.0 | 58.8 | - | 0.5 | - | 59.3 |

Divisional Restatements (continued)

US Retail & Commercial (US Dollar)

| | Year ended 31 December 2010 | | | | | Year ended 31 December 2011 | | | | |
|---------------------|-----------------------------|-------------------------------|-------------------------------|------------------------------|---------|-----------------------------|-------------------------------|-------------------------------|------------------------------|---------|
| | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Income statement | | | | | | | | | | |
| Net interest income | 2,962 | 48 | 9 | (79) | 2,940 | 3,042 | 47 | 10 | (51) | 3,048 |
| Non-interest income | 1,591 | - | - | 201 | 1,792 | 1,611 | - | 212 | - | 1,823 |
| Total income | 4,553 | 48 | - | 210 | 4,732 | 4,653 | 47 | 222 | (51) | 4,874 |
| Direct expenses | | | | | | | | | | |
| - staff | (1,212) | - | - | (26) | (1,238) | (1,313) | - | (31) | - | (1,344) |
| - other | (880) | - | - | (17) | (897) | (874) | - | (19) | - | (893) |
| Indirect expenses | (1,189) | - | - | (66) | (1,255) | (1,176) | - | (74) | - | (1,250) |
| | (3,281) | - | - | (109) | (3,390) | (3,363) | - | (124) | - | (3,487) |
| | 1,272 | 48 | - | 101 | 1,342 | 1,290 | 47 | 98 | (51) | 1,384 |

| | | | | | | | | | | |
|---|-------|------|------|------|-------|-------|------|------|------|-------|
| Operating profit before impairment losses | (799) | - | (3) | - | (802) | (521) | - | (3) | - | (5) |
| Operating profit | 473 | 48 | 98 | (79) | 540 | 769 | 47 | 95 | (51) | 8 |
| | | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn |
| Capital and balance sheet | | | | | | | | | | |
| Total third party assets | 110.5 | - | 1.9 | - | 112.4 | 115.3 | - | 2.0 | - | 117.3 |
| Loans and advances to customers (gross) | 75.3 | - | 0.1 | - | 75.4 | 79.6 | - | 0.2 | - | 79.8 |
| Customer deposits (excluding repos) | 91.2 | - | 0.9 | - | 92.1 | 92.1 | - | 0.7 | - | 92.8 |
| Risk-weighted assets | 88.4 | - | 0.7 | - | 89.1 | 91.1 | - | 0.7 | - | 91.8 |

Divisional Restatements (continued)

US Retail & Commercial (US Dollar) (continued)

| | Quarter ended 31 March 2011 | | | | | Quarter ended 31 December 2011 | | | | |
|---------------------|-----------------------------|-------------------------------|-------------------------------|------------------------------|---------|--------------------------------|-------------------------------|-------------------------------|------------------------------|---------|
| | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised | Previously reported | Original Treasury Allocations | Transfer from Global Services | Revised Treasury Allocations | Revised |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Income statement | | | | | | | | | | |
| Net interest income | 723 | 19 | 3 | (21) | 724 | 777 | 8 | 2 | (6) | 7 |
| Non-interest income | 389 | - | 51 | - | 440 | 406 | - | 56 | - | 4 |
| Total income | 1,112 | 19 | 54 | (21) | 1,164 | 1,183 | 8 | 58 | (6) | 1,171 |

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| | | | | | | | | | | |
|-------------------------|-------|----|------|------|-------|-------|---|------|-----|-----|
| Direct expenses | | | | | | | | | | |
| - staff | (315) | - | (7) | - | (322) | (331) | - | (8) | - | (3) |
| - other | (198) | - | (5) | - | (203) | (211) | - | (5) | - | (2) |
| Indirect expenses | (293) | - | (19) | - | (312) | (291) | - | (16) | - | (3) |
| | (806) | - | (31) | - | (837) | (833) | - | (29) | - | (8) |
| Operating profit before | | | | | | | | | | |
| impairment losses | 306 | 19 | 23 | (21) | 327 | 350 | 8 | 29 | (6) | 3 |
| Impairment losses | (177) | - | - | - | (177) | (101) | - | (1) | - | (1) |
| Operating profit | 129 | 19 | 23 | (21) | 150 | 249 | 8 | 28 | (6) | 2 |

\$bn \$bn \$bn \$bn \$bn \$bn \$bn \$bn \$bn \$bn \$bn

Capital and balance sheet

| | | | | | | | | | | |
|---|-------|---|-----|---|-------|-------|---|-----|---|-------|
| Total third party assets | 113.2 | - | 2.0 | - | 115.2 | 115.3 | - | 2.0 | - | 117.3 |
| Loans and advances to customers (gross) | 75.2 | - | 0.2 | - | 75.4 | 79.6 | - | 0.2 | - | 79.8 |
| Customer deposits (excluding repos) | 91.0 | - | 0.8 | - | 91.8 | 92.1 | - | 0.7 | - | 92.8 |
| Risk-weighted assets | 86.0 | - | 0.7 | - | 86.7 | 91.1 | - | 0.7 | - | 91.8 |

Divisional Restatements (continued)

Markets

Year ended 31 December 2010

| | Global Banking & Markets as previously reported £m | Original Treasury Allocations £m | Transfer to International Banking £m | Revised Treasury Allocations £m | Other adjustments £m | Markets £m |
|---|---|-------------------------------------|---|------------------------------------|-------------------------|---------------|
| Income statement | | | | | | |
| Net interest income from banking activities | 1,276 | 54 | (1,008) | 283 | - | 605 |

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| | | | | | | |
|---|---------|-----|---------|-----|------|-----------|
| Net fees and commissions receivable | 1,495 | - | (764) | - | - | 731 |
| Income from trading activities | 4,982 | - | (129) | - | (68) | 4,785 |
| Other operating income (net of related funding costs) | 159 | - | (47) | - | - | 112 |
| Non-interest income | 6,636 | - | (940) | - | (68) | 5,628 |
| Total income | 7,912 | 54 | (1,948) | 283 | (68) | 6,233 |
| Direct expenses | | | | | | |
| - staff | (2,693) | - | 611 | - | - | (2,082) |
| - other | (842) | - | 179 | - | - | (663) |
| Indirect expenses | (862) | - | 163 | - | - | (699) |
| | (4,397) | - | 953 | - | - | (3,444) |
| Operating profit before impairment losses | 3,515 | 54 | (995) | 283 | (68) | 2,789 |
| Impairment losses | (151) | - | 86 | - | - | (65) |
| Operating profit | 3,364 | 54 | (909) | 283 | (68) | (1) 2,724 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn |
| Loans and advances | 119.6 | - | (51.0) | - | - | 68.6 |
| Reverse repos | 94.8 | - | - | - | - | 94.8 |
| Securities | 119.2 | - | (3.1) | - | - | 116.1 |
| Cash and eligible bills | 38.8 | - | - | - | - | 38.8 |
| Other | 24.3 | - | (2.2) | - | - | 22.1 |
| Total third party assets (excluding derivatives mark-to-market) | 396.7 | - | (56.3) | - | - | 340.4 |
| Net derivative assets (after netting) | 37.4 | - | - | - | - | 37.4 |
| Risk-weighted assets | 146.9 | - | (36.6) | - | - | 110.3 |

Note:

(1) FVDL is now shown as part of OCA below Operating profit.

Divisional Restatements (continued)

Markets (continued)

Year ended 31 December 2011

| Global Banking & Markets as previously reported £m | Original Treasury Allocations £m | Transfers to International Banking £m | Revised Treasury Allocations £m | Other adjustments £m | Revised £m |
|---|-------------------------------------|--|------------------------------------|-------------------------|---------------|
|---|-------------------------------------|--|------------------------------------|-------------------------|---------------|

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| | | | | | | |
|---|---------|-----|---------|-----|------|---------|
| Income statement | | | | | | |
| Net interest income from banking activities | 719 | 41 | (871) | 190 | - | 79 |
| Net fees and commissions receivable | 1,281 | - | (678) | - | - | 603 |
| Income from trading activities | 3,736 | - | (66) | - | (68) | 3,602 |
| Other operating income (net of related funding costs) | 205 | - | (74) | - | - | 131 |
| Non-interest income | 5,222 | - | (818) | - | (68) | 4,336 |
| Total income | 5,941 | 41 | (1,689) | 190 | (68) | 4,415 |
| Direct expenses | | | | | | |
| - staff | (2,454) | - | 491 | - | - | (1,963) |
| - other | (928) | - | 182 | - | - | (746) |
| Indirect expenses | (949) | - | 180 | - | - | (769) |
| | (4,331) | - | 853 | - | - | (3,478) |
| Operating profit before impairment losses | 1,610 | 41 | (836) | 190 | (68) | 937 |
| Impairment losses | (49) | - | 11 | - | - | (38) |
| Operating profit | 1,561 | 41 | (825) | 190 | (68) | (1) 899 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | £bn |
| Loans and advances | 104.6 | - | (43.4) | - | - | 61.2 |
| Reverse repos | 100.5 | - | - | - | - | 100.5 |
| Securities | 111.0 | - | (2.6) | - | - | 108.4 |
| Cash and eligible bills | 28.1 | - | - | - | - | 28.1 |
| Other | 17.5 | - | (1.8) | - | - | 15.7 |
| Total third party assets (excluding derivatives mark-to-market) | 361.7 | - | (47.8) | - | - | 313.9 |
| Net derivative assets (after netting) | 37.0 | - | - | - | - | 37.0 |
| Risk-weighted assets | 151.1 | - | (30.8) | - | - | 120.3 |

Note:

(1)FVDL is now shown as part of OCA below Operating profit.

Divisional Restatements (continued)

| Markets (continued) | Quarter ended 31 March 2011 | | | | | | Markets £m |
|---|--|---|---|--|----------------------------|-----|---------------|
| | Global Banking & Markets as previously reported £m | Original Treasury Allocations £m | Transfer to International Banking £m | Revised Treasury Allocations £m | Other adjustments £m | | |
| Income statement | | | | | | | |
| Net interest income from banking activities | 193 | 28 | (224) | 59 | - | | 56 |
| Net fees and commissions receivable | 390 | - | (183) | - | - | | 207 |
| Income from trading activities | 1,752 | - | (14) | - | 79 | | 1,817 |
| Other operating income (net of related funding costs) | 45 | - | (17) | - | - | | 28 |
| Non-interest income | 2,187 | - | (214) | - | 79 | | 2,052 |
| Total income | 2,380 | 28 | (438) | 59 | 79 | | 2,108 |
| Direct expenses | | | | | | | |
| - staff | (863) | - | 136 | - | - | | (727) |
| - other | (216) | - | 50 | - | - | | (166) |
| Indirect expenses | (227) | - | 41 | - | - | | (186) |
| | (1,306) | - | 227 | - | - | | (1,079) |
| Operating profit before impairment losses | 1,074 | 28 | (211) | 59 | 79 | | 1,029 |
| Impairment losses | 24 | - | (24) | - | - | | - |
| Operating profit | 1,098 | 28 | (235) | 59 | 79 | (1) | 1,029 |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | | £bn |
| Loans and advances | 116.3 | - | (48.8) | - | - | | 67.5 |
| Reverse repos | 105.1 | - | - | - | - | | 105.1 |
| Securities | 132.2 | - | (3.0) | - | - | | 129.2 |
| Cash and eligible bills | 33.9 | - | - | - | - | | 33.9 |
| Other | 35.8 | - | (1.9) | - | - | | 33.9 |
| Total third party assets (excluding derivatives mark-to-market) | 423.3 | - | (53.7) | - | - | | 369.6 |
| Net derivative assets (after netting) | 34.5 | - | - | - | - | | 34.5 |
| Risk-weighted assets | 146.5 | - | (32.2) | - | - | | 114.3 |

Note:

(1)FVDL is now shown as part of OCA below Operating profit.

Divisional Restatements (continued)

| Markets (continued) | Quarter ended 31 December 2011 | | | | | | Markets £m |
|--|--|---|---|--|----------------------------|-----|---------------|
| | Global Banking & Markets as previously reported £m | Original Treasury Allocations £m | Transfer to International Banking £m | Revised Treasury Allocations £m | Other adjustments £m | | |
| Income statement | | | | | | | |
| Net interest income from banking activities | 174 | 2 | (203) | 50 | - | | 23 |
| Net fees and commissions receivable | 239 | - | (177) | - | - | | 62 |
| Income from trading activities | 460 | - | 18 | - | 102 | | 580 |
| Other operating income (net of related funding costs) | 39 | - | (12) | - | - | | 27 |
| Non-interest income | 738 | - | (171) | - | 102 | | 669 |
| Total income | 912 | 2 | (374) | 50 | 102 | | 692 |
| Direct expenses | | | | | | | |
| - staff | (459) | - | 105 | - | - | | (354) |
| - other | (240) | - | 43 | - | - | | (197) |
| Indirect expenses | (240) | - | 47 | - | - | | (193) |
| | (939) | - | 195 | - | - | | (744) |
| Operating loss before impairment losses | (27) | 2 | (179) | 50 | 102 | | (52) |
| Impairment losses | (68) | - | 11 | - | - | | (57) |
| Operating loss | (95) | 2 | (168) | 50 | 102 | (1) | (109) |
| Capital and balance sheet | £bn | £bn | £bn | £bn | £bn | | £bn |
| Loans and advances | 104.6 | - | (43.4) | - | - | | 61.2 |
| Reverse repos | 100.5 | - | - | - | - | | 100.5 |
| Securities | 111.0 | - | (2.6) | - | - | | 108.4 |
| Cash and eligible bills | 28.1 | - | - | - | - | | 28.1 |
| Other | 17.5 | - | (1.8) | - | - | | 15.7 |

| | | | | | | |
|---|-------|---|--------|---|---|-------|
| Total third party assets (excluding derivatives mark-to-market) | 361.7 | - | (47.8) | - | - | 313.9 |
| Net derivative assets (after netting) | 37.0 | - | - | - | - | 37.0 |
| Risk-weighted assets | 151.1 | - | (30.8) | - | - | 120.3 |

Note:

(1) FVDL is now shown as part of OCA below Operating profit.

Divisional Restatements (continued)

Central Items

| | Year ended 31 December 2010 | | | | | Year ended 31 December 2011 | | | | |
|-----------------------------|-----------------------------|-------------------------------|------------------------------|-------------------|---------|-----------------------------|-------------------------------|------------------------------|-------------------|---------|
| | Previously reported | Original Treasury Allocations | Revised Treasury Allocations | Other adjustments | Revised | Previously reported | Original Treasury Allocations | Revised Treasury Allocations | Other adjustments | Revised |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Central items not allocated | 577 | (277) | 331 | (1) | 630 | 156 | (573) | 597 | 11 | 191 |

| | Quarter ended 31 March 2011 | | | | | Quarter ended 31 December 2011 | | | | |
|-----------------------------|-----------------------------|-------------------------------|------------------------------|-------------------|---------|--------------------------------|-------------------------------|------------------------------|-------------------|---------|
| | Previously reported | Original Treasury Allocations | Revised Treasury Allocations | Other adjustments | Revised | Previously reported | Original Treasury Allocations | Revised Treasury Allocations | Other adjustments | Revised |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Central items not allocated | (43) | (155) | 164 | 2 | (32) | 85 | (127) | 130 | 1 | 89 |

Divisional Restatements (continued)

Non-Core

| Year ended 31 December 2010 | | | | Year ended 31 December 2011 | | | |
|-----------------------------|----------|---------|---------|-----------------------------|----------|---------|---------|
| Previously | Original | Revised | Revised | Previously | Original | Revised | Revised |

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| | reported £m | Treasury Allocations £m | Treasury Allocations £m | £m | reported £m | Treasury Allocations £m | Treasury Allocations £m | £m |
|--|----------------|-------------------------------|-------------------------------|---------|----------------|-------------------------------|-------------------------------|---------|
| Income statement | | | | | | | | |
| Net interest income | 1,959 | 418 | (628) | 1,749 | 881 | 725 | (743) | 863 |
| Non-interest income | 1,005 | - | - | 1,005 | 325 | - | - | 325 |
| Total income | 2,964 | 418 | (628) | 2,754 | 1,206 | 725 | (743) | 1,188 |
| Direct expenses | | | | | | | | |
| - staff | (731) | - | - | (731) | (375) | - | - | (375) |
| - operating lease depreciation | (452) | - | - | (452) | (347) | - | - | (347) |
| - other | (573) | - | - | (573) | (256) | - | - | (256) |
| Indirect expenses | (500) | - | - | (500) | (317) | - | - | (317) |
| | (2,256) | - | - | (2,256) | (1,295) | - | - | (1,295) |
| Operating profit/(loss) before insurance net claims and impairment losses | | | | | | | | |
| Insurance net claims | 708 | 418 | (628) | 498 | (89) | 725 | (743) | (107) |
| Impairment losses | (737) | - | - | (737) | (195) | - | - | (195) |
| Impairment losses | (5,476) | - | - | (5,476) | (3,919) | - | - | (3,919) |
| Operating loss | (5,505) | 418 | (628) | (5,715) | (4,203) | 725 | (743) | (4,221) |
| Capital and balance sheet | | | | | | | | |
| | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Total third party assets (excluding derivatives) | 137.9 | - | - | 137.9 | 93.7 | - | - | 93.7 |
| Total third party assets (including derivatives) | 153.9 | - | - | 153.9 | 104.7 | - | - | 104.7 |
| Loans and advances to customers (gross) | 108.4 | - | - | 108.4 | 79.4 | - | - | 79.4 |
| Customer deposits | 6.7 | - | - | 6.7 | 3.5 | - | - | 3.5 |
| Risk-weighted assets | 153.7 | - | - | 153.7 | 93.3 | - | - | 93.3 |

Divisional Restatements (continued)

Non-Core (continued)

| Quarter ended 31 March 2011 | | | | Quarter ended 31 December 2011 | | | |
|-----------------------------|----------|---------|---------|--------------------------------|----------|---------|---------|
| Previously | Original | Revised | Revised | Previously | Original | Revised | Revised |

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| | reported £m | Treasury Allocations £m | Treasury Allocations £m | £m | reported £m | Treasury Allocations £m | Treasury Allocations £m | £m |
|--|----------------|-------------------------------|-------------------------------|---------|----------------|-------------------------------|-------------------------------|---------|
| Income statement | | | | | | | | |
| Net interest income | 303 | 182 | (233) | 252 | 129 | 174 | (148) | 155 |
| Non-interest income | 183 | - | - | 183 | (433) | - | - | (433) |
| Total income | 486 | 182 | (233) | 435 | (304) | 174 | (148) | (278) |
| Direct expenses | | | | | | | | |
| - staff | (91) | - | - | (91) | (82) | - | - | (82) |
| - operating lease depreciation | (87) | - | - | (87) | (91) | - | - | (91) |
| - other | (69) | - | - | (69) | (57) | - | - | (57) |
| Indirect expenses | (76) | - | - | (76) | (84) | - | - | (84) |
| | (323) | - | - | (323) | (314) | - | - | (314) |
| Operating profit/(loss) before insurance net claims and impairment losses | | | | | | | | |
| Insurance net claims | 163 | 182 | (233) | 112 | (618) | 174 | (148) | (592) |
| Impairment losses | (128) | - | - | (128) | 61 | - | - | 61 |
| Impairment losses | (1,075) | - | - | (1,075) | (751) | - | - | (751) |
| Operating loss | (1,040) | 182 | (233) | (1,091) | (1,308) | 174 | (148) | (1,282) |
| Capital and balance sheet | | | | | | | | |
| | £bn | £bn | £bn | £bn | £bn | £bn | £bn | £bn |
| Total third party assets (excluding derivatives) | 124.8 | - | - | 124.8 | 93.7 | - | - | 93.7 |
| Total third party assets (including derivatives) | 137.1 | - | - | 137.1 | 104.7 | - | - | 104.7 |
| Loans and advances to customers (gross) | 101.0 | - | - | 101.0 | 79.4 | - | - | 79.4 |
| Customer deposits | 7.1 | - | - | 7.1 | 3.5 | - | - | 3.5 |
| Risk-weighted assets | 128.5 | - | - | 128.5 | 93.3 | - | - | 93.3 |

Signatures

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: 01 May 2012

THE ROYAL BANK OF
SCOTLAND GROUP plc
(Registrant)

By: /s/ Jan Cargill

Name: Jan Cargill
Title: Deputy Secretary