

ROYAL BANK OF SCOTLAND GROUP PLC  
Form 6-K  
February 26, 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 February 25, 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 income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and related notes presented on pages 173 to 209 inclusive are on a statutory basis and include the results and financial position of ABN AMRO. The interests of the State of the Netherlands and Santander in RFS Holdings are included in minority interests.







**Condensed consolidated income statement****for the year ended 31 December 2009**

In the income statement below, amortisation of purchased intangible assets and integration and restructuring costs are included in operating expenses. Data for 2008 has been restated for the amendment to IFRS 2 'Share-based Payment'.

|   | <b>2009</b>     | 2008     |
|---|-----------------|----------|
|   | <b>£m</b>       | £m       |
| Interest receivable   | <b>33,836</b>   | 49,522   |
| Interest payable  | <b>(17,332)</b> | (30,847) |
| <b>Net interest income</b>  | <b>16,504</b>   | 18,675   |
| Fees and commissions receivable   | <b>9,831</b>    | 9,831    |
| Fees and commissions payable  | <b>(2,822)</b>  | (2,386)  |
| Income/(loss) from trading activities                                     | <b>3,881</b>    | (8,477)  |
| Gain on redemption of own debt  | <b>3,790</b>    | -        |
| Other operating income (excluding insurance premium income)               | <b>1,962</b>    | 1,899    |
| Insurance net premium income  | <b>5,544</b>    | 6,326    |
| <b>Non-interest income</b>  | <b>22,186</b>   | 7,193    |
| <b>Total income</b>   | <b>38,690</b>   | 25,868   |
| Staff costs   |                 |          |
| - excluding pension schemes curtailment gains                             | <b>(11,783)</b> | (10,410) |
| - pension schemes curtailment gains                                       | <b>2,148</b>    | -        |
| Premises and equipment  | <b>(3,087)</b>  | (2,593)  |
| Other administrative expenses   | <b>(5,584)</b>  | (5,464)  |
| Depreciation and amortisation   | <b>(2,809)</b>  | (3,154)  |
| Write-down of goodwill and other intangible assets                        | <b>(363)</b>    | (32,581) |
| <b>Operating expenses*</b>  | <b>(21,478)</b> | (54,202) |
| <b>Profit/(loss) before other operating charges and impairment losses</b> | <b>17,212</b>   | (28,334) |
| Insurance net claims  | <b>(4,857)</b>  | (4,430)  |
| Impairment losses   | <b>(14,950)</b> | (8,072)  |
| <b>Operating loss before tax</b>  | <b>(2,595)</b>  | (40,836) |
| Tax credit  | <b>371</b>      | 2,323    |
| <b>Loss from continuing operations</b>                                    | <b>(2,224)</b>  | (38,513) |
| (Loss)/profit from discontinued operations, net of tax                    | <b>(99)</b>     | 3,971    |
| <b>Loss for the year</b>  | <b>(2,323)</b>  | (34,542) |

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

|   |                |          |
|---|----------------|----------|
| Minority interests                                      | <b>(349)</b>   | 10,832   |
| Preference shareholders                                 | <b>(878)</b>   | (536)    |
| Paid-in equity holders                                  | <b>(57)</b>    | (60)     |
| <b>Loss attributable to ordinary and B shareholders</b> | <b>(3,607)</b> | (24,306) |

\*Operating expenses include:

|   |              |       |
|---|--------------|-------|
| Integration and restructuring costs         |              |       |
| - administrative expenses                   | <b>1,268</b> | 1,321 |
| - depreciation and amortisation             | <b>18</b>    | 36    |
|   | <b>1,286</b> | 1,357 |
| Amortisation of purchased intangible assets | <b>272</b>   | 443   |
|   | <b>1,558</b> | 1,800 |









**Condensed consolidated statement of comprehensive income****for the year ended 31 December 2009**

|   | <b>2009</b>    | 2008     |
|---|----------------|----------|
|   | <b>£m</b>      | £m       |
| <b>Loss for the year</b>  | <b>(2,323)</b> | (34,542) |
| <b>Other comprehensive income:</b>                                |                |          |
| Available-for-sale financial assets                               | <b>2,016</b>   | (7,406)  |
| Cash flow hedges  | <b>684</b>     | (1,456)  |
| Currency translation  | <b>(3,300)</b> | 15,425   |
| Actuarial losses on defined benefit plans                         | <b>(3,665)</b> | (2,287)  |
| Tax on other comprehensive income                                 | <b>430</b>     | 2,786    |
| <b>Other comprehensive (loss)/income for the year, net of tax</b> | <b>(3,835)</b> | 7,062    |
| <b>Total comprehensive loss for the year</b>                      | <b>(6,158)</b> | (27,480) |
| <b>Attributable to:</b>   |                |          |
| Minority interests  | <b>(1,346)</b> | (4,332)  |
| Preference shareholders   | <b>878</b>     | 536      |
| Paid-in equity holders  | <b>57</b>      | 60       |
| Ordinary and B shareholders                                       | <b>(5,747)</b> | (23,744) |
|   | <b>(6,158)</b> | (27,480) |







## **Financial review**

### **Operating loss**

Operating loss before tax for the year was £2,595 million compared with a loss of £40,836 million in 2008.

### **Total income**

Total income increased 50% to £38,690 million in 2009.

**Net interest income** decreased by 12% to £16,504 million.

**Non-interest income** increased to £22,186 million from £7,193 million in 2008. This included a gain on redemption of own debt of £3,790 million. Excluding the gain on redemption of own debt, non-interest income increased by £11,203 million primarily due to the increase in income from trading activities.

### **Operating expenses**

Operating expenses decreased from £54,202 million in 2008 to £21,478 million of which integration and restructuring costs were £1,286 million compared with £1,357 million in 2008. Write-down of goodwill and other intangible assets was £363 million compared with £32,581 million in 2008.

### **Net insurance claims**

Bancassurance and general insurance claims, after reinsurance, increased by 10% to £4,857 million.

### **Impairment losses**

Impairment losses were £14,950 million, compared with £8,072 million in 2008.

### **Taxation**

The effective tax rate for 2009 was 14.3% compared with 5.7% in 2008.

**Earnings**

Basic earnings per ordinary and B share, including discontinued operations, improved from a loss of 146.7p to a loss of 6.4p.

**Capital**

Capital ratios at 31 December 2009 were 11.0% (Core Tier 1), 14.1% (Tier 1) and 16.1% (Total).









**Condensed consolidated balance sheet****at 31 December 2009**

|   | <b>2009</b>      | 2008      |
|---|------------------|-----------|
|   | <b>£m</b>        | £m        |
| <b>Assets</b>                                     |                  |           |
| Cash and balances at central banks                | <b>52,261</b>    | 12,400    |
| Net loans and advances to banks                   | <b>56,656</b>    | 79,426    |
| Reverse repurchase agreements and stock borrowing | <b>35,097</b>    | 58,771    |
| Loans and advances to banks                       | <b>91,753</b>    | 138,197   |
| Net loans and advances to customers               | <b>687,353</b>   | 835,409   |
| Reverse repurchase agreements and stock borrowing | <b>41,040</b>    | 39,313    |
| Loans and advances to customers                   | <b>728,393</b>   | 874,722   |
| Debt securities                                   | <b>267,254</b>   | 267,549   |
| Equity shares                                     | <b>19,528</b>    | 26,330    |
| Settlement balances                               | <b>12,033</b>    | 17,832    |
| Derivatives                                       | <b>441,454</b>   | 992,559   |
| Intangible assets                                 | <b>17,847</b>    | 20,049    |
| Property, plant and equipment                     | <b>19,397</b>    | 18,949    |
| Deferred taxation                                 | <b>7,039</b>     | 7,082     |
| Prepayments, accrued income and other assets      | <b>20,985</b>    | 24,402    |
| Assets of disposal groups                         | <b>18,542</b>    | 1,581     |
| <b>Total assets</b>                               | <b>1,696,486</b> | 2,401,652 |
| <b>Liabilities</b>                                |                  |           |
| Bank deposits                                     | <b>104,138</b>   | 174,378   |
| Repurchase agreements and stock lending           | <b>38,006</b>    | 83,666    |
| Deposits by banks                                 | <b>142,144</b>   | 258,044   |
| Customer deposits                                 | <b>545,849</b>   | 581,369   |
| Repurchase agreements and stock lending           | <b>68,353</b>    | 58,143    |
| Customer accounts                                 | <b>614,202</b>   | 639,512   |
| Debt securities in issue                          | <b>267,568</b>   | 300,289   |
| Settlement balances and short positions           | <b>50,876</b>    | 54,277    |
| Derivatives                                       | <b>424,141</b>   | 971,364   |
| Accruals, deferred income and other liabilities   | <b>30,327</b>    | 31,482    |
| Retirement benefit liabilities                    | <b>2,963</b>     | 2,032     |
| Deferred taxation                                 | <b>2,811</b>     | 4,165     |
| Insurance liabilities                             | <b>10,281</b>    | 9,976     |
| Subordinated liabilities                          | <b>37,652</b>    | 49,154    |
| Liabilities of disposal groups                    | <b>18,890</b>    | 859       |
| <b>Total liabilities</b>                          | <b>1,601,855</b> | 2,321,154 |
| <b>Equity</b>                                     |                  |           |
| Minority interests                                | <b>16,895</b>    | 21,619    |
| Owners' equity*                                   |                  |           |

Edgar Filing: ROYAL BANK OF SCOTLAND GROUP PLC - Form 6-K

|                                     |                  |           |
|-------------------------------------|------------------|-----------|
| Called up share capital             | <b>14,630</b>    | 9,898     |
| Reserves                            | <b>63,106</b>    | 48,981    |
| Total equity                        | <b>94,631</b>    | 80,498    |
| <b>Total liabilities and equity</b> | <b>1,696,486</b> | 2,401,652 |