

DOOLAN MARTIN P
Form 4
February 16, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DOOLAN MARTIN P

(Last) (First) (Middle)

C/O BODY CENTRAL
CORP., 6225 POWERS AVE.

(Street)

JACKSONVILLE, FL 32217

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

BODY CENTRAL CORP [BODY]

3. Date of Earliest Transaction
(Month/Day/Year)

02/16/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	02/16/2011		S	22,951 D	\$ 16.5 17,686	I (1)	By a family limited partnership

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DOOLAN MARTIN P C/O BODY CENTRAL CORP. 6225 POWERS AVE. JACKSONVILLE, FL 32217	X			

Signatures

/s/ Julia B. Davis,
attorney-in-fact

02/16/2011

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Martin Doolan is a trustee of the Doolan Family First Limited Partnership and is deemed to beneficially own the shares of common stock held by it. Mr. Doolan disclaims such beneficial ownership.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ng:0cm 0cm 0cm 0cm;">

30 June

31 December

2014

2013

%

%

Total

16

17

Excluding balances relating to derivatives transactions

17

19

Excluding balances relating to derivative and securities financing transactions

11

11

19

Appendix 1 Capital and risk management

Balance sheet encumbrance

Encumbered assets relating to:									
Debt securities in issue			Other secured liabilities			Total	Encumbered	Re	Realisab
Securitisations	Covered				Secured	encumbered	assets as a	Liquidity	Re
and conduits	bonds		Derivatives	Repos	balances	assets (2)	% of related	portfolio	Realisab
					(1)		assets		
30 June									
2014	£bn	£bn	£bn	£bn	£bn	£bn	assets	£bn	
Cash and balances at central banks	-	-	-	-	2.1	2.1	3	61.1	
Loans and advances to banks	4.8	0.3	9.7	-	0.3	15.1	52	2.1	
Loans and advances to customers									
- UK residential mortgages	13.2	14.9	-	-	-	28.1	25	67.9	
- Irish residential mortgages	8.9	-	-	-	1.0	9.9	69	-	
- US residential mortgages	-	-	-	-	10.4	10.4	55	1.4	
- UK credit cards	3.0	-	-	-	-	3.0	55	-	
- UK personal loans	3.4	-	-	-	-	3.4	37	-	
- other	7.6	-	17.1	-	1.0	25.7	11	7.5	
Reverse repurchase agreements									

and stock borrowing	-	-	-	-	-	-	-	-	-
Debt securities	0.3	-	7.4	44.9	2.6	55.2	49	15.8	
Equity shares	-	-	0.2	5.1	-	5.3	68	-	
Settlement balances	-	-	-	-	-	-	-	-	
Derivatives	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	
Property, plant and equipment	-	-	-	-	0.3	0.3	4	-	
Deferred tax	-	-	-	-	-	-	-	-	
Prepayments, accrued income and other assets	-	-	-	-	-	-	-	-	
Assets of disposal groups	-	-	-	-	-	-	-	-	
	41.2	15.2	34.4	50.0	17.7	158.5		155.8	
Securities retained								17.5	
Total liquidity portfolio								173.3	
Liabilities secured									
Intra-Group - secondary liquidity	(16.4)	-	-	-	-	(16.4)			
Intra-Group - other	(14.5)	-	-	-	-	(14.5)			
Third-party (6)	(6.7)	(8.8)	(34.4)	(83.3)	(10.4)	(143.6)			
	(37.6)	(8.8)	(34.4)	(83.3)	(10.4)	(174.5)			

For the notes to this table refer to page 22.

Appendix 1 Capital and risk management

Balance sheet encumbrance (continued)

	Encumbered assets relating to:					Total	Encumbered	Unencumbered	
	Debt securities in issue		Other secured liabilities					assets as a	Liquidity
	Securitisations	Covered	Derivatives	Repos	Secured	encumbered	% of related	portfolio	Other
	and conduits	bonds			balances	assets (2)	assets	£bn	£bn
31 December 2013	£bn	£bn	£bn	£bn	£bn	£bn	assets	£bn	£bn
Cash and balances at central banks	-	-	-	-	-	-	-	74.3	8.4
Loans and advances to banks	5.8	0.5	10.3	-	-	16.6	60	0.1	10.9
Loans and advances to customers									
- UK residential mortgages	14.6	16.2	-	-	-	30.8	28	60.8	18.6
- Irish residential mortgages	9.3	-	-	-	1.2	10.5	70	0.7	3.8
- US residential mortgages	-	-	-	-	3.5	3.5	18	9.5	6.7
- UK credit cards	3.4	-	-	-	-	3.4	52	-	3.1
- UK personal loans	3.4	-	-	-	-	3.4	38	-	5.5
- other	13.5	-	18.1	-	0.8	32.4	14	4.4	9.6
Reverse repurchase agreements									

and stock borrowing	-	-	-	-	-	-	-	-	-
Debt securities	0.9	-	5.5	55.6	2.7	64.7	57	17.0	31.9
Equity shares	-	-	0.5	5.3	-	5.8	66	-	3.0
Settlement balances	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	0.4	0.4	5	-	-
Deferred tax	-	-	-	-	-	-	-	-	-
Prepayments, accrued income and other assets	-	-	-	-	-	-	-	-	-
Assets of disposal groups	-	-	-	-	-	-	-	-	-
	50.9	16.7	34.4	60.9	8.6	171.5		166.8	101.5
Securities retained								17.4	
Total liquidity portfolio								184.2	
Liabilities secured									
Intra-Group - secondary liquidity	(19.1)	-	-	-	-	(19.1)			
Intra-Group - other	(18.4)	-	-	-	-	(18.4)			
Third-party (6)	(7.8)	(9.0)	(34.4)	(85.1)	(6.0)	(142.3)			
	(45.3)	(9.0)	(34.4)	(85.1)	(6.0)	(179.8)			

For the notes to this table refer to the following page.

Appendix 1 Capital and risk management

Balance sheet encumbrance (continued)

Notes:

- (1) Includes cash, coin and nostro balance held with the Bank of England as collateral against notes in circulation.
- (2) Encumbered assets are those that have been pledged to provide security for the liability shown above and are therefore not available to secure funding or to meet other collateral needs.
- (3) Unencumbered readily realisable assets are those assets on the balance sheet that can be readily used to meet funding or collateral requirements and comprise:
 - (a) Liquidity portfolio: cash balances at central banks, high quality debt securities and loans that have been pre-positioned with central banks. In addition, the liquidity portfolio includes securitisations of own assets which has reduced over the years and has been replaced by loans.
 - (b) Other readily realisable assets: including assets that have been enabled for use with central banks; and unencumbered debt securities.
- (4) Unencumbered other realisable assets are those assets on the balance sheet that are available for funding and collateral purposes but are not readily realisable in their current form. These assets include loans that could be prepositioned with central banks but have not been subject to internal and external documentation review and diligence work.
- (5) Assets that cannot be encumbered include:
 - (a) derivatives, reverse repurchase agreements and trading related settlement balances.
 - (b) non-financial assets such as intangibles, prepayments and deferred tax.
 - (c) assets in disposal groups.
 - (d) loans that cannot be pre-positioned with central banks based on criteria set by the central banks, primary US, including those relating to date of origination and level of documentation.
 - (e) non-recourse invoice financing balances and certain shipping loans whose terms and structure prohibit their use as collateral.
- (6) In accordance with market practice RBS employs securities recognised on the balance sheet, and securities received under reverse repo transactions as collateral for repos. Secured derivative liabilities now reflect net positions that are collateralised by balance sheet assets.

Appendix 1 Capital and risk management

Credit risk

Credit risk is the risk of financial loss due to the failure of a customer or counterparty to meet its obligation to settle outstanding amounts. For a description of the bank's credit risk framework, governance, policies and methodologies refer to the Risk and balance sheet management - Credit risk section - of the Group's 2013 Annual Report on Form 20-F.

Financial assets

Exposure summary

The table below analyses financial asset exposures, both gross and net of offset arrangements as well as credit mitigation and enhancement.

	Collateral								
	Gross	IFRS	Carrying	Non-IFRS			Real estate		Credit
	exposure	offset	value (2)	offset (3)	Cash	Securities	Residential	Commercial	enhancement
30 June 2014	(1)	(2)	(3)	(4)	(5)	(6)	(6)	(7)	en
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Cash and balances at central banks	68.7	-	68.7	-	-	-	-	-	-
Lending	419.3	(3.8)	415.5	(35.5)	(1.8)	(3.2)	(146.0)	(61.2)	(4.8)
Reverse repos	133.9	(52.2)	81.7	(7.2)	-	(74.4)	-	-	-
Debt securities	112.8	-	112.8	-	-	-	-	-	(0.7)
Equity shares	7.8	-	7.8	-	-	-	-	-	-
Settlement balances	24.2	(4.5)	19.7	-	-	-	-	-	-
Derivatives	461.5	(186.6)	274.9	(227.6)	(26.4)	(4.9)	-	-	(15.1)

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Total	1,228.2	(247.1)	981.1	(270.3)	(28.2)	(82.5)	(146.0)	(61.2)	(20.6)
Short positions	(39.0)	-	(39.0)	-	-	-	-	-	-
Net of short positions	1,189.2	(247.1)	942.1	(270.3)	(28.2)	(82.5)	(146.0)	(61.2)	(20.6)

For the notes to this table refer to the following page.

Appendix 1 Capital and risk management

Financial assets (continued)

	Collateral									Exposure
	Gross exposure	IFRS offset (1)	Carrying value (2)	Non-IFRS offset (3)	Cash (4)	Securities (5)	Real estate		Credit enhancement (7)	
							Residential (6)	Commercial (6)		
31 December 2013	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Cash and balances at central banks	82.7	-	82.7	-	-	-	-	-	-	-
Lending	423.6	(3.4)	420.2	(37.2)	(1.6)	(2.7)	(145.4)	(60.0)	(3.9)	
Reverse repos	117.2	(40.7)	76.5	(11.4)	-	(65.0)	-	-	-	
Debt securities	113.6	-	113.6	-	-	-	-	-	(1.3)	
Equity shares	8.8	-	8.8	-	-	-	-	-	-	
Settlement balances	8.2	(2.7)	5.5	(0.3)	-	-	-	-	-	
Derivatives	553.7	(265.7)	288.0	(241.3)	(24.4)	(6.0)	-	-	(7.3)	
Total	1,307.8	(312.5)	995.3	(290.2)	(26.0)	(73.7)	(145.4)	(60.0)	(12.5)	
Short positions	(28.0)	-	(28.0)	-	-	-	-	-	-	
Net of short positions	1,279.8	(312.5)	967.3	(290.2)	(26.0)	(73.7)	(145.4)	(60.0)	(12.5)	

Notes:

- (1) Relates to offset arrangements that comply with IFRS criteria and transactions cleared through and novated to central clearing houses, primarily London Clearing House and US Government Securities Clearing Corporation.

Explanation of Responses:

- (2) The carrying value on the balance sheet represents the exposure to credit risk by class of financial instrument.
- (3) Balance sheet offset reflects the amounts by which the bank's credit risk is reduced through master netting and cash management pooling arrangements. Derivative master netting agreements include cash pledged with counterparties in respect of net derivative liability positions and are included in lending in the table above.
- (4) Includes cash collateral pledged by counterparties based on daily mark-to-market movements of net derivative positions with the counterparty.
- (5) Securities collateral represent the fair value of securities received from counterparties, mainly relating to reverse repo transactions as part of netting arrangements.
- (6) Property valuations are capped at the loan value and reflect the application of haircuts in line with regulatory rules to indexed valuations. Commercial collateral includes ships and plant and equipment collateral.
- (7) Credit enhancement comprises credit derivatives (bought protection) and guarantees and reflects notional amounts less fair value and notional amounts respectively.

Key points

The major components of net exposures are cash and balances at central banks, unsecured commercial, corporate and bank loans, debt securities and short-term settlement balances. Of the £112 billion of debt securities, £34 billion are asset-backed but underlying collateral is not reflected above as the bank only has access to cashflows from the collateral.

Appendix 1 Capital and risk management

Financial assets (continued)

Asset quality

The table below analyses the bank's financial assets excluding debt securities by internal asset quality (AQ) ratings. Debt securities are analysed by external ratings and are therefore excluded from the table below and are set out on page 33.

	Loans and advances									
	Banks (1)					Customers				
	Cash and		Derivative				Derivative			balances and
	balances at	Reverse	cash	Bank		Reverse	cash	Customer		other financial
	central banks	repos	collateral	loans	Total	repos	collateral	loans	Total	assets D
30 June 2014	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total										
AQ1	66,802	7,614	1,976	4,063	13,653	34,525	9,982	39,075	83,582	7,028
AQ2	-	5,097	3,949	1,126	10,172	69	1,630	18,475	20,174	748
AQ3	1,542	2,952	1,728	4,492	9,172	5,182	3,314	28,596	37,092	3,476
AQ4	321	9,636	1,571	7,567	18,774	8,483	1,677	114,339	124,499	5,358
AQ5	3	1,484	361	1,298	3,143	4,441	442	67,179	72,062	1,314
AQ6	-	815	42	150	1,007	189	27	38,141	38,357	244
AQ7	-	565	21	189	775	653	36	29,124	29,813	112
AQ8	2	-	1	54	55	-	6	7,059	7,065	-
AQ9	-	-	5	316	321	-	1	9,544	9,545	31
AQ10	-	-	-	-	-	-	-	919	919	9
Past due	-	-	-	-	-	-	-	7,141	7,141	1,362
Impaired	-	-	-	60	60	-	-	32,241	32,241	-
Impairment provision	-	-	-	(50)	(50)	-	-	(22,396)	(22,396)	-
	68,670	28,163	9,654	19,265	57,082	53,542	17,115	369,437	440,094	19,682

For the note to this table refer to the following page.

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Appendix 1 Capital and risk management

Financial assets: Asset quality (continued)

	Loans and advances										
	Cash and balances at central banks	Banks (1)				Customers				Settlement balances and other financial assets	Derivatives
		Reverse repos	Derivative cash collateral	Bank loans	Total	Reverse repos	Derivative cash collateral	Customer loans	Total		
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
31 December 2013											
Total											
AQ1	80,305	5,885	2,043	6,039	13,967	30,233	10,042	34,395	74,670	2,707	77,377
AQ2	1	4,744	4,930	672	10,346	996	1,899	17,695	20,590	192	20,782
AQ3	1,873	2,164	1,502	2,347	6,013	1,857	3,796	29,364	35,017	746	35,763
AQ4	479	9,864	1,451	7,031	18,346	10,642	1,894	99,258	111,794	470	112,264
AQ5	-	1,776	416	662	2,854	5,403	297	77,045	82,745	717	83,462
AQ6	-	1,823	1	157	1,981	82	38	39,324	39,444	59	39,503
AQ7	-	301	-	237	538	684	50	30,279	31,013	22	31,035
AQ8	3	-	-	48	48	-	10	8,482	8,492	58	8,550
AQ9	-	-	-	34	34	-	41	16,944	16,985	-	16,985
AQ10	-	-	-	-	-	-	-	730	730	-	730
Past due	-	-	-	-	-	-	-	9,068	9,068	620	9,688
Impaired	-	-	-	70	70	-	-	37,101	37,101	-	37,101
Impairment provision	-	-	-	(63)	(63)	-	-	(25,162)	(25,162)	-	(25,162)
	82,661	26,557	10,343	17,234	54,134	49,897	18,067	374,523	442,487	5,591	448,078

Note:

- (1) Excludes items in the course of collection from other banks of £1,523 million (31 December 2013 - £1,454 million).

Explanation of Responses:

Appendix 1 Capital and risk management

Financial assets: Asset quality (continued)

Key points

Overall asset quality improved slightly with AQ1-AQ4 (investment grade of BBB- or above) increasing from 75% at 31 December 2013 to 77% at 30 June 2014 reflecting improving credit conditions and disposals and run-down in RCR.

Cash and balances at central banks decreased £14.0 billion reflecting the management of surplus liquidity.

Asset quality trends improved with loans to banks and customers rated AQ1 (equivalent to AA or above) up by £3 billion. Recalibration of retail and business banking models using updated data trends from the last three years resulted in a significant upward shift between AQ5 and below to AQ4.

Gross derivatives decreased 5% to £274.9 billion with the proportion AQ1-AQ4 stable at 96%.

Past due loans decreased £1.1 billion or 11% driven mainly by CFG (£1.0 billion) and a decrease in Ulster Bank (£0.3 billion) reflecting increased work with customers in arrears.

Loan impairment provisions decreased £2.8 billion mainly in relation to RCR disposals and run-off (£2.0 billion).

Appendix 1 Capital and risk management

Loans and related credit metrics

The tables below analyse gross loans and advances (excluding reverse repos) and the related credit metrics by business unit.

	Gross loans to		REIL	Provisions	Credit metrics						
					Banks	Customers	REIL as a %	Provisions as a % of REIL	Year-to-date		
									loans to customers	Impairment charge	Amounts written-off
30 June 2014	£m	£m	£m	£m	%	%	£m	£m			
UK PBB	900	129,243	4,278	2,821	3.3	66	148	407			
Ulster Bank	3,036	25,708	4,861	3,285	18.9	68	57	33			
PBB	3,936	154,951	9,139	6,106	5.9	67	205	440			
Commercial Banking	861	85,142	2,860	1,162	3.4	41	31	201			
Private Banking	1,426	16,618	239	93	1.4	39	-	24			
CPB	2,287	101,760	3,099	1,255	3.0	40	31	225			
CIB	19,405	69,154	105	177	0.2	nm	(36)	-			
Centre	2,513	848	3	3	0.4	nm	(12)	56			
CFG	277	52,221	1,307	500	2.5	38	102	147			
RCR	551	30,014	20,428	14,405	68.1	71	(19)	1,619			
RBS	28,969	408,948	34,081	22,446	8.3	66	271	2,487			

31 December 2013								
UK PBB	760	127,781	4,663	2,957	3.6	63	497	967
Ulster Bank	591	31,446	8,466	5,378	26.9	64	1,774	277

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PBB	1,351	159,227	13,129	8,335	8.2	63	2,271	1,244
Commercial Banking	701	85,071	4,276	1,617	5.0	38	652	587
Private Banking	1,531	16,764	277	120	1.7	43	29	15
CPB	2,232	101,835	4,553	1,737	4.5	38	681	602
CIB	20,550	69,080	1,661	976	2.4	59	598	360
Centre	2,670	341	1	66	0.3	nm	65	-
CFG	406	50,551	1,034	272	2.0	26	151	284
Non-Core	431	36,718	19,014	13,839	51.8	73	4,646	1,856
RBS	27,640	417,752	39,392	25,225	9.4	64	8,412	4,346

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Appendix 1 Capital and risk management

Loans and related credit metrics (continued)

Key points

Gross loans and advances to customers decreased by £8.8 billion or 2% to £408.9 billion; excluding the impact of foreign exchange the movement was £6.3 billion mainly driven by disposals and run off in RCR. REIL fell by 13% to £34.1 billion. Provision coverage strengthened to 66% compared with 64% at the end of 2013 and REIL were 8.3% of gross customer loans compared with 9.4% as at 31 December 2013. Asset quality continued to improve across the board.

Impairment charge for the first half of 2014 was significantly lower at £271 million compared with the prior year including £180 million of latent provision releases primarily reflecting more favourable credit conditions.

30% of the £56.9 billion property loans were REIL, with a provision coverage of 66%. 20% of property loans carry a provision. Refer to page 41 for an analysis of commercial real estate in RCR.

Strong mortgage lending in UK PBB of £2.5 billion was offset by a fall in unsecured lending of £1.1 billion. Impairment charges and credit metrics continued to show improving trends with REIL as a percentage of gross loans falling to 3.3% from 3.6% at 31 December 2013 reflecting improved asset quality and lower default trends. Write-offs of £0.4 billion reflected the continued write-off of legacy balances.

Ulster Bank loans, excluding the impact of foreign exchange and transfers to RCR, were £0.5 billion lower than at the year end mainly as customers deleveraged. Impairment charges were significantly lower at £57 million in the first half of 2014 reflecting the transfer of underperforming assets to RCR and the ongoing reduction in mortgage arrears.

Lending in CPB remained broadly stable with REIL, excluding the impact of the transfers to RCR, decreasing by £0.7 billion with write-offs and repayments outpacing new provisions.

CFG loans showed growth of £1.2 billion excluding the impact of foreign exchange with impairment charges of £102 million, higher than the prior year due to the transfer in Q1 of serviced-by-others, home equity and other portfolios in Non-Core. Credit metrics remained broadly stable.

Appendix 1 Capital and risk management

Loans and related credit metrics: Loans, REIL, provisions and impairments

The tables below analyse gross loans and advances to banks and customers (excluding reverse repos) and related credit metrics by sector and geography (by location of lending office).

30 June 2014	Credit metrics							
	Gross loans £m	REIL £m	Provisions £m	REIL as a % of gross loans	Provisions as a % of REIL	Provisions as a % of gross loans	Year-to-date	
				%	%	%	Impairment charge £m	Amounts written-off £m
Central and local government	8,191	5	4	0.1	80	-	3	-
Finance	34,166	466	318	1.4	68	0.9	43	13
Personal mortgages	148,237	5,871	1,731	4.0	29	1.2	110	109
unsecured	27,482	2,102	1,754	7.6	83	6.4	261	420
Property	56,908	17,315	11,490	30.4	66	20.2	(113)	1,189
Construction	6,261	1,190	737	19.0	62	11.8	68	65
Manufacturing	22,491	651	472	2.9	73	2.1	(38)	38
Finance leases (1)	13,252	195	150	1.5	77	1.1	(1)	38
Retail, wholesale and repairs	18,031	1,072	773	5.9	72	4.3	111	97
Transport and storage	14,415	1,303	631	9.0	48	4.4	32	31
Health, education and leisure	15,374	855	478	5.6	56	3.1	(13)	212
Hotels and restaurants	8,055	1,341	770	16.6	57	9.6	(4)	33
Utilities	5,432	120	76	2.2	63	1.4	3	1
Other	30,653	1,534	1,223	5.0	80	4.0	(1)	241
Latent	-	-	1,789	-	-	-	(180)	-
	408,948	34,020	22,396	8.3	66	5.5	281	2,487

of which:									
UK									
- residential mortgages	112,252	1,713	292	1.5	17	0.3	14	23	
- personal lending	16,279	1,786	1,578	11.0	88	9.7	210	348	
- property	40,585	7,943	4,366	19.6	55	10.8	(33)	828	
- construction	4,616	873	491	18.9	56	10.6	26	44	
- other	109,618	3,489	2,515	3.2	72	2.3	(71)	514	
Europe									
- residential mortgages	16,482	3,213	1,288	19.5	40	7.8	59	11	
- personal lending	1,104	120	120	10.9	100	10.9	5	8	
- property	10,978	9,279	7,081	84.5	76	64.5	(81)	355	
- construction	1,240	308	237	24.8	77	19.1	42	21	
- other	21,695	3,558	3,382	16.4	95	15.6	24	179	
US									
- residential mortgages	19,115	927	147	4.8	16	0.8	37	75	
- personal lending	9,056	179	39	2.0	22	0.4	46	64	
- property	4,476	69	19	1.5	28	0.4	1	2	
- construction	371	1	1	0.3	100	0.3	-	-	
- other	27,838	260	609	0.9	234	2.2	12	8	
RoW									
- residential mortgages	388	18	4	4.6	22	1.0	-	-	
- personal lending	1,043	17	17	1.6	100	1.6	-	-	
- property	869	24	24	2.8	100	2.8	-	4	
- construction	34	8	8	23.5	100	23.5	-	-	
- other	10,909	235	178	2.2	76	1.6	(10)	3	
	408,948	34,020	22,396	8.3	66	5.5	281	2,487	
Banks	28,969	61	50	0.2	82	0.2	(10)	-	

For the note to this table refer to the following page.

Appendix 1 Capital and risk management

Loans and related credit metrics: Loans, REIL, provisions and impairments (continued)

		Credit metrics								
				REIL as a	Provisions	Provisions	Year-to-date			
		Gross		% of gross	as a %	as a % of	Impairment	Amounts		
31 December 2013		loans	REIL	loans	of REIL	gross loans	charge	written-off		
		£m	£m	%	%	%	£m	£m		
Central and local government		8,643	2	2	-	100	-	2	-	
Finance		35,948	593	292	1.6	49	0.8	4	72	
Personal	- mortgages	148,533	6,025	1,799	4.1	30	1.2	392	441	
	- unsecured	28,160	2,417	1,909	8.6	79	6.8	415	861	
Property		62,292	20,283	13,189	32.6	65	21.2	5,130	1,642	
Construction		6,331	1,334	774	21.1	58	12.2	291	160	
Manufacturing		21,377	742	559	3.5	75	2.6	195	104	
Finance leases (1)		13,587	263	190	1.9	72	1.4	16	121	
Retail, wholesale and repairs		19,574	1,187	783	6.1	66	4.0	268	128	
Transport and storage		16,697	1,491	635	8.9	43	3.8	487	229	
Health, education and leisure		16,084	1,324	756	8.2	57	4.7	359	119	
Hotels and restaurants		6,942	1,427	812	20.6	57	11.7	281	194	
Utilities		4,960	131	80	2.6	61	1.6	54	23	
Other		28,624	2,103	1,370	7.3	65	4.8	489	212	
Latent		-	-	2,012	-	-	-	44	-	
		417,752	39,322	25,162	9.4	64	6.0	8,427	4,306	
of which:										
UK										
- residential mortgages		110,515	1,900	319	1.7	17	0.3	39	180	

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- personal lending	17,098	2,052	1,718	12.0	84	10.0	264	681
- property	44,252	9,797	5,190	22.1	53	11.7	2,014	950
- construction	4,691	941	515	20.1	55	11.0	194	159
- other	110,466	4,684	3,202	4.2	68	2.9	1,091	537
Europe								
- residential mortgages	17,540	3,155	1,303	18.0	41	7.4	195	26
- personal lending	1,267	141	129	11.1	91	10.2	19	26
- property	13,177	10,372	7,951	78.7	77	60.3	3,131	659
- construction	979	351	227	35.9	65	23.2	72	-
- other	22,620	4,057	3,498	17.9	86	15.5	1,012	465
US								
- residential mortgages	19,901	951	173	4.8	18	0.9	161	233
- personal lending	8,722	207	45	2.4	22	0.5	114	151
- property	4,279	85	19	2.0	22	0.4	(11)	25
- construction	313	34	24	10.9	71	7.7	25	1
- other	27,887	198	589	0.7	297	2.1	65	131
RoW								
- residential mortgages	577	19	4	3.3	21	0.7	(3)	2
- personal lending	1,073	17	17	1.6	100	1.6	18	3
- property	584	29	29	5.0	100	5.0	(4)	8
- construction	348	8	8	2.3	100	2.3	-	-
- other	11,463	324	202	2.8	62	1.8	31	69
	417,752	39,322	25,162	9.4	64	6.0	8,427	4,306
Banks	27,640	70	63	0.3	90	0.2	(15)	40

Note:

(1) Includes instalment credit.

Appendix 1 Capital and risk management

Debt securities

The table below analyses debt securities by issuer and IFRS measurement classifications. US central and local government includes US federal agencies. The financial institutions category includes US government sponsored agencies and securitisation entities, the latter principally relating to asset-backed securities (ABS).

	Central and local government			Banks	Other financial institutions	Corporate	Total	Of which ABS
	UK	US	Other					
	£m	£m	£m					
30 June 2014	£m	£m	£m	£m	£m	£m	£m	£m
Held-for-trading (HFT)	5,978	7,805	28,908	1,821	9,089	2,292	55,893	6,940
Designated as at fair value	-	-	104	-	17	-	121	14
Available-for-sale (AFS)	3,905	11,613	10,052	5,521	17,436	171	48,698	24,104
Loans and receivables	-	-	-	160	3,224	142	3,526	3,139
Held-to-maturity (HTM)	4,556	-	-	-	-	-	4,556	-
Long positions	14,439	19,418	39,064	7,502	29,766	2,605	112,794	34,197
Of which US agencies	-	5,620	-	-	12,758	-	18,378	17,243
Short positions (HFT)	(4,546)	(10,257)	(20,949)	(821)	(1,245)	(1,042)	(38,860)	(34)
Available-for-sale								
Gross unrealised gains	154	358	570	92	502	12	1,688	599
Gross unrealised losses	(15)	(90)	(3)	(103)	(265)	(3)	(479)	(449)
31 December 2013								

Held-for-trading	6,764	10,951	22,818	1,720	12,406	1,947	56,606	10,674
Designated as at fair value	-	-	104	-	17	1	122	15
Available-for-sale	6,436	12,880	10,303	5,974	17,330	184	53,107	24,174
Loans and receivables	10	1	-	175	3,466	136	3,788	3,423
Long positions	13,210	23,832	33,225	7,869	33,219	2,268	113,623	38,286
Of which US agencies	-	5,599	-	-	13,132	-	18,731	18,048
Short positions (HFT)	(1,784)	(6,790)	(16,087)	(889)	(1,387)	(826)	(27,763)	(36)
Available-for-sale								
Gross unrealised gains	201	428	445	70	386	11	1,541	458
Gross unrealised losses	(69)	(86)	(32)	(205)	(493)	(2)	(887)	(753)

Key points

HFT: Holdings of UK and US government bonds, and ABS decreased, reflecting sales and continued focus on balance sheet reduction and capital management in CIB. The increase in other government bonds primarily reflected higher seasonal market activity in bond auctions compared with the year end, partially offset by disposals. The increase in short positions in UK and US government bonds was driven by market conditions and customer demand, while that in other government reflected hedging of higher long positions and customer demand.

AFS: Government securities decreased by £4.0 billion. The decreases in UK, US and other government bonds reflected net disposals as gains were realised, as well as transfers of UK government bonds to HTM in Treasury. Holdings in bank issuances fell by £0.5 billion due to maturities and disposals.

AFS gross unrealised gains and losses: The UK and US government decreases in unrealised gains reflect exposure reductions. The increases in other government reflect market movements, and increases in banks and other financial institutions reflect maturities, disposals and market movements.

Appendix 1 Capital and risk management

Debt securities (continued)

Ratings

The table below analyses debt securities by issuer and external ratings. Ratings are based on the lowest of Standard and Poor's, Moody's and Fitch.

	Central and local government			Banks	Other	Corporate	Total	Total	Of which			
	UK	US	Other		financial					Total	%	ABS
					institutions							
30 June 2014	£m	£m	£m	£m	£m	£m	£m	%	£m			
AAA	-	6	15,694	1,677	7,572	18	24,967	22	6,379			
AA to AA+	14,439	19,412	8,666	262	15,237	187	58,203	52	19,200			
A to AA-	-	-	7,185	2,886	980	430	11,481	10	1,855			
BBB- to A-	-	-	7,146	2,134	1,939	1,142	12,361	11	2,902			
Non-investment grade	-	-	373	358	2,588	562	3,881	3	2,591			
Unrated	-	-	-	185	1,450	266	1,901	2	1,270			
	14,439	19,418	39,064	7,502	29,766	2,605	112,794	100	34,197			
31 December 2013												
AAA	-	18	13,106	1,434	8,155	162	22,875	20	6,796			
AA to AA+	13,210	23,812	7,847	446	16,825	138	62,278	55	21,054			
A to AA-	-	-	4,200	1,657	1,521	290	7,668	7	1,470			
BBB- to A-	-	-	7,572	3,761	2,627	854	14,814	13	4,941			
Non-investment grade	-	-	494	341	2,444	427	3,706	3	2,571			
Unrated	-	2	6	230	1,647	397	2,282	2	1,454			
	13,210	23,832	33,225	7,869	33,219	2,268	113,623	100	38,286			

Appendix 1 Capital and risk management

Derivatives

The table below analyses the bank's derivatives by type of contract. The master netting arrangements and collateral shown below do not result in a net presentation on the balance sheet under IFRS.

	30 June 2014			31 December 2013		
	Notional (1)	Assets	Liabilities	Notional (1)	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m
Interest rate (2)	29,061	223,476	212,861	35,589	218,041	208,698
Exchange rate	4,609	44,151	47,761	4,555	61,923	65,749
Credit	278	4,362	4,589	253	5,306	5,388
Equity and commodity	80	2,917	4,876	81	2,770	5,692
		274,906	270,087		288,040	285,527
Counterparty mtm netting		(227,622)	(227,622)		(241,265)	(241,265) *
Cash collateral		(26,405)	(23,067)		(24,423)	(25,302) *
Securities collateral		(4,894)	(10,242)		(5,990)	(8,257) *
Net exposure		15,985	9,156		16,362	10,703 *

*Revised

Notes:

- (1) Includes exchange traded contracts of £2,749 billion, (31 December 2013 - £2,298 billion) principally interest rate. Trades are margined daily hence carrying values were insignificant: assets - £72 million (31 December 2013 - £69 million) and liabilities - £265 million (31 December 2013 - £299 million).
- (2) Interest rate notional includes £17,606 billion (31 December 2013 - £22,563 billion) in respect of contracts with central clearing counterparties to the extent related assets and liabilities are offset.

Key points

Explanation of Responses:

Interest rate contracts: notional balances were £6.5 trillion lower due to increased participation in trade compression cycles during the first half of 2014, following subdued activity by Tri Optima in 2013. This also resulted in reduced amounts of trades cleared through central clearing counterparties (£5 trillion reduction). The fair value increased due to downward shifts in major yield curves due to volatility in emerging markets at the beginning of the year followed by the European Central Bank's decision to introduce measures to aid economic recovery in June 2014. This was partially offset by decrease due to the strengthening of GBP against the US Dollar and Euro and participation in tear ups.

Foreign exchange contracts: decrease in fair value reflects the strengthening of GBP against the US dollar and euro, and the strengthening of Japanese yen against the US dollar, as the portfolio is materially positioned long US dollar and short Japanese yen at 30 June 2014.

Credit derivatives fair values decreased reflecting tightening credit spreads and compression cycles.

Uncollateralised derivatives predominantly represent those with large corporates with whom RBS may have netting arrangements in place, but whose business models do not support collateral posting capacity and sovereigns and supranational entities with one way collateral agreements in their favour. In addition there are some uncollateralised derivative positions with banks in certain jurisdictions for example Russia, China, Malaysia which are either uncollateralised or the collateral agreements are not deemed legally enforceable and have therefore been reported as uncollateralised.

Appendix 1 Capital and risk management (continued)**Problem debt management**

For a description of early problem identification and problem debt management processes, refer to pages 237 to 246 of the 2013 Annual Report on Form 20-F.

Wholesale forbearance

The table below shows the loans (excluding loans where the bank has initiated recovery procedures) for which forbearance was completed during H1 2014, by sector and between performing and non-performing.

	Half year ended			Year ended		
	30 June 2014			31 December 2013		
		Non- performing	Provision coverage (2)		Non- performing	Provision coverage (2)
Sector	£m	£m	%	£m	£m	%
Property	704	3,298	59	1,759	4,802	60
Transport	192	218	36	1,016	229	34
Retail and leisure	296	195	50	455	390	37
Services	342	115	42	405	234	77
Other	461	162	61	670	510	27
	1,995	3,988	57	4,305	6,165	55

The table below analyses the incidence of the main types of wholesale forbearance arrangements by loan value.

	Half year ended	Year ended
	30 June	31 December
	2014	2013
Arrangement type (3)	%	%

Payment concessions and loan rescheduling	84	78
Other (4)	5	31
Covenant-only concessions	28	16
Forgiveness of all or part of the outstanding debt	4	9
Variation in margin	4	2

Notes:

- (1) The data reflected changes in methodology highlighted in the 2013 Annual Report on Form 20-F, and also the removal in April of the reporting threshold for forbearance data capture.
- (2) Provision coverage reflects impairment provision as a percentage of non performing loan.
- (3) The total exceeds 100% as an individual case can involve more than one type of arrangement.
- (4) Principally formal standstill agreements and release of security.

Key points

Forbearance completed on loans decreased during the first half of 2014 compared with the second half of 2013. This was in line both with improving market conditions and the RCR disposal strategy.

Forbearance continued to be granted in sectors that have experienced financial stress in recent years. The property sector remained the greatest contributor to the forborne portfolio, while there was a marked fall in the transport sector during the period. Some 70% of completed forbearance in the half year related to RCR loans, of which 60% were originated by Ulster Bank. Of the forbearance granted on non-performing loans, 65% related to loans originated by Ulster Bank.

Appendix 1 Capital and risk management (continued)**Problem debt management** (continued)**Key points** (continued)

Provisions for the non-performing loans disclosed above are individually assessed and therefore not directly comparable across periods. Provision coverage remained stable in H1.

At 30 June 2014 loans totalling £5.9 billion (31 December 2013 - £9.4 billion) had been granted credit approval for forbearance but had not yet been formally documented and were not being managed in accordance with the approved forbearance strategy. These loans are referred to as “in process” and are not included in the tables above, but 86% were non-performing (31 December 2013 - 84%) with an associated provision coverage of 54% (31 December 2013 - 44%). The principal types of forbearance offered were consistent with the completed forbearance population. The amount of in-process forbearance fell materially in line with the completion of forbearance during H1 and with disposals in RCR, which were not offset by new in-process cases.

Retail forbearance

The table below shows the loans for which forbearance was agreed during H1 2014 split between performing and non-performing by segment.

		Ulster	Private		
	UK PBB	Bank	Banking	CFG	Total
Half year ended 30 June 2014	£m	£m	£m	£m	£m
Performing forbearance in the half year	675	1,487	106	-	2,268
Non-performing forbearance in the half year	53	824	44	42	963
Total forbearance in the half year	728	2,311	150	42	3,231
Year ended 31 December 2013					
Performing forbearance in the year	1,332	2,223	41	-	3,596
Non-performing forbearance in the year	186	1,213	22	101	1,522

Total forbearance in the year	1,518	3,436	63	101	5,118
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Appendix 1 Capital and risk management (continued)**Problem debt management: Retail forbearance (continued)**

The mortgage arrears information for retail accounts in forbearance and related provision at the end of the period are shown in the tables below.

	No missed payments		1-3 months in arrears		>3 months in arrears		Total		Forborne balances (1) %
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision	
	£m	£m	£m	£m	£m	£m	£m	£m	
30 June 2014									
UK PBB (2,3)	4,556	19	401	20	385	42	5,342	81	5.2
Ulster Bank (2,3)	1,930	190	697	159	879	265	3,506	614	19.3
Private Banking	105	2	3	-	6	-	114	2	1.3
CFG	302	29	21	1	51	-	374	30	2.0
	6,893	240	1,122	180	1,321	307	9,336	727	6.3
31 December 2013									
UK PBB (2,3)	4,596	17	426	23	424	51	5,446	91	5.5
Ulster Bank (2,3)	1,362	166	631	76	789	323	2,782	565	14.6
Private Banking	112	3	6	-	9	-	127	3	1.5
CFG	287	26	33	3	53	-	373	29	1.9
	6,357	212	1,096	102	1,275	374	8,728	688	6.0

Notes:

- (1) As a percentage of mortgage loans.
- (2) Forbearance in UK PBB and Ulster Bank includes all changes to the contractual payment terms, including those where the customer is up-to-date on payments and there is no evidence of financial difficulty.
- (3) Includes the current stock position of forbearance deals agreed since early 2008 for UK PBB and early 2009 for Ulster Bank.

The incidence of the main types of retail forbearance on the balance sheet are analysed below.

		Ulster	Private		
	UK PBB	Bank	Banking	CFG	Total (1)
	£m	£m	£m	£m	£m
30 June 2014					
Interest only conversions - temporary and permanent	1,705	448	1	-	2,154
Term extensions - capital repayment and interest only	2,529	447	33	51	3,060
Payment concessions	255	1,934	11	237	2,437
Capitalisation of arrears	907	1,089	-	-	1,996
Other	307	-	69	86	462
	5,703	3,918	114	374	10,109
31 December 2013					
Interest only conversions - temporary and permanent	1,784	512	-	-	2,296
Term extensions - capital repayment and interest only	2,478	325	29	35	2,867
Payment concessions	241	1,567	12	246	2,066
Capitalisation of arrears	907	494	-	-	1,401
Other	366	-	86	92	544
	5,776	2,898	127	373	9,174

Note:

- (1) As an individual case can include more than one type of arrangement. The analysis in the forbearance arrangements table exceeds the total value of cases subject to forbearance.

Appendix 1 Capital and risk management

Problem debt management: Retail forbearance (continued)

Key points

UK PBB

The flow of new forbearance, £341 million in the second quarter of 2014, continued on a downward trend compared with the average of £409 million per quarter in the preceding four quarters. The flow for H1 2014 was £728 million.

The 24 month rolling stock of forbearance (where it was provided in the previous 24 months) fell by 13% to £1.7 billion at 30 June 2014 from £2.0 billion at 31 December 2013.

5.2% of total mortgage assets (£5.3 billion) were subject to a forbearance arrangement from January 2008. This represented a decrease of 1.9% from 31 December 2013 (£5.4 billion).

Approximately 85% of forbearance loans (31 December 2013 - 84%) were up-to-date with payments compared with approximately 98% of assets not subject to forbearance activity.

The majority (96%) of UK PBB forbearance was permanent in nature (term extensions, capitalisation of arrears, historical conversions to interest only). Temporary forbearance comprises payment concessions, such as reduced or deferred payments, with arrangements typically agreed for a period between three and six months.

The most frequently occurring forbearance types were term extensions (44% of forbearance loans at 30 June 2014), interest only conversions (30%) and capitalisations of arrears (16%). Conversions to interest only have only been permitted on a very exceptional basis since the fourth quarter of 2012 and have not been permitted for customers in financial difficulty since 2009.

The impairment provision cover on forbearance mortgages remained significantly higher than that on assets not subject to forbearance.

Ulster Bank

At 30 June 2014, 19.3% (£3.5 billion) of Ulster Bank's mortgage loans were subject to forbearance arrangements, an increase from 14.6% (£2.8 billion) at 31 December 2013. This reflected Ulster Bank's strategy of seeking to help customers facing financial difficulties.

The increase in forbearance stock from 31 December 2013 to 30 June 2014 is attributable to customers entering forbearance for the first time (48%), customers re-entering forbearance (33%) and methodology refinements primarily relating to exit criteria (19%). The number of customers approaching Ulster Bank for assistance for the first time fell in Q2 2014 compared with Q4 2013. There was continued increase in the proportion of longer-term forbearance solutions granted by Ulster Bank. As a percentage of the total, 55% of forbearance loans were subject to a longer term arrangement at 30 June 2014 (31 December 2013 - 41%). Capitalisations represented 28% (December 2013 - 17%), term extensions 11% (31 December 2013 - 11%) and interest rate discounts 16% (31 December 2013 - 13%) of the total forbearance portfolio at 30 June 2014. Interest rate discounts are offered for periods of up to eight years and incorporate a payment concession based on the customer's ability to pay.

The remaining forbearance loans were temporary concessions accounting for 45% of the total forborne population, (31 December 2013 - 59%). Interest only arrangements decreased during 2014 to 11% of forbearance loans at 30 June 2014 (31 December 2013 - 18%). Payment concessions (excluding interest rate discounts) represented the remaining 34% (31 December 2013 - 41%). The proportion of forbearance arrangements that were less than 90 days in arrears increased from 72% (31 December 2013) to 75% (30 June 2014).

Appendix 1 Capital and risk management

Key loan portfolios

Commercial real estate

The commercial real estate sector comprises exposures to entities involved in the development of, or investment in, commercial and residential properties (including house builders). The analysis of lending utilisations below is gross of impairment provisions and excludes rate risk management and contingent obligations.

	30 June 2014			31 December 2013		
	Investment	Development	Total	Investment	Development	Total
By franchise (1)	£m	£m	£m	£m	£m	£m
PBB	4,904	886	5,790	7,350	1,228	8,578
CPB	16,639	2,844	19,483	16,616	2,957	19,573
CIB	1,158	227	1,385	898	183	1,081
	22,701	3,957	26,658	24,864	4,368	29,232
CFG	4,270	-	4,270	4,018	-	4,018
RCR/Non-Core	10,700	7,564	18,264	11,624	7,704	19,328
Total	37,671	11,521	49,192	40,506	12,072	52,578

	Investment			Development			Total
	Commercial	Residential	Total	Commercial	Residential	Total	
By geography (1)	£m	£m	£m	£m	£m	£m	£m
30 June 2014							
UK (excluding NI (2))	20,384	5,199	25,583	614	3,700	4,314	29,897
Ireland (ROI and NI (2))	3,431	936	4,367	1,814	4,925	6,739	11,106
Western Europe (other)	2,296	120	2,416	220	28	248	2,664
US	3,796	1,140	4,936	-	13	13	4,949
RoW (2)	365	4	369	-	207	207	576

	30,272	7,399	37,671	2,648	8,873	11,521	49,192
31 December 2013							
UK (excluding NI (2))	20,861	5,008	25,869	678	3,733	4,411	30,280
Ireland (ROI and NI (2))	4,405	1,028	5,433	1,919	5,532	7,451	12,884
Western Europe (other)	4,068	183	4,251	22	17	39	4,290
US	3,563	1,076	4,639	-	8	8	4,647
RoW (2)	314	-	314	30	133	163	477
	33,211	7,295	40,506	2,649	9,423	12,072	52,578
For the notes to these tables refer to the following page.							

Appendix 1 Capital and risk management

Key loan portfolios: Commercial real estate (continued)

By sub-sector (1)		Ireland	Western			
	UK	(ROI and	Europe			
	(excl NI	NI (2))	(other)	US	RoW (2)	Total
	£m	£m	£m	£m	£m	£m
30 June 2014						
Residential	8,899	5,860	149	1,153	211	16,272
Office	3,972	727	1,009	57	89	5,854
Retail	6,699	918	367	215	78	8,277
Industrial	2,892	423	22	1	14	3,352
Mixed/other	7,435	3,178	1,117	3,523	184	15,437
	29,897	11,106	2,664	4,949	576	49,192
31 December 2013						
Residential	8,740	6,560	200	1,085	133	16,718
Office	4,557	813	1,439	32	121	6,962
Retail	6,979	1,501	967	84	73	9,604
Industrial	3,078	454	43	30	13	3,618
Mixed/other	6,926	3,556	1,641	3,416	137	15,676
	30,280	12,884	4,290	4,647	477	52,578

Notes:

- (1) Data at 30 June 2014 includes commercial real estate lending from Private Banking in CPB of £1.3 billion that was excluded from the tables showing 31 December 2013 data.
- (2) ROI: Republic of Ireland; NI: Northern Ireland; RoW: Rest of World.

Key points

In line with the bank's strategy, overall gross lending exposure to commercial real estate fell by £3.4 billion, or 6% during the first half of 2014. Most of the decrease occurred in RCR exposure originated by Ulster Bank and CIB and was due to repayments, asset sales and write-offs.

The RCR portfolio totalled £18.3 billion, representing 37% of the bank's portfolio at 30 June 2014. Geographically, 54% of the portfolio was held in Ireland, 31% in the UK, and 14% in Western Europe.

Following disposals in the RCR portfolio which were concentrated in Ireland and western Europe (mainly in Germany), the commercial real estate portfolio was more focused on the UK market which represented 61% of the CRE portfolio (31 December 2013 - 58%). Approximately 45% of the UK portfolio was held in London and the south east of England at 30 June 2014 (31 December 2013 - 47%). The overall mix of sub-sector and investments and development remained broadly unchanged. A significant increase in new business in UK residential development during the first half of 2014 to support new housing construction was offset by repayments of maturing loans, in addition to timing issues with recently agreed loans expected to be drawn as construction progressed.

Appendix 1 Capital and risk management

Key loan portfolios: Commercial real estate (continued)

Loan-to-value ratio	RCR			Rest of the Bank			Bank		
	Performing	Non-performing	Total	Performing	Non-performing	Total	Performing	Non-performing	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
30 June 2014									
<= 50%	435	67	502	8,675	179	8,854	9,110	246	9,356
> 50% and <= 70%	861	302	1,163	9,657	335	9,992	10,518	637	11,155
> 70% and <= 90%	836	673	1,509	2,297	420	2,717	3,133	1,093	4,226
> 90% and <= 100%	137	214	351	490	165	655	627	379	1,006
> 100% and <= 110%	88	761	849	248	127	375	336	888	1,224
> 110% and <= 130%	142	842	984	327	215	542	469	1,057	1,526
> 130% and <= 150%	20	875	895	166	215	381	186	1,090	1,276
> 150%	88	6,685	6,773	244	565	809	332	7,250	7,582
Total with LTVs	2,607	10,419	13,026	22,104	2,221	24,325	24,711	12,640	37,351
Minimal security (1)	7	3,394	3,401	9	31	40	16	3,425	3,441
Other (2)	233	1,604	1,837	5,928	635	6,563	6,161	2,239	8,400
Total	2,847	15,417	18,264	28,041	2,887	30,928	30,888	18,304	49,192
Total portfolio average LTV (3)	77%	300%	255%	58%	141%	65%	60%	273%	133%

	Non-Core			Rest of the Bank			Bank		
	Performing	Non-performing	Total	Performing	Non-performing	Total	Performing	Non-performing	Total

Explanation of Responses:

31 December 2013	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<= 50%	419	142	561	7,589	143	7,732	8,008	285	8,293	
> 50% and <= 70%	867	299	1,166	9,366	338	9,704	10,233	637	10,870	
> 70% and <= 90%	1,349	956	2,305	2,632	405	3,037	3,981	1,361	5,342	
> 90% and <= 100%	155	227	382	796	295	1,091	951	522	1,473	
> 100% and <= 110%	168	512	680	643	327	970	811	839	1,650	
> 110% and <= 130%	127	1,195	1,322	444	505	949	571	1,700	2,271	
> 130% and <= 150%	13	703	716	356	896	1,252	369	1,599	1,968	
> 150%	69	7,503	7,572	400	1,864	2,264	469	9,367	9,836	
Total with LTVs	3,167	11,537	14,704	22,226	4,773	26,999	25,393	16,310	41,703	
Minimal security (1)	51	3,069	3,120	9	88	97	60	3,157	3,217	
Other (2)	108	1,396	1,504	5,266	888	6,154	5,374	2,284	7,658	
Total	3,326	16,002	19,328	27,501	5,749	33,250	30,827	21,751	52,578	
Total portfolio average LTV (3)	75%	292%	245%	64%	187%	85%	65%	261%	142%	

Notes:

- (1) Total portfolio average LTV is quoted net of loans with minimal security given that the anticipated recovery rate is less than 10%. Provisions are marked against these loans where required to reflect the relevant asset quality and recovery profile.
- (2) Other non-performing loans of £2.2 billion (31 December 2013 - £2.3 billion) were subject to standard provisioning policies. Other performing loans of £6.2 billion (31 December 2013 - £5.4 billion) included general corporate loans, typically unsecured, to commercial real estate companies, and major UK house builders in addition to facilities supported by guarantees. The credit quality of these exposures was consistent with that of the performing portfolio overall.
- (3) Weighted average by exposure.

Appendix 1 Capital and risk management

Key loan portfolios: Commercial real estate (continued)

Key points

The average LTV for the performing book improved from 65% to 60% during the last six months. The performing book in the UK had a slightly better LTV at 56%. The reductions in the higher LTV buckets occurred mainly in the RCR book originated by Ulster Bank and CIB, reflecting reductions through repayments, asset sales and write-offs. The reductions were also reflected in the greater than 150% LTV bucket, occurring mainly in Ireland and Western Europe. RCR-Ulster Bank accounted for the growth in minimal security which was at the final stage of a reduction strategy - these are fully provided for.

Interest payable on outstanding performing investment property secured loans was covered 1.4x and 2.9x within RCR and RBS excluding RCR, respectively.

The proportion of the portfolio managed within the bank's standard credit processes increased from 47% at 31 December 2013 to 54% at 30 June 2014, while the proportion of the portfolio in AQ10 decreased from 22% to 18% during the period.

Appendix 1 Capital and risk management

Key loan portfolios

Residential mortgages

Total gross mortgage lending of £148.2 billion (31 December 2013 - £148.5 billion) comprised 36% of gross lending of £408.9 billion (31 December 2013 - £417.8 billion). The table below shows LTVs for the bank's major residential mortgage portfolio totalling £147.7 billion (31 December 2013 - £146.7 billion) split between performing (AQ1-AQ9) and non-performing (AQ10), with the average LTV calculated on a weighted value basis. Loan balances are shown at the end of the period whereas property values are calculated using property index movements since the last formal valuation.

Loan-to-value ratio by value	UK PBB			Ulster Bank			Private Banking		
	Performing	Non-performing	Total	Performing	Non-performing	Total	Performing	Non-performing	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
30 June 2014									
<= 50%	28,641	321	28,962	2,078	163	2,241	3,486	8	3,494
> 50% and <= 70%	36,288	661	36,949	1,885	175	2,060	3,546	15	3,561
> 70% and <= 90%	27,961	814	28,775	2,416	257	2,673	1,344	39	1,383
> 90% and <= 100%	4,352	269	4,621	1,248	142	1,390	86	9	97
> 100% and <= 110%	1,344	149	1,493	1,313	174	1,487	70	10	80
> 110% and <= 130%	399	72	471	2,397	428	2,825	24	6	30
> 130% and <= 150%	29	5	34	2,139	525	2,664	12	4	16
> 150%	-	-	-	1,777	1,020	2,797	39	7	46
Total with LTVs	99,014	2,291	101,305	15,253	2,884	18,137	8,607	98	8,705
Other (2)	506	27	533	-	-	-	46	1	47

Total	99,520	2,318	101,838		15,253	2,884	18,137		8,653	99	8,7
Total portfolio average LTV (3)	61%	73%	61%		99%	128%	104%		52%	80%	5
Average LTV on new originations during the half year (3)			71%				70%				5
For the notes to this table refer to the following page.											

Appendix 1 Capital and risk management

Key loan portfolios: Residential mortgages (continued)

Loan-to-value ratio by value	UK PBB			Ulster Bank			Private Banking			Per
	Performing	Non-performing	Total	Performing	Non-performing	Total	Performing	Non-performing	Total	
31 December 2013										
<= 50%	26,392	313	26,705	2,025	170	2,195	3,400	16	3,416	
> 50% and <= 70%	34,699	591	35,290	1,837	195	2,032	3,397	20	3,417	
> 70% and <= 90%	28,920	854	29,774	2,326	288	2,614	1,337	44	1,381	
> 90% and <= 100%	4,057	315	4,372	1,214	162	1,376	87	7	94	
> 100% and <= 110%	1,790	182	1,972	1,302	182	1,484	87	15	102	
> 110% and <= 130%	552	100	652	2,509	461	2,970	27	6	33	
> 130% and <= 150%	37	5	42	2,202	549	2,751	4	4	8	
> 150%	-	-	-	2,385	1,227	3,612	24	6	30	
Total with LTVs	96,447	2,360	98,807	15,800	3,234	19,034	8,363	118	8,481	
Other (2)	511	20	531	-	-	-	215	5	220	
Total	96,958	2,380	99,338	15,800	3,234	19,034	8,578	123	8,701	
Total portfolio average LTV (3)	62%	75%	62%	103%	130%	108%	51%	77%	51%	

Average LTV on new originations										
during the year (3)			67%			73%			52%	

Notes:

- (1) Includes residential mortgages and home equity loans and lines (refer to page 46 for a breakdown of balances).
- (2) Where no indexed LTV is held.
- (3) Average LTV weighted by value is calculated using the LTV on each individual mortgage and applying a weighting based on the value of each mortgage.

Appendix 1 Capital and risk management

Key loan portfolios: Residential mortgages (continued)

Key points

UK PBB

The UK PBB mortgage portfolio was £101.8 billion at 30 June 2014. This showed an increase of 2.5% from 31 December 2013. The portfolio included £10.0 billion (31 December 2013 - £9.1 billion) of residential buy-to-let lending.

At 30 June 2014, approximately 51% of the portfolio consisted of fixed rate mortgages. Mortgages featuring a combination of fixed and variable rates made up 4% of the portfolio. The remainder were variable rate mortgages (including those on managed rates). The interest only proportion of the total portfolio was 24%. A further 7% of mortgages were on a combination of interest only plus capital and interest repayments.

Based on the Halifax Price Index at March 2014, the portfolio average indexed LTV by volume was 53.4% (31 December 2013 - 54.1%) and 61.0% by weighted value of debt outstanding (31 December 2013 - 62.0%). The ratio of total outstanding balances to total indexed property valuations was 44.5% (31 December 2013 - 45.1%).

Gross new mortgage lending amounted to £9.8 billion in H1 2014 and included £873 million of lending with an LTV of greater than 90% under the government-guaranteed Help To Buy scheme. The new mortgage business average LTV by volume was 68.2% compared to 62.7% at 31 December 2013, including the effect of the Help-to-Buy scheme. The average LTV calculated by weighted value was 70.8% (31 December 2013 - 66.6%).

All new mortgage business was subject to a comprehensive assessment. This included: i) an affordability test which featured a stressed interest rate that is higher than the customer pay rate; ii) loan to income ratio caps; iii) credit scoring; iv) a maximum loan-to-value of 90% with the exception of the government-backed Help-To-Buy mortgages (from the fourth quarter of 2013), New Buy and My New Home products where lending of up to 95% is provided; and v) a range of policy rules that restricted the availability of credit to borrowers with higher risk characteristics, for example those exhibiting a high level of indebtedness or adverse payment behaviour on previous borrowings.

The arrears rate (defined as more than three payments in arrears, excluding repossessions and shortfalls post property sale), fell to 1.1% (31 December 2013 - 1.3%). The number of properties repossessed in H1 2014 was 657 compared with 796 in H2 2013. Arrears rates remained sensitive to

economic developments and the interest rate environment.

The impairment charge for mortgage loans was £5 million in H1 2014 compared with £26 million in H1 2013 and £5 million in H2 2013. The decline reflected stable default rates and one-off reductions in loss rates as valuations improved on properties held as security on defaulted debt.

Ulster Bank

Ulster Bank's residential mortgage portfolio was £18.1 billion at 30 June 2014, with 88% held in the Republic of Ireland and 12% in Northern Ireland. At constant exchange rates, the portfolio decreased 1.4 % from 31 December 2013 (£19.0 billion) as a result of amortisations exceeding the value of new business in the period. The portfolio included £2.1 billion (12%) of residential buy-to-let loans.

Approximately 66% of the portfolio consisted of tracker rate loans, 23% variable rate loans and 11% fixed rate loans. Interest only represented the remaining 8% of the portfolio.

Appendix 1 Capital and risk management

Key loan portfolios: Residential mortgages (continued)

Key points (continued)

Ulster Bank (continued)

The portfolio average indexed LTV fell 4% during H1 2014 to 104% (31 December 2013 - 108%) reflecting positive house price index trends over the previous 12 months.

The average individual LTV on new originations was 70% in 2014 (31 December 2013 - 73%).

The arrears rate (defined as more than three payments in arrears, excluding repossessions and shortfalls after property sale), fell to 15.9% (31 December 2013 - 17.0%). The number of properties repossessed in H1 2014 was 169 compared with 262 for the full year of 2013. Arrears rates remained sensitive to economic developments.

The impairment charge for mortgage loans for H1 was £36 million for H1 2014, compared with £91 million at H1 2013.

CFG

CFG's real estate portfolio consisted of £6.4 billion (31 December 2013 - £5.9 billion) of residential mortgages (1% in second lien position) and £12.5 billion (31 December 2013 - £13.5 billion) of home equity loans and lines (first and second liens). Home equity loans and lines included 44% in first lien position. CFG continued to focus on its 'footprint states' of New England, Mid Atlantic and Mid West regions. At 30 June 2014, 82% of the portfolio was within footprint (31 December 2013 - 84%).

The serviced-by-others (SBO) book decreased from £1.4 billion at 31 December 2013 to £1.3 billion at 30 June 2014. The arrears rate of the SBO portfolio remained stable at 1.5% during the period. The reduction in the charge-off rate from 4.4% annualised during the fourth quarter of 2013 to 2.3% during the second quarter of 2014 was driven by better than expected recoveries.

The weighted average LTV of the portfolio was broadly stable during the period. The weighted average LTV of the portfolio, excluding the SBO portfolio, was 59% (31 December 2013 - 64%).

Appendix 1 Capital and risk management

Key loan portfolios (continued)

Interest only retail loans

The bank's interest only retail loan portfolios include interest only mortgage lending in PBB, CPB and CFG portfolios of home equity lines of credit (HELOC) and interest only mortgage portfolios.

	30 June 2014		31 December 2013	
	Mortgages	Other loans	Mortgages	Other loans
	£bn	£bn	£bn	£bn
Variable rate	32.2	1.9	34.8	1.3
Fixed rate	9.3	0.1	8.0	0.1
Interest only loans	41.5	2.0	42.8	1.4
Mixed repayment (1)	8.5	-	8.3	-
Total	50.0	2.0	51.1	1.4

Note:

- (1) Mortgages with partial interest only and partial capital repayments.

Key points

The bank continued to reduce its exposure to interest only mortgages in H1. UK PBB ceased offering interest only mortgages to residential owner occupied customers with effect from 1 December 2012. Interest only repayment terms remain an option for buy-to-let mortgages.

Ulster Bank withdrew interest only as a standard mortgage offering for new lending in the Republic of Ireland in 2010 and in Northern Ireland in 2012. Interest only mortgages are now granted on a very limited basis to high net worth customers or those granted forbearance.

CFG offers its customers interest only mortgages and conventional HELOC which enter an amortising repayment period after the interest only period.

CPB offers interest only mortgages to its high net worth customers.

Based on its historical analyses of customers' behaviour, the bank recognises impairment provisions in respect of loans in its interest only portfolios (PBB - two years; CFG - one year) that are approaching their contractual maturity. These impairment provisions are reassessed as new trends and data become available.

Appendix 1 Capital and risk management

Key loan portfolios: Interest only retail loans (continued)

The tables below analyse the bank's interest only mortgage and HELOC portfolios (excluding mixed repayment mortgages) by originating business, by type, and by contractual year of maturity.

	Bullet	Conversion to amortising	Total	Proportion of
	principal repayment			mortgage lending
30 June 2014	£bn	£bn	£bn	%
UK PBB	24.6	-	24.6	24.2
Ulster Bank	0.7	0.9	1.6	8.8
Private Banking	6.0	-	6.0	68.6
CFG	0.2	9.1	9.3	49.1
Total	31.5	10.0	41.5	
31 December 2013				
UK PBB	25.4	-	25.4	25.6
Ulster Bank	0.7	1.4	2.1	11.0
Private Banking	6.0	-	6.0	69.0
CFG	0.4	8.9	9.3	47.5
Total	32.5	10.3	42.8	

	2014 (1)	2015-16	2017-21	2022-26	2027-31	2032-41	After 2041	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
30 June 2014								
Bullet principal repayment (2)	1.0	2.7	6.7	5.7	7.6	7.4	0.4	31.5
Conversion to amortising (2,3)	0.5	2.3	5.0	2.2	-	-	-	10.0

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Total	1.5	5.0	11.7	7.9	7.6	7.4	0.4	41.5
							After	
	2014 (1)	2015-16	2017-21	2022-26	2027-31	2032-41	2041	Total
31 December 2013	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Bullet principal repayment (2)	0.9	2.1	6.0	7.6	7.9	7.5	0.5	32.5
Conversion to amortising (2,3)	1.9	6.0	2.2	0.1	-	0.1	-	10.3
Total	2.8	8.1	8.2	7.7	7.9	7.6	0.5	42.8

Notes:

- (1) 2014 includes pre-2014 maturity exposure.
- (2) Includes £2.2 billion (31 December 2013 - £2.3 billion) of repayment mortgages that have been granted interest only concessions (forbearance).
- (3) Maturity date relates to the expiry of the interest only period.

Appendix 1 Capital and risk management

Key loan portfolios: Interest only retail loans (continued)

UK PBB

UK PBB's interest only mortgages require full principal repayment (a 'bullet' payment) at the time of maturity. Typically such loans have remaining terms of between 14 and 19 years. Customers are reminded of the need to have an adequate repayment vehicle in place during the mortgage term.

Of the bullet loans that matured in the six months to 31 December 2013, 63% had been fully repaid by 30 June 2014. The unpaid balance totalled £48 million, of which 96% of loans continued to meet agreed payment arrangements (including balances with a term extension agreed on either a capital and interest or interest only basis). Of the £48 million unpaid balance, 66% of the loans had an indexed LTV of 70% or less with 10% above 90%. Customers may be offered an extension to the term of an interest only mortgage or a conversion of such a mortgage to a capital and interest mortgage, subject to affordability and characteristics such as their income and ultimate repayment vehicle. The majority of term extensions in UK PBB are classified as forbearance and subject to the associated higher provision cover.

Ulster Bank

Ulster Bank's interest only mortgages require full principal repayment (a 'bullet' payment) at the time of maturity; or payment of both capital and interest from the end of the interest only period - typically seven years - so that customers meet their contractual repayment obligations. Contact strategies are in place for appropriate customers to remind them of the need to repay the principal at the end of the mortgage term.

Of the bullet mortgages that matured in the six months to 31 December 2013 (£2.3 million), 36% had fully repaid by 30 June 2014 leaving residual balances of £1.5 million, 80% of which were meeting the terms of a revised repayment schedule. Of the amortising loans that matured in the six months to 31 December 2013 (£109 million), 64% were either fully repaid or meeting the terms of a revised repayment schedule.

CFG

CFG had a closed book of interest only HELOC loans at 30 June 2014 of £0.3 billion at 30 June 2014, for which repayment of principal is due at maturity. It also had an interest only portfolio

comprising loans that convert to amortising after an interest only period that is typically 10 years (£10.0 billion at 30 June 2014 of which £9.1 billion were HELOCs). The majority of the bullet loans are due to mature between 2014 and 2015.

Of the bullet loans that matured in the six months to 31 December 2013, 74% had fully been refinanced or repaid by 30 June 2014 with residual balances of £22 million. 65% (of £22 million) of which were up-to-date with their payments. For those loans that convert to amortising, the typical uplift in payments was 169% (average uplift calculated at £139 per month).

Appendix 1 Capital and risk management

Key loan portfolios: Interest only retail loans (continued)

The tables below analyse the bank's retail mortgage and HELOC portfolios split between interest only mortgages (excluding mixed repayment mortgages) and other mortgage loans.

	Interest only			
	Bullet principal repayment	Conversion to amortising	Other	Total
	£bn	£bn	£bn	£bn
30 June 2014				
Arrears status				
Current	30.4	9.4	99.5	139.3
1 to 90 days in arrears	0.6	0.4	2.9	3.9
90+ days in arrears	0.5	0.2	3.8	4.5
Total	31.5	10.0	106.2	147.7

31 December 2013				
Arrears status				
Current	31.2	9.6	97.0	137.8
1 to 90 days in arrears	0.7	0.4	2.8	3.9
90+ days in arrears	0.6	0.3	4.1	5.0
Total	32.5	10.3	103.9	146.7

	Interest only	Other	Total
	£bn	£bn	£bn
30 June 2014			
Current LTV			
<= 50%	12.1	27.2	39.3
> 50% and <= 70%	14.7	33.4	48.1
> 70% and <= 90%	9.5	29.0	38.5

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> 90% and <= 100%	2.3	5.1	7.4
> 100% and <= 110%	1.3	2.5	3.8
> 110% and <= 130%	0.8	3.1	3.9
> 130% and <= 150%	0.4	2.4	2.8
> 150%	0.4	2.5	2.9
Total with LTVs	41.5	105.2	146.7
Other	-	1.0	1.0
Total	41.5	106.2	147.7

31 December 2013			
Current LTV			
<= 50%	10.8	26.3	37.1
> 50% and <= 70%	14.6	31.8	46.4
> 70% and <= 90%	10.8	28.6	39.4
> 90% and <= 100%	2.6	4.6	7.2
> 100% and <= 110%	1.5	2.8	4.3
> 110% and <= 130%	0.9	3.4	4.3
> 130% and <= 150%	0.5	2.5	3.0
> 150%	0.7	3.1	3.8
Total with LTVs	42.4	103.1	145.5
Other	0.4	0.8	1.2
Total	42.8	103.9	146.7

Appendix 1 Capital and risk management

Credit risk assets

RBS uses a range of measures for credit risk exposures. The internal measure used is credit risk assets. The balance sheet related credit risk analyses on pages 23 to 50 supplement this material. Credit risk assets (CRA) consist of lending, counterparty exposure and contingent obligations. Refer to page 225 of the 2013 Annual Report on Form 20-F for a full description.

	30 June	31 December
	2014	2013
Analysis by business unit	£m	£m
UK PBB	129,027	127,586
Ulster Bank	29,647	33,129
PBB	158,674	160,715
Commercial Banking	79,483	81,142
Private Banking	19,297	19,819
CPB	98,780	100,961
CIB	141,984	147,784
Central items	56,297	66,745
CFG	56,756	53,411
RCR	39,150	n/a
Non-Core	n/a	43,340
	551,641	572,956

Key points

There was an overall reduction of 4% in CRA. This was driven by falls in exposure to sovereigns (£11.6 billion), property (£5.2 billion) and other FIs (£4 billion).

CIB CRAs fell 4%, driven by a reduction in exposure to the sovereigns and other FI sectors.

UK PBB CRA increased by £1.4 billion reflecting a £2.5 billion increase in mortgages offset by decreasing unsecured lending.

CFG CRAs increased by 6%. This was driven by the transfer of personal exposure previously managed by the Non-Core division and an increase in exposure to the sovereign sector.

The RCR portfolio included £21.4 billion of property-related CRAs, £4.3 billion in the transport sector, £2.6 billion to retail & leisure and £2.7 billion to other FIs. Geographically, 43% of the portfolio was located in Western Europe (excluding the UK), 40% in the UK, 10% in Central and Eastern Europe and the Middle East and Africa, and 7% in the rest of the world. Refer to the RCR section for further information.

Appendix 1 Capital and risk management

Credit risk assets (continued)

Sector and geographical regional analyses

		Western						RBS	
		Europe	North	Asia	Latin			excl.	
	UK	(excl. UK)	America	Pacific	America	Other (1)	Total	RCR	RCR
30 June 2014	£m	£m	£m	£m	£m	£m	£m	£m	£m
Personal	128,592	17,619	28,265	1,553	67	797	176,893	176,647	246
Banks	2,523	26,415	4,220	8,310	1,220	1,956	44,644	42,699	1,945
Other financial institutions	21,626	8,954	8,358	2,383	1,359	958	43,638	40,977	2,661
Sovereign (2)	39,640	7,371	23,922	2,859	24	674	74,490	73,872	618
Property	47,502	15,491	6,543	1,118	221	479	71,354	49,915	21,439
Natural resources	7,536	4,558	5,927	3,647	406	2,258	24,332	21,974	2,358
Manufacturing	9,213	4,716	6,348	2,580	95	1,176	24,128	23,396	732
Transport (3)	10,211	3,989	3,860	1,597	97	8,619	28,373	24,030	4,343
Retail and leisure	16,904	3,484	5,036	896	52	514	26,886	24,265	2,621
Telecommunications, media and technology	2,833	2,470	3,258	1,338	9	420	10,328	9,760	568
Business services	16,245	2,539	5,545	728	1,230	288	26,575	24,956	1,619
	302,825	97,606	101,282	27,009	4,780	18,139	551,641	512,491	39,150
		Western						RBS excl.	Non-
		Europe	North	Asia	Latin			Non-Core	Core
	UK	(excl. UK)	America	Pacific	America	Other (1)	Total	Non-Core	Core
31 December 2013	£m	£m	£m	£m	£m	£m	£m	£m	£m
Personal	127,620	18,751	28,616	1,418	61	656	177,122	174,798	2,324
Banks	2,506	25,085	3,133	9,670	1,192	1,771	43,357	43,010	347

Other financial institutions	23,080	10,363	9,164	2,633	1,320	1,100	47,660	43,849	3,811
Sovereign (2)	55,041	8,685	18,203	3,394	37	687	86,047	84,726	1,321
Property	49,639	18,673	6,206	929	286	795	76,528	53,569	22,959
Natural resources	6,698	4,587	6,189	3,669	214	2,087	23,444	21,412	2,032
Manufacturing	8,843	4,962	6,208	2,278	120	1,397	23,808	23,276	532
Transport (3)	10,332	3,936	3,959	1,800	163	9,435	29,625	24,086	5,539
Retail and leisure	16,338	3,924	4,977	738	91	517	26,585	24,562	2,023
Telecommunications, media and technology	3,356	2,591	3,401	1,403	29	491	11,271	9,810	1,461
Business services	16,527	2,733	6,053	757	1,233	206	27,509	26,518	991
	319,980	104,290	96,109	28,689	4,746	19,142	572,956	529,616	43,340

Notes:

- (1) Comprises Central and Eastern Europe, the Middle East, Central Asia and Africa, and supnationals such as the World Bank.
- (2) Includes central bank exposures.
- (3) Excludes net investment in operating leases in shipping and aviation portfolios as they are accounted for as property, plant and equipment. However, operating leases are included in the monitoring and management of these portfolios.

Appendix 1 Capital and risk management

Credit risk assets: Sector and geographical regional analyses (continued)

Key points

Market conditions and the development of the bank's strategy had a significant impact on the composition of its portfolios during H1 2014, there was:

- An £11.6 billion decrease in exposures to sovereign counterparties, driven by a decrease in RBS's deposits with central banks;
- A £5.2 billion fall in exposures to the property sector; and
- A £4.0 billion decline in exposures to other financial institutions.

The sovereign portfolio comprised exposures to central governments, central banks and sub-sovereigns such as local authorities, primarily in the bank's key markets in the UK, Western Europe and the US. Exposure predominantly comprised cash balances placed with central banks such as the Bank of England, the Federal Reserve and the European Central Bank. Consequently, the asset quality of this portfolio remained high with 92% assigned an internal rating in the AQ1 asset quality band. Exposure to sovereigns fluctuates according to the bank's liquidity requirements and cash positions, which determine the level of cash placed with central banks.

Exposure to the property sector totalled £71.4 billion at 30 June 2014, the majority of which related to commercial real estate. The remainder comprised lending to housing associations (12%), construction companies (10%), and building material groups (3%), which remained stable during the period. See the commercial real estate section for further details.

The banking sector was one of the largest in the RBS portfolio with exposure totalling £44.6 billion. Exposures were well diversified geographically, largely collateralised, and tightly controlled through the combination of a single name concentration framework and a suite of credit policies specifically tailored to ensure compliance with sector and country limits. The increase in exposure during H1 2014 was primarily due to increased activity with counterparties located in Western Europe. This was offset by falls in exposure to counterparties in the Asia & Pacific region.

Exposure to other financial institutions was made up of exposures to a range of financial companies, the largest of which were funds (24%) securitisation vehicles (22%) and financial intermediaries (13%) including broker dealers and central counterparties (CCPs). The fall in exposure took place across a number of areas, and was caused by idiosyncratic factors and market developments.

Exposure to the transport sector included asset-backed exposure to ocean-going vessels. A £1.3 billion fall in exposure was achieved during the period due to disposals, run-off and foreign exchange movements. Defaulted assets (AQ10) in the shipping sector represented 9% of the total exposure to this sector (31 December 2013 - 9%).

Appendix 1 Capital and risk management

Credit risk assets (continued)

Asset quality

		30 June 2014				31 December 2013			
		RBS excl.				RBS excl.			
AQ band	Probability of default range	RCR £m	RCR £m	Total £m	Total %	Non-Core £m	Non-Core £m	Total £m	Total %
AQ1	0% - 0.034%	117,853	2,542	120,395	21.8	129,197	3,319	132,516	23.1
AQ2	0.034% - 0.048%	22,913	766	23,679	4.3	22,942	1,485	24,427	4.3
AQ3	0.048% - 0.095%	40,632	568	41,200	7.5	41,325	700	42,025	7.3
AQ4	0.095% - 0.381%	127,618	1,751	129,369	23.5	114,258	5,737	119,995	20.9
AQ5	0.381% - 1.076%	79,575	1,837	81,412	14.8	77,676	2,585	80,261	14.0
AQ6	1.076% - 2.153%	35,610	2,514	38,124	6.9	44,476	3,138	47,614	8.3
AQ7	2.153% - 6.089%	28,608	3,164	31,772	5.8	31,504	2,060	33,564	5.9
AQ8	6.089% - 17.222%	7,983	1,575	9,558	1.7	9,492	899	10,391	1.8
AQ9	17.222% - 100%	4,753	987	5,740	1.0	6,741	771	7,512	1.3
AQ10	100%	14,396	22,891	37,287	6.8	21,814	20,743	42,557	7.4
Other (1)		32,550	555	33,105	6.0	30,191	1,903	32,094	5.6
		512,491	39,150	551,641	100	529,616	43,340	572,956	100

Note:

(1) Largely comprises assets covered by the standardised approach, for which a probability of default

equivalent to those assigned to assets covered by the internal ratings based approach is not available.

	RCR		RBS excl. RCR		Total	
		% of		% of		% of
		sector		sector		sector
		credit risk		credit risk		credit risk
	AQ10	assets	AQ10	assets	AQ10	assets
AQ10 credit risk assets by sector	£m	%	£m	%	£m	%
30 June 2014						
Property	17,459	81.4	3,268	6.5	20,727	29.0
Personal	223	90.6	8,140	4.6	8,363	4.7
Retail & Leisure	1,658	63.3	1,086	4.5	2,744	10.2
Transport	1,384	31.9	295	1.2	1,679	5.9
Business Services	857	52.9	792	3.2	1,649	6.2
Other	1,310	14.7	815	0.4	2,125	1.0
Total	22,891	58.5	14,396	2.8	37,287	6.8
	Non-Core		RBS excl. Non-Core		Total	
		% of		% of		% of
		sector		sector		sector
		credit risk		credit risk		credit risk
	AQ10	assets	AQ10	assets	AQ10	assets
31 December 2013	£m	%	£m	%	£m	%
Property	17,437	75.9	6,907	12.9	24,344	31.8
Personal	230	9.9	8,736	5.0	8,966	5.1
Retail & Leisure	1,166	57.6	1,820	7.4	2,986	11.2
Transport	553	10.0	1,262	5.2	1,815	6.1
Business Services	298	30.1	1,421	5.4	1,719	6.2
Other	1,059	11.1	1,668	0.7	2,727	1.2
Total	20,743	47.9	21,814	4.1	42,557	7.4

Appendix 1 Capital and risk management

Credit risk assets: Asset quality (continued)

Key points

Changes in asset quality of credit risk exposures in H1 2014 reflected the changes in composition of the portfolio, market conditions and the run-off of RCR assets.

The decrease in the AQ1 band reflected the decrease in exposure to sovereigns. The increase in the AQ4 band was caused by the recalibration of models for UK personal mortgages to reflect continued improvements in observed default rates.

The proportion of exposure in the AQ10 band fell to 6.8% of the total portfolio. This was driven by RCR's accelerated disposal strategy and the economic climate. The proportion of exposure in AQ10 fell in all sectors that have experienced difficult market conditions in the past few years, including the shipping portfolio.

Appendix 1 Capital and risk management

Market risk

Market risk is the risk of losses arising from fluctuations in interest rates, credit spreads, foreign currency rates, equity prices, commodity prices and other factors, such as market volatilities, that may lead to a reduction in earnings, economic value or both. For a description of market risk framework, governance, policies and methodologies, refer to the Risk and balance sheet management - Market risk section in the 2013 Annual Report on Form 20-F. There were no material changes to market risk methodologies or models during H1 2014.

Trading portfolios

Value-at-risk

The tables below analyse the internal value-at-risk (VaR) for RBS trading portfolios segregated by type of market risk exposure, and between CIB and RCR or Non-Core.

	Half year ended								Year ended		
	30 June 2014				30 June 2013				31 December 2012		
	Average	Period end	Maximum	Minimum	Average	Period end	Maximum	Minimum	Average	Period end	Maximum
Trading VaR (1-day 99%)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate	16.7	14.9	39.8	10.9	40.3	30.3	78.2	24.6	37.2	44.1	37.3
Credit spread	28.3	24.4	42.8	20.9	72.9	57.9	86.8	55.8	60.0	37.3	37.3
Currency	5.4	3.0	8.5	2.0	11.2	9.3	20.6	4.6	8.6	6.5	6.5
Equity	3.5	2.5	6.0	2.1	6.8	4.8	12.8	4.2	5.8	4.1	4.1
Commodity	0.6	0.7	1.4	0.3	1.3	0.9	3.7	0.5	0.9	0.5	0.5
Diversification (1)		(24.8)				(23.4)				(23.7)	
Total	30.6	20.7	58.2	20.7	96.4	79.8	118.8	69.5	79.3	68.8	68.8
CIB	28.2	21.3	48.8	20.5	80.1	64.1	104.6	57.6	64.2	52.4	52.4
RCR (2)	6.0	3.5	16.2	3.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-Core	n/a	n/a	n/a	n/a	21.1	19.2	24.9	18.1	19.3	15.2	15.2

Appendix 1 Capital and risk management

Market risk: Trading portfolios: *Value-at-risk* (continued)

	Quarter ended										
	30 June 2014				31 March 2014				31 Decem		
	Average	Period end	Maximum	Minimum	Average	Period end	Maximum	Minimum	Average	Period end	Ma
Trading VaR	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate	14.3	14.9	17.0	12.0	19.1	14.0	39.8	10.9	32.3	44.1	
Credit spread	25.0	24.4	31.8	20.9	31.4	25.6	42.8	24.1	40.5	37.3	
Currency	4.4	3.0	8.3	2.0	6.4	3.7	8.5	3.7	5.9	6.5	
Equity	3.2	2.5	4.9	2.1	3.8	4.5	6.0	2.7	4.3	4.1	
Commodity	0.6	0.7	1.4	0.4	0.5	0.4	0.8	0.3	0.7	0.5	
Diversification (1)		(24.8)				(21.1)				(23.7)	
Total	24.8	20.7	28.5	20.7	36.3	27.1	58.2	25.8	58.6	68.8	
CIB	23.8	21.3	28.7	20.5	32.4	23.6	48.8	22.6	44.1	52.4	
RCR (2)	4.0	3.5	6.8	3.3	8.0	7.5	16.2	3.5	n/a	n/a	
Non-Core	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15.7	15.2	

Notes:

- (1) The Group benefits from diversification as it reduces risk by allocating positions across various financial instrument types, currencies and markets. The extent of the diversification benefit depends on the correlation between the assets and risk factors in the portfolio at a particular time. The diversification factor is the sum of the VaR on individual risk types less the total portfolio VaR.
- (2) The detailed RCR perimeter was not finalised at the start of the year. As average, maximum and minimum VaR are measures that require daily data, they have been prepared on a best efforts basis.

Key points

The period end and average total VaR were lower in H1 2014 than in H2 2013, driven by continued reductions in credit spread and interest rate VaR, notably during Q1 2014.

The reduction in credit spread VaR was primarily driven by credit valuation adjustments (CVA) and funding valuation adjustments being included in the internal VaR measure in February 2014. Previously, only associated hedges were included. This approach reflects a more comprehensive economic view of the risk. Continued risk reduction also contributed to the decline in VaR.

The reduction in interest rate VaR was driven by de-risking and repositioning in CIB, primarily in the Rates business.

Appendix 1 Capital and risk management

Market risk: Trading portfolios (continued)

Capital charges

The total market risk minimum capital requirement calculated in accordance with CRD IV, £2,669 million at 30 June 2014, represents 8% of the corresponding RWA amount, £33.4 billion. It comprises a number of regulatory capital requirements split into two categories: (i) the Pillar 1 model-based position risk requirement (PRR) of £1,717 million, which in turn comprises several modelled charges and (ii) the standardised PRR of £952 million, which also has several components.

The contributors to the Pillar 1 model-based PRR are presented in the table below.

Following the implementation of CRD IV on 1 January 2014, credit hedges eligible for CVA are no longer included in the modelled market risk capital charges, namely VaR, stressed VaR and the incremental risk charge. Such hedges are now included in the CVA capital charge, which forms part of the capital calculation for counterparty credit risk.

					CRD IV	Basel 2.5
					31 March	31 December
	CRD IV				2014	2013
	Average	Maximum	Minimum	Period end	Period end	Period end
Half year ended 30 June 2014	£m	£m	£m	£m	£m	£m
Value-at-risk	372	527	264	264	367	576
Stressed VaR	791	856	650	650	856	841
Incremental risk charge	429	530	360	360	420	443
All price risk	4	6	-	-	5	8
Risk not in VaR (RNIV)	435	472	406	443	456	218
Total				1,717	2,104	2,086

Key points

Overall, the Pillar 1 model-based PRR declined 18% to £1.7 billion in H1 2014, driven by reductions in the VaR and Stressed VaR charges, offset somewhat by an increase in the RNIV charge.

The decrease in the VaR charge in H1 was primarily driven by the removal of the CVA eligible hedges (as noted above) and ongoing risk reduction.

The decreases in the VaR and Stressed VaR charges in Q2 were driven primarily by a reduction of the asset backed product portfolio in line with risk reduction strategy.

Given the reduction in the size of the correlation trading portfolio, RBS ceased using an internal model for all price risk during Q2. With the PRA's approval, all remaining open risk is now capitalised under standardised rules.

The RNIV charge increased in H1 as, following an agreement with the PRA, the materiality threshold previously in place was removed and all RNIVs are now capitalised.

Appendix 1 Capital and risk management

Market risk: Non-trading portfolios (continued)

Non-trading portfolios

Non-trading VaR

The average VaR for the Group's non-trading book, predominantly comprising available-for-sale portfolios, was £4.8 million during H1 2014 compared with £7.8 million during H2 2013. This was largely driven by a decline in the credit spread VaR in Q1, which partly reflected a decision to switch some of the securities that RBS holds as collateral from floating-rate notes issued by financial institutions to government bonds during March as part of efforts to reduce RWAs. The period end VaR decreased from £5.0 million at 31 December 2013 to £3.3 million at 31 March 2014, for the reason explained above. It increased to £5.8 million at 30 June 2014, largely due to data quality improvements that expanded the scope of positions captured in RBS's non-traded VaR metrics.

Structured credit portfolio

The structured credit portfolio is measured on a notional and fair value basis because of its illiquid nature. Notional and fair value decreased to £0.5 billion and £0.4 billion respectively (31 December 2013 - £0.7 billion and £0.5 billion), reflecting the sale of underlying assets, primarily consumer ABS (student loans), RMBS and a small amount of CLOs, in line with RCR strategy.

Non-trading interest rate risk

Non-traded interest rate risk impacts earnings arising from the Group's banking activities. This excludes positions in financial instruments which are classified as held-for-trading.

The methodology relating to interest rate risk is detailed in the 2013 Annual Report on Form 20-F.

Non-traded interest rate risk VaR metrics are based on interest rate repricing gap reports as at the reporting date. These incorporate customer products and associated funding and hedging transactions as well as non-financial assets and liabilities such as property, plant and equipment, capital and reserves. Behavioural assumptions are applied as appropriate.

VaR does not provide a dynamic measurement of interest rate risk since static underlying repricing gap positions are assumed. Changes in customer behaviour under varying interest rate scenarios are captured by way of earnings at risk measures. VaR relating to non-traded interest rate risk for RBS's retail and commercial banking activities at a 99% confidence level and a currency analysis at the period end were as follows:

	Average	Period end	Maximum	Minimum
	£m	£m	£m	£m
30 June 2014	64	68	79	45
31 December 2013	45	51	57	30
			30 June	31
			2014	December
			£m	£m
Euro			3	4
Sterling			8	19
US dollar			73	44
Other			3	2

Appendix 1 Capital and risk management

Market risk: Non-trading portfolios (continued)

Key points

The increase in period end VaR mainly reflects an increase in the duration of the Group's balance sheet, largely due to action taken by CFG to reduce earnings sensitivity to movements in short-term dollar interest rates.

The decline in sterling VaR over the period did not reflect a reduction in RBS's underlying exposure to sterling fixed rate assets, which was broadly unchanged. Instead, it reflected reduced volatility in sterling interest rates over the period and a smoother maturity profile of the underlying exposures.

These movements remained well within the Group's approved market risk appetite.

Sensitivity of net interest income

Earnings sensitivity to rate movements is derived from a central forecast over a twelve month period. Market implied forward rates and new business volume, mix and pricing consistent with business assumptions are used to generate a base case earnings forecast.

The following table shows the sensitivity of net interest income, over the next twelve months, to an immediate upward or downward change of 100 basis points to all interest rates. In addition, the table includes the impact of a gradual 400 basis point steepening (bear steepener) and a gradual 300 basis point flattening (bull flattener) of the yield curve at tenors greater than a year.

The scenarios represent annualised interest rate stresses of a scale deemed sufficient to trigger a modification in customer behaviour. The asymmetry in the steepening and flattening scenarios reflects the difference in the expected behaviour of interest rates as they approach zero.

	Euro	Sterling	US dollar	Other	Total
30 June 2014	£m	£m	£m	£m	£m
+ 100 basis point shift in yield curves	27	413	140	23	603
– 100 basis point shift in yield curves	(66)	(280)	(53)	(28)	(427)
Bear steepener					387
Bull flattener					(229)
31 December 2013					
+ 100 basis point shift in yield curves	59	416	175	31	681
– 100 basis point shift in yield curves	(29)	(333)	(82)	(15)	(459)
Bear steepener					403
Bull flattener					(273)

Key points

The Group's interest rate exposure remains asset sensitive, such that rising rates will have a positive impact on its net interest income.

The reduction in interest income sensitivity over the period largely reflects action taken by CFG to reduce earnings sensitivity to movements in short-term dollar interest rates.

Appendix 1 Capital and risk management

Country risk

Country risk is the risk of losses occurring as a result of either a country event or unfavourable country operating conditions. As country events may simultaneously affect all or many individual exposures to a country, country event risk is a concentration risk. For other types of concentration risks such as product, sector or single-name concentration, refer to the Credit risk section. For a description of the governance, monitoring and management of RBS's country risk framework and definitions, refer to Risk and balance sheet management - Country risk of RBS's 2013 Annual Report on Form 20-F.

Overview

The comments below relate to changes in the six months to 30 June 2014 unless indicated otherwise.

Net balance sheet and off-balance sheet exposure to most countries shown in the summary tables declined across most broad product categories. RBS maintained a cautious stance, many clients continued to reduce debt levels, and the US dollar and the euro depreciated against sterling by 3.3% and 3.9% respectively.

Total eurozone net balance sheet exposure decreased by £4.9 billion or 5% to £97.6 billion. This was caused largely by reductions in cash deposits held with central banks in Germany and the Netherlands, in corporate lending in Ireland and Germany, and in net held-for-trading (HFT) government bond positions in the Netherlands and Spain. CDS net bought protection on eurozone exposure increased by £1.1 billion. Net HFT debt securities in Germany, France, Belgium, Austria and Finland increased while exposure to the Netherlands, Italy and Spain decreased, driven by market opportunities. Net lending in RCR was £4.3 billion for the eurozone as a whole, including £1.4 billion in Germany, £0.8 billion in Spain and £0.6 billion in both France and Ireland. Commercial real estate sector accounted for broadly half of the total.

Eurozone periphery net balance sheet exposure decreased by £1.5 billion to £40.3 billion.

Ireland - Ulster Bank Ireland moved £2.0 billion of cash deposits with RBS to the Central Bank of Ireland in anticipation of the new CRD IV liquidity coverage ratio requirements, which will come into effect in 2015. Net lending to corporates and households decreased by £1.4 billion and £0.8 billion respectively, reflecting currency movements, repayments, sales and write-offs.

Spain - net balance sheet exposure decreased by £1.8 billion, largely as a result of reductions in net HFT and AFS debt securities and lower lending to the commercial real estate sector. The reduction in AFS securities reflected the sale of some of the covered bonds ('cedulas') in the RBS NV liquidity buffer.

Italy - net derivatives to banks increased by £1.2 billion, driven by the novation of a portfolio from a counterparty. The novated exposure is fully cash collateralised. Net HFT government bonds exposure declined by £0.8 billion.

Portugal - net HFT debt securities increased by nearly £0.2 billion reflecting greater appetite for Portuguese trading exposure.

Appendix 1 Capital and risk management

Country risk: Overview (continued)

Germany - net balance sheet exposure fell by £3.8 billion, mainly due to a decrease of £2.7 billion in cash deposits with the Bundesbank. Other significant reductions were in commercial real estate lending (£1.3 billion) and in derivatives, notably to banks, by £0.6 billion reflecting market movements. Off-balance exposure decreased by £1.0 billion, mostly owing to a reduction in the insurance sector.

France - net balance sheet exposure rose by £0.8 billion, reflecting business fluctuations. Off-balance exposure decreased by £0.4 billion, largely due to reductions in the oil and gas, industrials and insurance sectors.

Netherlands - net balance sheet exposure fell by £2.8 billion as a result of a drop in HFT government bonds, a decrease in cash deposits held with the central bank, and reductions in AFS debt securities. RBS NV's liquidity needs have decreased in line with balance sheet reductions, and sales are being executed dependent on market conditions, which were relatively benign in H1. Off-balance sheet exposure increased by £0.2 billion, primarily in the non-bank financial institutions sector.

Belgium - net balance sheet exposure increased by £1.0 billion, in HFT government bonds. Off balance exposure decreased by £0.3 billion, mostly in the electricity sector.

Other eurozone - net HFT government bonds increased by £0.6 billion reflecting increased long positions.

China - lending to banks increased by £0.2 billion, while off-balance sheet exposure to banks fell by a similar amount. The bank undertakes stress testing across both financial institutions and corporate portfolios, with early warning indicators and action plans for a possible economic downturn.

Japan - net balance sheet exposure decreased by £0.9 billion as a result of reductions in derivatives exposure to banks and other financial institutions and lower corporate lending.

India - net balance sheet exposure fell by £0.9 billion, with reductions in lending and AFS debt exposure to banks and in lending to corporate clients. These reductions in part reflected securities and loans sales to reduce risk-weighted assets in favourable market conditions.

Russia - net balance sheet exposure decreased by £0.1 billion to £1.8 billion, including £0.9 billion of corporate lending and £0.6 billion of lending to banks. Nearly half of the latter exposure was fully hedged. Following developments in Ukraine, ratings were reviewed, limits adjusted and additional credit restrictions placed on new business. Exposures are also reviewed against any international sanctions.

Turkey - lending to banks increased by £0.3 billion, partly reflecting drawings under committed limits.

Funding mismatches - material estimated funding mismatches at risk of redenomination at 30 June 2014 were: Ireland £7.5 billion (up from £6.5 billion at 31 December 2013 largely due to the £2.0 billion increase in cash held with the central bank and reduced central bank funding); Spain £5.0 billion (down from £6.5 billion); Italy £0.5 billion (broadly unchanged as assets fell and a central bank funding line was no longer used); and Portugal £0.5 billion (slightly up due to higher debt trading). The net positions for Greece and Cyprus were minimal. Risks of eurozone break-up (redenomination events) have materially fallen since 2011-2012 owing to major improvements in liquidity conditions, driven by the availability of substantial new tools for the ECB, the establishment of the European Stability Mechanism and member countries' progress on reducing imbalances.

Appendix 1 Capital and risk management

Country risk: Summary of country exposures

	Net balance sheet exposure							Of which:				
	Govt	Central	Other	Other	FI	Corporate	Personal	Total	Net	Debt securities		Derivati
		banks	banks							lending	AFS/LAR	
30 June 2014	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Eurozone												
Ireland	323	2,082	741	510	7,516	14,972	26,144	24,628	220	372	9	
Spain	133	2	2,984	1,479	2,573	82	7,253	2,309	3,833	140	9	
Italy	896	16	2,517	671	1,437	27	5,564	1,473	549	501	3,0	
Portugal	136	-	362	130	254	9	891	213	90	215	3	
Greece	-	-	223	5	100	17	345	78	-	4	2	
Cyprus	9	-	1	2	107	12	131	103	-	9		
Eurozone periphery	1,497	2,100	6,828	2,797	11,987	15,119	40,328	28,804	4,692	1,241	5,5	
Germany	8,111	851	3,948	4,567	2,388	95	19,960	3,595	5,518	3,002	6,8	
France	3,203	2	6,895	2,205	2,235	92	14,632	4,053	1,749	2,218	5,9	
Netherlands	(224)	892	5,055	5,132	2,264	27	13,146	3,650	3,856	(534)	6,0	
Belgium	1,358	1	1,928	96	402	23	3,808	509	369	871	1,9	
Luxembourg	-	268	586	465	578	5	1,902	1,024	86	143	5	
Other	1,906	22	790	181	871	19	3,789	1,082	500	954	1,2	
Total eurozone	15,851	4,136	26,030	15,443	20,725	15,380	97,565	42,717	16,770	7,895	28,1	
China	161	126	3,013	282	1,572	45	5,199	4,882	130	12	1	
Japan	565	1,416	1,294	561	455	35	4,326	2,288	12	518	1,2	
India	470	77	486	129	1,635	38	2,835	2,304	366	121		
Russia	81	80	631	45	942	55	1,834	1,738	81	-		
Turkey	97	67	423	110	1,050	18	1,765	1,654	44	9		
South Korea	241	1	830	51	543	3	1,669	1,192	131	138	2	
Brazil	267	-	901	8	131	3	1,310	966	-	274		

These tables show RBS exposure, at 30 June 2014 and 31 December 2013 by country of operation of the counterparty, except exposures to governments and individuals which are shown by country of residence. Balance sheet exposures are now shown net of loan impairment provisions and prior period data are shown on the same basis. Countries shown are those where the balance sheet exposure exceeded £1 billion and which had ratings of A+ or below from Standard and Poor's, Moody's or Fitch at 30 June 2014, as well as selected eurozone countries. The exposures are stated before taking into account risk mitigants, such as guarantees, insurance or collateral (with the exception of reverse repos). Exposures relating to ocean-going vessels are not included as they cannot be meaningfully assigned to specific countries from a country risk perspective.

Appendix 1 Capital and risk management

Country risk: Summary of country exposures

	Net balance sheet exposure							Of which:			
	Govt	Central	Other	Other				Net	Debt securities		Ne
		banks	banks	FI	Corporate	Personal	Total		lending	AFS/LAR	
31 December 2013	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Eurozone											
Ireland	188	116	688	561	8,973	15,821	26,347	24,893	233	248	900
Spain	858	-	3,439	1,405	3,093	293	9,088	3,084	4,162	853	989
Italy	1,676	22	1,329	891	1,171	26	5,115	1,582	519	1,240	1,774
Portugal	35	-	310	114	312	6	777	290	93	43	351
Greece	-	1	228	1	105	14	349	89	-	-	260
Cyprus	2	-	1	-	144	10	157	139	-	2	16
Eurozone periphery	2,759	139	5,995	2,972	13,798	16,170	41,833	30,077	5,007	2,386	4,290
Germany	7,215	3,588	5,044	4,265	3,520	90	23,722	8,013	5,168	2,524	7,416
France	2,806	-	6,714	1,832	2,427	79	13,858	4,197	1,692	1,678	5,660
Netherlands	1,509	1,713	4,604	5,786	2,303	21	15,936	4,652	4,661	819	5,697
Belgium	106	-	1,995	267	431	2	2,801	713	443	(480)	2,123
Luxembourg	(1)	11	524	659	386	4	1,583	741	75	98	581
Other	1,075	22	654	160	783	18	2,712	879	510	331	918
Total eurozone	15,469	5,473	25,530	15,941	23,648	16,384	102,445	49,272	17,556	7,356	26,685
China	345	200	2,794	244	1,518	33	5,134	4,584	166	13	370
Japan	(129)	1,600	2,240	830	687	34	5,262	2,795	72	(172)	2,365
India	536	70	949	91	2,050	36	3,732	2,909	571	160	92
Russia	152	37	754	6	949	53	1,951	1,781	149	2	19

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Turkey	173	59	169	126	1,064	24	1,615	1,404	50	67	94
South Korea	238	4	755	133	576	2	1,708	1,125	179	154	250
Brazil	262	-	914	2	148	3	1,329	977	-	268	84

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Appendix 2

Restatement

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The Royal Bank of Scotland Group plc (“RBS”)

Divisional Reorganisation and Reporting Changes

This appendix provides further details of the changes to the RBS structure announced in February 2014 and includes restated segmental results for the year ended 31 December 2013, 2012 and 2011 on the basis of the new reportable segments. To aid comparison of RBS’s second quarter 2014 results with prior periods, restated financial information for the periods ended 31 March 2014 and 30 June 2013 is also contained within.

While these restatements affect the segmental results, they do not affect RBS’s overall statutory income statement, balance sheet, other primary statements or regulatory capital measures.

Refer to pages 3 and 4 of this Form 6-K for further information on the divisional reorganisation and reporting changes.

Document roadmap

Segmental analysis includes the information contained in Note 38 of the Consolidated Financial Statements included in the Form 20-F filed on 30 April 2014, restated for the change in reportable segments.

Components of reportable segments summarises the performance of each of the new reportable segments and shows how the previously reported divisions have been allocated to the new reportable segments.

Allocation of previous divisions to new reportable segments shows the impact of the reconciling items and revised costs allocations on the previously reported divisional results and shows how these divisions have been allocated to the new reportable segments.

Segmental analysis

3

Segmental analysis

The tables in this section include the information contained in Note 38 of the Financial Statements (Item 18) in the Form 20-F filed on 30 April 2014, restated for the change in reportable segments.

This section includes only those periods applicable to the Form 20-F.

Segmental analysis (continued)

2013	Net				Depreciation		
	interest	Non-interest	Total	Operating	and	Impairment	Operating
	income	income	income	expenses	amortisation	losses	profit/(loss)
	£m	£m	£m	£m	£m	£m	£m
UK Personal and Business Banking	4,490	1,323	5,813	(4,493)	-	(501)	819
Ulster Bank	619	240	859	(694)	-	(1,774)	(1,609)
Personal & Business Banking	5,109	1,563	6,672	(5,187)	-	(2,275)	(790)
Commercial Banking	1,962	1,195	3,157	(1,840)	(135)	(652)	530
Private Banking	658	419	1,077	(1,109)	-	(29)	(61)
Commercial & Private Banking	2,620	1,614	4,234	(2,949)	(135)	(681)	469
Corporate & Institutional Banking	682	4,326	5,008	(7,094)	(116)	(680)	(2,882)
Central items	788	121	909	719	(917)	(64)	647
Citizens Financial Group	1,892	1,073	2,965	(2,041)	(163)	(156)	605
Non-Core	(99)	(247)	(346)	(548)	(79)	(4,576)	(5,549)
Non-statutory basis	10,992	8,450	19,442	(17,100)	(1,410)	(8,432)	(7,500)
Reconciling items							
Own credit adjustments	-	(120)	(120)	-	-	-	(120)
Gain on redemption of own debt	-	175	175	-	-	-	175
Write-down of goodwill	-	-	-	(1,059)	-	-	(1,059)
Strategic disposals	-	161	161	-	-	-	161
RFS Holdings minority interest	(11)	110	99	1	-	-	100

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Statutory basis	10,981	8,776	19,757	(18,158)	(1,410)	(8,432)	(8,243)
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2012	Net				Depreciation		
	interest	Non-interest	Total	Operating	and	Impairment	Operating
	income	income	income	expenses	amortisation	losses	profit/(loss)
	£m	£m	£m	£m	£m	£m	£m
UK Personal and Business Banking	4,532	1,352	5,884	(4,472)	-	(741)	671
Ulster Bank	635	196	831	(600)	-	(1,364)	(1,133)
Personal & Business Banking	5,167	1,548	6,715	(5,072)	-	(2,105)	(462)
Commercial Banking	1,969	1,351	3,320	(1,859)	(168)	(545)	748
Private Banking	676	450	1,126	(945)	6	(46)	141
Commercial & Private Banking	2,645	1,801	4,446	(2,804)	(162)	(591)	889
Corporate & Institutional Banking	814	5,597	6,411	(6,278)	(151)	(229)	(247)
Central items	609	519	1,128	791	(1,034)	(40)	845
Citizens Financial Group	1,938	1,159	3,097	(2,047)	(199)	(91)	760
Non-Core	244	44	288	(707)	(256)	(2,223)	(2,898)
Non-statutory basis	11,417	10,668	22,085	(16,117)	(1,802)	(5,279)	(1,113)
Reconciling items							
Own credit adjustments	-	(4,649)	(4,649)	-	-	-	(4,649)
Gain on redemption of own debt	-	454	454	-	-	-	454
Write-down of goodwill	-	-	-	(18)	-	-	(18)
Asset Protection Scheme	-	(44)	(44)	-	-	-	(44)
Strategic disposals	-	113	113	-	-	-	113
RFS Holdings minority interest	(15)	(3)	(18)	(2)	-	-	(20)
Statutory basis	11,402	6,539	17,941	(16,137)	(1,802)	(5,279)	(5,277)

Segmental analysis (continued)

2011	Net		Total income £m	Operating expenses £m	Depreciation and Impairment		Operating profit/(loss) £m
	interest income £m	non-interest income £m			amortisation £m	losses £m	
	£m	£m			£m	£m	
UK Personal and Business Banking	4,871	1,599	6,470	(4,355)	-	(1,047)	1,068
Ulster Bank	713	211	924	(611)	(1)	(1,384)	(1,072)
Personal & Business Banking	5,584	1,810	7,394	(4,966)	(1)	(2,431)	(4)
Commercial Banking	2,007	1,353	3,360	(1,588)	(169)	(467)	1,136
Private Banking	589	459	1,048	(917)	13	(25)	119
Commercial & Private Banking	2,596	1,812	4,408	(2,505)	(156)	(492)	1,255
Corporate & Institutional Banking	1,183	5,771	6,954	(5,981)	(112)	(273)	588
Central items	425	202	627	993	(982)	2	640
Citizens Financial Group	1,911	1,152	3,063	(2,002)	(217)	(326)	518
Non-Core	612	361	973	(934)	(371)	(3,917)	(4,249)
Non-statutory basis	12,311	11,108	23,419	(15,395)	(1,839)	(7,437)	(1,252)
Reconciling items							
Own credit adjustments	-	1,914	1,914	-	-	-	1,914
Sovereign debt impairment and related	-			-	-		
interest rate hedge adjustments	-	-	-	-	-	(1,268)	(1,268)
Gain on redemption of own debt	-	255	255	-	-	-	255
Asset Protection Scheme	-	(906)	(906)	-	-	-	(906)
Strategic disposals	-	(25)	(25)	(80)	-	-	(105)
Bonus tax	-	-	-	(27)	-	-	(27)
RFS Holdings minority interest	(8)	2	(6)	1	-	(2)	(7)

Segmental analysis (continued)

Total revenue	2013			2012			2011		
	External	Inter	Total	External	Inter	Total	External	Inter	Total
		segment			segment			segment	
£m	£m	£m	£m	£m	£m	£m	£m	£m	
UK Personal and Business Banking	7,306	17	7,323	7,491	870	8,361	7,884	449	8,333
Ulster Bank	1,022	67	1,089	1,076	-	1,076	1,298	104	1,402
Personal & Business Banking	8,328	84	8,412	8,567	870	9,437	9,182	553	9,735
Commercial Banking	3,544	31	3,575	3,778	47	3,825	3,750	63	3,813
Private Banking	984	635	1,619	1,043	839	1,882	1,026	731	1,757
Commercial & Private Banking	4,528	666	5,194	4,821	886	5,707	4,776	794	5,570
Corporate & Institutional Banking	6,418	4,925	11,343	8,130	6,130	14,260	9,104	7,469	16,573
Central items	2,702	8,675	11,377	2,936	14,248	17,184	2,945	13,136	16,081
Citizens Financial Group	3,208	94	3,302	3,413	132	3,545	3,479	197	3,676
Non-Core	948	523	1,471	2,164	815	2,979	3,625	387	4,012
Non-statutory basis	26,132	14,967	41,099	30,031	23,081	53,112	33,111	22,536	55,647
Reconciling items									
Own credit adjustments	(120)	-	(120)	(4,649)	-	(4,649)	1,914	-	1,914
Gain on redemption of own debt	175	-	175	454	-	454	255	-	255
Asset Protection Scheme	-	-	-	(44)	-	(44)	(906)	-	(906)
Strategic disposals	161	-	161	113	-	113	(25)	-	(25)
RFS Holdings minority interest	110	-	110	(2)	-	(2)	(3)	-	(3)
Eliminations	-	(14,967)	(14,967)	(23,081)	(23,081)	(23,081)	(22,536)	(22,536)	(22,536)

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Statutory basis	26,458	-	26,458	25,903	-	25,903	34,346	-	34,346

Total assets	2013			2012			2011		
			Cost to acquire fixed assets and intangible			Cost to acquire fixed assets and intangible			Cost to acquire fixed assets and intangible
	Assets	Liabilities	assets	Assets	Liabilities	assets	Assets	Liabilities	assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK Personal and Business Banking	132,154	146,256	-	133,014	136,686	-	131,815	130,830	
Ulster Bank	28,183	27,047	11	30,727	28,745	4	34,783	27,782	4
Personal & Business Banking	160,337	173,303	11	163,741	165,431	4	166,598	158,612	4
Commercial Banking	87,899	93,200	83	88,432	94,378	345	88,328	93,958	71
Private Banking	21,148	37,564	27	21,494	39,431	51	21,742	39,052	6
Commercial & Private Banking	109,047	130,764	110	109,926	133,809	396	110,070	133,010	77
Corporate & Institutional Banking	551,200	512,691	508	775,849	754,953	390	905,770	911,713	1,57
Central items	103,470	84,279	842	112,960	104,841	991	130,181	133,286	96
Citizens Financial Group	71,738	61,289	267	72,904	63,116	308	76,095	67,376	27

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Non-Core	31,177	6,100	18	63,380	9,858	169	104,606	18,219	84
	1,026,969	968,426	1,756	1,298,760	1,232,008	2,258	1,493,320	1,422,216	4,46
Reconciling items									
Direct Line Group	-	-	-	12,697	9,267	275	12,743	8,077	9
RFS Holdings minority interest	909	237	-	838	572	-	804	521	
	1,027,878	968,663	1,756	1,312,295	1,241,847	2,533	1,506,867	1,430,814	4,56

Segmental analysis (continued)

Segmental analysis of assets and liabilities included in disposal groups:

	2013		2012		2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m	£m	£m
UK Personal and Business Banking	-	-	-	-	18,775	21,785
Ulster Bank	-	-	-	-	-	-
Personal & Business Banking	-	-	-	-	18,775	21,785
Commercial Banking	-	-	-	-	-	-
Private Banking	3	-	-	-	-	-
Commercial & Private Banking	3	-	-	-	-	-
Corporate & Institutional Banking	78	48	235	53	431	117
Central items	882	1	(74)	1	136	2
Citizens Financial Group	679	3,190	-	-	-	-
Non-Core	773	21	576	808	5,670	1,779
Direct Line Group	-	-	12,697	9,267	-	-
RFS Holdings minority interest	602	118	579	41	438	312
	3,017	3,378	14,013	10,170	25,450	23,995

Segmental analysis of goodwill is as follows:

	UK PBB	Commercial Banking	Private Banking	Corporate & Institutional Banking	Citizens Financial Group	Non-Core	Direct Line Group	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2011	3,431	2,121	812	1,223	3,980	15	946	12,528

Explanation of Responses:

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Transfer to disposal groups	-	-	-	-	-	(15)	-	(15)
Currency translation and other adjustments	-	-	-	(27)	12	-	(1)	(16)
Acquisitions	-	-	-	18	-	-	-	18
Write-down of goodwill								
- continuing operations	(80)	-	-	-	-	-	-	(80)
- discontinued operations	-	-	-	-	-	-	(11)	(11)
At 1 January 2012	3,351	2,121	812	1,214	3,992	-	934	12,424
Transfers to disposal groups	-	-	-	-	-	-	(540)	(540)
Disposals	-	-	(9)	-	-	-	-	(9)
Currency translation and other adjustments	-	-	(3)	(25)	(169)	-	-	(197)
Write-down of goodwill								
- continuing operations	-	-	-	(18)	-	-	-	(18)
- discontinued operations	-	-	-	-	-	-	(394)	(394)
At 1 January 2013	3,351	2,121	800	1,171	3,823	-	-	11,266
Disposals	-	-	(1)	-	-	-	-	(1)
Currency translation and other adjustments	-	-	2	19	(88)	-	-	(67)
Write-down of goodwill	-	-	-	(1,059)	-	-	-	(1,059)
At 31 December 2013	3,351	2,121	801	131	3,735	-	-	10,139

Components of reportable segments

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Components of reportable segments

The tables in this section summarise the performance of each of the new reportable segments and show how the previously reported divisions have been allocated to them.

Personal & Business Banking (PBB) includes the reportable segments UK Personal & Business Banking (UK PBB) and Ulster Bank (unchanged from previous reporting structure). UK PBB includes the whole of UK Retail and Business Banking operations, which serves customers with a turnover of up to £2 million which was previously included in UK Corporate division. Williams & Glyn is included in this segment.

Commercial & Private Banking (CPB) includes the reportable segments Commercial Banking and Private Banking. Commercial Banking comprises the commercial and mid-corporate elements of UK Corporate. It also includes a small number of large domestically focused UK Corporates previously reported within International Banking.

Corporate & Institutional Banking (CIB) includes the majority of customers previously reported within the International Banking and Markets businesses. CIB is reported as a single reportable segment.

In the new reporting structure, US Retail & Commercial (US R&C) is now referred to as CFG and Wealth is now referred to as Private Banking.

UK Personal & Business Banking

	Quarter ended 31 March 2014		
	Allocated from		
	UK Retail	UK Corporate	UK PBB
Income statement	£m	£m	£m
Net interest income	972	152	1,124
Non-interest income	246	93	339
Total income	1,218	245	1,463
Direct expenses			
- staff	(162)	(63)	(225)
- other	(120)	(10)	(130)
Indirect expenses	(437)	(83)	(520)
Restructuring costs			
- indirect	11	(1)	10
Operating expenses	(708)	(157)	(865)
Profit before impairment losses	510	88	598
Impairment losses	(59)	(29)	(88)
Operating profit	451	59	510

	Year ended 31 December 2013		
	Allocated from		
	UK Retail	UK Corporate	UK PBB
Income statement	£m	£m	£m
Net interest income	3,883	607	4,490
Non-interest income	958	365	1,323
Total income	4,841	972	5,813
Direct expenses			
- staff	(674)	(259)	(933)

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- other	(442)	(82)		(524)
Indirect expenses	(1,637)	(312)		(1,949)
Restructuring costs				
- direct	(118)	-		(118)
- indirect	(94)	(15)		(109)
Litigation and conduct costs	(860)	-		(860)
Operating expenses	(3,825)	(668)		(4,493)
Profit before impairment losses	1,016	304		1,320
Impairment losses	(324)	(177)		(501)
Operating profit	692	127		819

UK Personal & Business Banking

	Half year ended 30 June 2013		
	Allocated from		
	UK Retail	UK Corporate	UK PBB
Income statement	£m	£m	£m
Net interest income	1,897	303	2,200
Non-interest income	451	178	629
Total income	2,348	481	2,829
Direct expenses			
- staff	(339)	(130)	(469)
- other	(171)	(29)	(200)
Indirect expenses	(802)	(145)	(947)
Restructuring costs			
- direct	(70)	-	(70)
- indirect	(34)	(5)	(39)
Litigation and conduct costs	(160)	-	(160)
Operating expenses	(1,576)	(309)	(1,885)
Profit before impairment losses	772	172	944
Impairment losses	(169)	(87)	(256)
Operating profit	603	85	688

	Quarter ended 30 June 2013		
	Allocated from		

	UK Retail	UK Corporate		UK PBB
Income statement	£m	£m		£m
Net interest income	965	153		1,118
Non-interest income	225	95		320
Total income	1,190	248		1,438
Direct expenses				
- staff	(171)	(64)		(235)
- other	(83)	(13)		(96)
Indirect expenses	(409)	(75)		(484)
Restructuring costs				
- direct	(47)	-		(47)
- indirect	(19)	(3)		(22)
Litigation and conduct costs	(160)	-		(160)
Operating expenses	(889)	(155)		(1,044)
Profit before impairment losses	301	93		394
Impairment losses	(89)	(37)		(126)
Operating profit	212	56		268

UK Personal & Business Banking

	Year ended 31 December 2012		
	Allocated from		
	UK Retail	UK Corporate	UK PBB
Income statement	£m	£m	£m
Net interest income	3,831	701	4,532
Non-interest income	979	373	1,352
Total income	4,810	1,074	5,884
Direct expenses			
- staff	(746)	(258)	(1,004)
- other	(255)	(29)	(284)
Indirect expenses	(1,586)	(269)	(1,855)
Restructuring costs			
- direct	(140)	-	(140)
- indirect	(89)	(15)	(104)
Litigation and conduct costs	(1,085)	-	(1,085)
Operating expenses	(3,901)	(571)	(4,472)
Profit before impairment losses	909	503	1,412
Impairment losses	(529)	(212)	(741)
Operating profit	380	291	671

	Year ended 31 December 2011		
	Allocated from		
	UK Retail	UK Corporate	UK PBB
Income statement	£m	£m	£m
Net interest income	4,096	775	4,871
Non-interest income	1,206	393	1,599
Total income	5,302	1,168	6,470
Direct expenses			

Explanation of Responses:

- staff	(807)	(253)		(1,060)
- other	(294)	(26)		(320)
Indirect expenses	(1,667)	(276)		(1,943)
Restructuring costs				
- direct	(86)	-		(86)
- indirect	(63)	(35)		(98)
Litigation and conduct costs	(848)	-		(848)
Operating expenses	(3,765)	(590)		(4,355)
Profit before impairment losses	1,537	578		2,115
Impairment losses	(788)	(259)		(1,047)
Operating profit	749	319		1,068

Commercial Banking

	Quarter ended 31 March 2014				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	476	1	11		488
Non-interest income	287	2	(7)		282
Total income	763	3	4		770
Direct expenses					
- staff	(133)	-	-		(133)
- other	(63)	-	-		(63)
Indirect expenses	(212)	-	-		(212)
Restructuring costs					
- indirect	(1)	-	-		(1)
Operating expenses	(409)	-	-		(409)
Profit before impairment losses	354	3	4		361
Impairment losses	(40)	-	-		(40)
Operating profit	314	3	4		321

	Year ended 31 December 2013				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	1,934	9	19		1,962
Non-interest income	1,195	7	(7)		1,195
Total income	3,129	16	12		3,157
Direct expenses					

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- staff	(514)	(1)	-		(515)
- other	(272)	-	-		(272)
Indirect expenses	(886)	-	-		(886)
Restructuring costs					
- direct	(18)	-	-		(18)
- indirect	(37)	-	-		(37)
Litigation and conduct costs	(247)	-	-		(247)
Operating expenses	(1,974)	(1)	-		(1,975)
Profit before impairment losses	1,155	15	12		1,182
Impairment losses	(652)	-	-		(652)
Operating profit	503	15	12		530

Commercial Banking

	Half year ended 30 June 2013				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	925	4	7		936
Non-interest income	611	4	(2)		613
Total income	1,536	8	5		1,549
Direct expenses					
- staff	(254)	-	-		(254)
- other	(145)	-	-		(145)
Indirect expenses	(401)	-	-		(401)
Restructuring costs					
- direct	(14)	-	-		(14)
- indirect	(15)	-	-		(15)
Litigation and conduct costs	(25)	-	-		(25)
Operating expenses	(854)	-	-		(854)
Profit before impairment losses	682	8	5		695
Impairment losses	(282)	-	-		(282)
Operating profit	400	8	5		413

	Quarter ended 30 June 2013				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	479	2	3		484
Non-interest income	323	2	-		325

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Total income	802	4	3		809
Direct expenses					
- staff	(127)	-	-		(127)
- other	(77)	-	-		(77)
Indirect expenses	(205)	-	-		(205)
Restructuring costs					
- direct	(7)	-	-		(7)
- indirect	(9)	-	-		(9)
Operating expenses	(425)	-	-		(425)
Profit before impairment losses	377	4	3		384
Impairment losses	(155)	-	-		(155)
Operating profit	222	4	3		229

Commercial Banking

	Year ended 31 December 2012				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	1,958	10	1		1,969
Non-interest income	1,343	8	-		1,351
Total income	3,301	18	1		3,320
Direct expenses					
- staff	(535)	(1)	-		(536)
- other	(264)	-	-		(264)
Indirect expenses	(774)	-	-		(774)
Restructuring costs					
- direct	(71)	-	-		(71)
- indirect	(39)	-	-		(39)
Litigation and conduct costs	(343)	-	-		(343)
Operating expenses	(2,026)	(1)	-		(2,027)
Profit before impairment losses	1,275	17	1		1,293
Impairment losses	(545)	-	-		(545)
Operating profit	730	17	1		748

	Year ended 31 December 2011				
	Allocated from				
		International			Commercial
	UK Corporate	Banking	Centre		Banking
Income statement	£m	£m	£m		£m
Net interest income	1,997	10	-		2,007
Non-interest income	1,345	8	-		1,353
Total income	3,342	18	-		3,360

Explanation of Responses:

Direct expenses					
- staff	(564)	(1)	-		(565)
- other	(282)	-	-		(282)
Indirect expenses	(782)	-	-		(782)
Restructuring costs					
- direct	(35)	-	-		(35)
- indirect	(93)	-	-		(93)
Litigation and conduct costs	-	-	-		-
Operating expenses	(1,756)	(1)	-		(1,757)
Profit before impairment losses	1,586	17	-		1,603
Impairment losses	(467)	-	-		(467)
Operating profit	1,119	17	-		1,136

Corporate & Institutional Banking

	Quarter ended 31 March 2014			
	Allocated from			Total
	UK Corporate	International Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	23	155	1	179
Non-interest income	17	246	909	1,172
Total income	40	401	910	1,351
Direct expenses				
- staff	(5)	(62)	(205)	(272)
- other	(5)	(18)	(90)	(113)
Indirect expenses	(5)	(242)	(341)	(588)
Restructuring costs				
- direct	-	(1)	(14)	(15)
- indirect	-	7	(31)	(24)
Operating expenses	(15)	(316)	(681)	(1,012)
Operating profit before impairment losses	25	85	229	339
Impairment recoveries/(losses)	6	(10)	(2)	(6)
Operating profit	31	75	227	333
	Year ended 31 December 2013			
	Allocated from			Total
	UK Corporate	International Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	124	660	(102)	682
Non-interest income	33	1,128	3,165	4,326
Total income	157	1,788	3,063	5,008

Direct expenses				
- staff	(16)	(313)	(655)	(984)
- other	(2)	(92)	(596)	(690)
Indirect expenses	(23)	(979)	(1,891)	(2,893)
Restructuring costs				
- direct	-	(11)	(74)	(85)
- indirect	(1)	(98)	(18)	(117)
Litigation and conduct costs	-	-	(2,441)	(2,441)
Operating expenses	(42)	(1,493)	(5,675)	(7,210)
Profit/(loss) before impairment losses	115	295	(2,612)	(2,202)
Impairment losses	(359)	(229)	(92)	(680)
Operating (loss)/profit	(244)	66	(2,704)	(2,882)

Corporate & Institutional Banking

	Half year ended 30 June 2013			
	Allocated from			
		International		Total
	UK Corporate	Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	59	350	(96)	313
Non-interest income	16	572	1,807	2,395
Total income	75	922	1,711	2,708
Direct expenses				
- staff	(8)	(164)	(408)	(580)
- other	(1)	(39)	(244)	(284)
Indirect expenses	(11)	(462)	(852)	(1,325)
Restructuring costs				
- direct	-	(4)	(33)	(37)
- indirect	-	(37)	(9)	(46)
Litigation and conduct costs	-	-	(410)	(410)
Operating expenses	(20)	(706)	(1,956)	(2,682)
Profit/(loss) before impairment losses	55	216	(245)	26
Impairment losses	(10)	(154)	(59)	(223)
Operating profit/(loss)	45	62	(304)	(197)
	Quarter ended 30 June 2013			
	Allocated from			
		International		Total
	UK Corporate	Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	29	170	(57)	142
Non-interest income	9	289	796	1,094

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Total income	38	459	739	1,236
Direct expenses				
- staff	(4)	(81)	(162)	(247)
- other	-	(18)	(136)	(154)
Indirect expenses	(6)	(230)	(421)	(657)
Restructuring costs				
- direct	-	(2)	(22)	(24)
- indirect	-	(22)	2	(20)
Litigation and conduct costs	-	-	(385)	(385)
Operating expenses	(10)	(353)	(1,124)	(1,487)
Profit/(loss) before impairment losses	28	106	(385)	(251)
Impairment losses	(2)	(99)	(43)	(144)
Operating profit/(loss)	26	7	(428)	(395)

Corporate & Institutional Banking

	Year ended 31 December 2012			
	Allocated from			Total
	UK Corporate	Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	123	894	(203)	814
Non-interest income	33	1,192	4,372	5,597
Total income	156	2,086	4,169	6,411
Direct expenses				
- staff	(21)	(368)	(974)	(1,363)
- other	(5)	(99)	(412)	(516)
Indirect expenses	(21)	(987)	(1,837)	(2,845)
Restructuring costs				
- direct	-	(91)	(330)	(421)
- indirect	(1)	(161)	(399)	(561)
Litigation and conduct costs	-	-	(723)	(723)
Operating expenses	(48)	(1,706)	(4,675)	(6,429)
Profit/(loss) before impairment losses	108	380	(506)	(18)
Impairment losses	(81)	(111)	(37)	(229)
Operating profit/(loss)	27	269	(543)	(247)
	Year ended 31 December 2011			
	Allocated from			Total
	UK Corporate	Banking	Markets	CIB
Income statement	£m	£m	£m	£m
Net interest income	123	1,175	(115)	1,183
Non-interest income	33	1,390	4,348	5,771

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Total income	156	2,565	4,233	6,954
Direct expenses				
- staff	(21)	(499)	(1,254)	(1,774)
- other	(9)	(142)	(470)	(621)
Indirect expenses	(22)	(998)	(2,111)	(3,131)
Restructuring costs				
- direct	-	(42)	(243)	(285)
- indirect	(2)	(80)	(200)	(282)
Operating expenses	(54)	(1,761)	(4,278)	(6,093)
Profit/(loss) before impairment losses	102	804	(45)	861
Impairment losses	(67)	(168)	(38)	(273)
Operating profit/(loss)	35	636	(83)	588

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Central items

Quarter ended 31 March 2014						
			Net impact			
			of revised	Allocated to	Unallocated	
	Previously		Treasury	Commercial	cost	
	reported		allocations	Banking	allocations	Total
	£m		£m	£m	£m	£m
Central items not allocated	(76)		154	(4)	(69)	5

Year ended 31 December 2013						
			Net impact			
			of revised	Allocated to	Unallocated	
	Previously		Treasury	Commercial	cost	
	reported		allocations	Banking	allocations	Total
	£m		£m	£m	£m	£m
Central items not allocated	(89)		660	(12)	88	647

Half year ended 30 June 2013						
			Net impact			
			of revised	Allocated to	Unallocated	
	Previously		Treasury	Commercial	cost	
	reported		allocations	Banking	allocations	Total
	£m		£m	£m	£m	£m
Central items not allocated	104		385	(5)	69	553

Quarter ended 30 June 2013						
			Net impact			
			of revised	Allocated to	Unallocated	
	Previously		Treasury	Commercial	cost	
	reported		allocations	Banking	allocations	Total
	£m		£m	£m	£m	£m

Central items not allocated	140		173	(3)	42		352
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Year ended 31 December 2012							
			Net impact				
			of revised	Allocated to	Unallocated		
	Previously		Treasury	Commercial	cost		
	reported		allocations	Banking	allocations		Total
	£m		£m	£m	£m		£m
Central items not allocated	84		735	(1)	27		845

Year ended 31 December 2011							
			Net impact				
			of revised	Allocated to	Unallocated		
	Previously		Treasury	Commercial	cost		
	reported		allocations	Banking	allocations		Total
	£m		£m	£m	£m		£m
Central items not allocated	(34)		605	-	69		640

Allocation of previous divisions to new reportable segments

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Allocation of previous divisions to new reportable segments

The tables in this section summarise the performance of the previously reported divisions, as adjusted for the reporting changes outlined on pages 3 and 4 of this Form 6-K, and show how these divisions have been allocated to the new reportable segments.

In the first quarter of 2014, RBS reclassified certain costs between direct and indirect expenses for all previously reported divisions. The revisions did not affect total operating expenses or operating profit and the reclassifications have been reflected in the previously reported column.

UK Retail

	Quarter ended 31 March 2014					
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
	£m	£m	£m	£m	£m	PBB
Income statement						£m
Net interest income	994	-	-	(22)	-	972
Non-interest income	246	-	-	-	-	246
Total income	1,240	-	-	(22)	-	1,218
Direct expenses						
- staff	(165)	5	6	-	(8)	(162)
- other	(148)	27	1	-	-	(120)
Indirect expenses	(335)	(36)	(66)	-	-	(437)
Restructuring costs						
- indirect	-	-	-	-	11	11
Operating expenses	(648)	(4)	(59)	-	3	(708)
Profit before impairment losses	592	(4)	(59)	(22)	3	510
Impairment losses	(59)	-	-	-	-	(59)
Operating profit	533	(4)	(59)	(22)	3	451
	Year ended 31 December 2013					
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
	£m	£m	£m	£m	£m	PBB
Income statement						£m
Net interest income	3,979	-	-	(96)	-	3,883
Non-interest income	958	-	-	-	-	958

Total income	4,937	-	-	(96)	-	4,841
Direct expenses						
- staff	(684)	24	22	-	(36)	(674)
- other	(560)	117	1	-	-	(442)
Indirect expenses	(1,426)	(177)	(34)	-	-	(1,637)
Restructuring costs						
- direct	-	-	-	-	(118)	(118)
- indirect	-	-	-	-	(94)	(94)
Litigation and conduct costs	-	-	-	-	(860)	(860)
Operating expenses	(2,670)	(36)	(11)	-	(1,108)	(3,825)
Profit before impairment losses	2,267	(36)	(11)	(96)	(1,108)	1,016
Impairment losses	(324)	-	-	-	-	(324)
Operating profit	1,943	(36)	(11)	(96)	(1,108)	692

UK Retail

Half year ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
Income statement	£m	£m	£m	£m	£m	PBB
						£m
Net interest income	1,952	-	-	(55)	-	1,897
Non-interest income	451	-	-	-	-	451
Total income	2,403	-	-	(55)	-	2,348
Direct expenses						
- staff	(347)	14	12	-	(18)	(339)
- other	(224)	52	1	-	-	(171)
Indirect expenses	(709)	(75)	(18)	-	-	(802)
Restructuring costs						
- direct	-	-	-	-	(70)	(70)
- indirect	-	-	-	-	(34)	(34)
Litigation and conduct costs	-	-	-	-	(160)	(160)
Operating expenses	(1,280)	(9)	(5)	-	(282)	(1,576)
Profit before impairment losses	1,123	(9)	(5)	(55)	(282)	772
Impairment losses	(169)	-	-	-	-	(169)
Operating profit	954	(9)	(5)	(55)	(282)	603

Quarter ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
Income statement	£m	£m	£m	£m	£m	PBB
						£m

Net interest income	987	-	-	(22)	-	965
Non-interest income	225	-	-	-	-	225
Total income	1,212	-	-	(22)	-	1,190
Direct expenses						
- staff	(175)	7	6	-	(9)	(171)
- other	(112)	28	1	-	-	(83)
Indirect expenses	(359)	(41)	(9)	-	-	(409)
Restructuring costs						
- direct	-	-	-	-	(47)	(47)
- indirect	-	-	-	-	(19)	(19)
Litigation and conduct costs	-	-	-	-	(160)	(160)
Operating expenses	(646)	(6)	(2)	-	(235)	(889)
Profit before impairment losses	566	(6)	(2)	(22)	(235)	301
Impairment losses	(89)	-	-	-	-	(89)
Operating profit	477	(6)	(2)	(22)	(235)	212

UK Retail

Year ended 31 December 2012						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
	£m	£m	£m	£m	£m	PBB
						£m
Income statement						
Net interest income	3,990	-	-	(159)	-	3,831
Non-interest income	979	-	-	-	-	979
Total income	4,969	-	-	(159)	-	4,810
Direct expenses						
- staff	(783)	32	29	-	(24)	(746)
- other	(369)	114	-	-	-	(255)
Indirect expenses	(1,397)	(158)	(31)	-	-	(1,586)
Restructuring costs						
- direct	-	-	-	-	(140)	(140)
- indirect	-	-	-	-	(89)	(89)
Litigation and conduct costs	-	-	-	-	(1,085)	(1,085)
Operating expenses	(2,549)	(12)	(2)	-	(1,338)	(3,901)
Profit before impairment losses	2,420	(12)	(2)	(159)	(1,338)	909
Impairment losses	(529)	-	-	-	-	(529)
Operating profit	1,891	(12)	(2)	(159)	(1,338)	380

Year ended 31 December 2011						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
	Functions	Services	allocations	items		to UK
	£m	£m	£m	£m	£m	PBB
						£m

Income statement	£m	£m	£m	£m	£m	£m
Net interest income	4,302	-	-	(206)	-	4,096
Non-interest income	1,206	-	-	-	-	1,206
Total income	5,508	-	-	(206)	-	5,302
Direct expenses						
- staff	(820)	23	-	-	(10)	(807)
- other	(432)	138	-	-	-	(294)
Indirect expenses	(1,447)	(191)	(29)	-	-	(1,667)
Restructuring costs						
- direct	-	-	-	-	(86)	(86)
- indirect	-	-	-	-	(63)	(63)
Litigation and conduct costs	-	-	-	-	(848)	(848)
Operating expenses	(2,699)	(30)	(29)	-	(1,007)	(3,765)
Profit before impairment losses	2,809	(30)	(29)	(206)	(1,007)	1,537
Impairment losses	(788)	-	-	-	-	(788)
Operating profit	2,021	(30)	(29)	(206)	(1,007)	749

UK Corporate

Quarter ended 31 March 2014								
				Net impact				
	Previously	Transfer	Transfer	of revised	Reclassification	Allocated to		
	reported	to/(from)	to/(from)	Treasury	of reconciling	UK	Banking	CIB
Income statement	£m	Functions	Services	allocations	items	PBB	£m	£m
		£m	£m	£m	£m	£m	£m	£m
Net interest income	706	-	-	(55)	-	152	476	23
Non-interest income	397	-	-	-	-	93	287	17
Total income	1,103	-	-	(55)	-	245	763	40
Direct expenses								
- staff	(221)	8	20	-	(8)	(63)	(133)	(5)
- other	(93)	5	10	-	-	(10)	(63)	(5)
Indirect expenses	(235)	(17)	(48)	-	-	(83)	(212)	(5)
Restructuring costs								
- indirect	-	-	-	-	(2)	(1)	(1)	-
Operating expenses	(549)	(4)	(18)	-	(10)	(157)	(409)	(15)
Profit before impairment losses	554	(4)	(18)	(55)	(10)	88	354	25
Impairment (losses)/recoveries	(63)	-	-	-	-	(29)	(40)	6
Operating profit	491	(4)	(18)	(55)	(10)	59	314	31
Year ended 31 December 2013								
				Net impact				
	Previously	Transfer	Transfer	of revised	Reclassification	Allocated to		
	reported	to/(from)	to/(from)	Treasury	of reconciling	UK	Banking	CIB
Income statement	£m	Functions	Services	allocations	items	PBB	£m	£m
		£m	£m	£m	£m	£m	£m	£m

Net interest income	2,874	-	-	(209)	-	607	1,934	124	
Non-interest income	1,593	-	-	-	-	365	1,195	33	
Total income	4,467	-	-	(209)	-	972	3,129	157	
Direct expenses									
- staff	(865)	30	82	-	(36)	(259)	(514)	(16)	
- other	(437)	27	54	-	-	(82)	(272)	(2)	
Indirect expenses	(917)	(166)	(138)	-	-	(312)	(886)	(23)	
Restructuring costs									
- direct	-	-	-	-	(18)	-	(18)	-	
- indirect	-	-	-	-	(53)	(15)	(37)	(1)	
Litigation and conduct costs	-	-	-	-	(247)	-	(247)	-	
Operating expenses	(2,219)	(109)	(2)	-	(354)	(668)	(1,974)	(42)	
Profit before impairment losses									
impairment losses	2,248	(109)	(2)	(209)	(354)	304	1,155	115	
Impairment losses	(1,188)	-	-	-	-	(177)	(652)	(359)	
Operating profit/(loss)	1,060	(109)	(2)	(209)	(354)	127	503	(244)	

UK Corporate

Half year ended 30 June 2013								
				Net impact				
	Previously	Transfer	Transfer	of revised	Reclassification		Allocated to	
	reported	to/(from)	to/(from)	Treasury	of reconciling		Commercial	
		Functions	Services	allocations	items		UK	
							PBB	Banking
								CIB
Income statement	£m	£m	£m	£m	£m	£m	£m	£m
Net interest income	1,421	-	-	(134)	-	303	925	59
Non-interest income	805	-	-	-	-	178	611	16
Total income	2,226	-	-	(134)	-	481	1,536	75
Direct expenses								
- staff	(431)	15	42	-	(18)	(130)	(254)	(8)
- other	(216)	13	28	-	-	(29)	(145)	(1)
Indirect expenses	(447)	(39)	(71)	-	-	(145)	(401)	(11)
Restructuring costs								
- direct	-	-	-	-	(14)	-	(14)	-
- indirect	-	-	-	-	(20)	(5)	(15)	-
Litigation and conduct costs	-	-	-	-	(25)	-	(25)	-
Operating expenses	(1,094)	(11)	(1)	-	(77)	(309)	(854)	(20)
Profit before impairment losses	1,132	(11)	(1)	(134)	(77)	172	682	55
Impairment losses	(379)	-	-	-	-	(87)	(282)	(10)
Operating profit	753	(11)	(1)	(134)	(77)	85	400	45

Quarter ended 30 June 2013								
				Net impact				
	Previously	Transfer	Transfer	of revised	Reclassification	Allocated to		
	reported	to/(from)	to/(from)	Treasury	of reconciling	Commercial		
		Functions	Services	allocations	items	UK	Banking	CIB
Income statement	£m	£m	£m	£m	£m	£m	£m	£m
Net interest income	715	-	-	(54)	-	153	479	29
Non-interest income	427	-	-	-	-	95	323	9
Total income	1,142	-	-	(54)	-	248	802	38
Direct expenses								
- staff	(214)	7	21	-	(9)	(64)	(127)	(4)
- other	(113)	9	14	-	-	(13)	(77)	-
Indirect expenses	(226)	(23)	(37)	-	-	(75)	(205)	(6)
Restructuring costs								
- direct	-	-	-	-	(7)	-	(7)	-
- indirect	-	-	-	-	(12)	(3)	(9)	-
Operating expenses	(553)	(7)	(2)	-	(28)	(155)	(425)	(10)
Profit before impairment losses	589	(7)	(2)	(54)	(28)	93	377	28
Impairment losses	(194)	-	-	-	-	(37)	(155)	(2)
Operating profit	395	(7)	(2)	(54)	(28)	56	222	26

UK Corporate

Year ended 31 December 2012								
				Net impact				
	Previously	Transfer	Transfer	of revised	Reclassification	Allocated to		
	reported	to/(from)	to/(from)	Treasury	of reconciling		Commercial	
		Functions	Services	allocations	items	UK	Banking	CIB
Income statement	£m	£m	£m	£m	£m	£m	£m	£m
Net interest income	2,974	-	-	(192)	-	701	1,958	123
Non-interest income	1,749	-	-	-	-	373	1,343	33
Total income	4,723	-	-	(192)	-	1,074	3,301	156
Direct expenses								
- staff	(892)	33	69	-	(24)	(258)	(535)	(21)
- other	(358)	26	34	-	-	(29)	(264)	(5)
Indirect expenses	(839)	(121)	(104)	-	-	(269)	(774)	(21)
Restructuring costs								
- direct	-	-	-	-	(71)	-	(71)	-
- indirect	-	-	-	-	(55)	(15)	(39)	(1)
Litigation and conduct costs	-	-	-	-	(343)	-	(343)	-
Operating expenses	(2,089)	(62)	(1)	-	(493)	(571)	(2,026)	(48)
Profit before impairment losses	2,634	(62)	(1)	(192)	(493)	503	1,275	108
Impairment losses	(838)	-	-	-	-	(212)	(545)	(81)
	1,796	(62)	(1)	(192)	(493)	291	730	27

Operating profit/(loss)									
Year ended 31 December 2011									
				Net impact					
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items		Allocated to Commercial		
							UK PBB	Banking	CIB
Income statement	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net interest income	3,092	-	-	(197)	-	775	1,997	123	
Non-interest income	1,771	-	-	-	-	393	1,345	33	
Total income	4,863	-	-	(197)	-	1,168	3,342	156	
Direct expenses									
- staff	(887)	90	-	-	(41)	(253)	(564)	(21)	
- other	(374)	57	-	-	-	(26)	(282)	(9)	
Indirect expenses	(885)	(117)	(78)	-	-	(276)	(782)	(22)	
Restructuring costs									
- direct	-	-	-	-	(35)	-	(35)	-	
- indirect	-	-	-	-	(130)	(35)	(93)	(2)	
Operating expenses	(2,146)	30	(78)	-	(206)	(590)	(1,756)	(54)	
Profit before impairment losses	2,717	30	(78)	(197)	(206)	578	1,586	102	
Impairment losses	(793)	-	-	-	-	(259)	(467)	(67)	
Operating profit/(loss)	1,924	30	(78)	(197)	(206)	319	1,119	35	

Wealth

Quarter ended 31 March 2014						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	171	-	-	(1)	-	170
Non-interest income	103	-	-	-	-	103
Total income	274	-	-	(1)	-	273
Direct expenses						
- staff	(94)	6	10	-	(2)	(80)
- other	(30)	6	6	-	-	(18)
Indirect expenses	(73)	(10)	(18)	-	-	(101)
Operating expenses	(197)	2	(2)	-	(2)	(199)
Profit before impairment losses	77	2	(2)	(1)	(2)	74
Impairment recoveries	1	-	-	-	-	1
Operating profit	78	2	(2)	(1)	(2)	75
Year ended 31 December 2013						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	674	-	-	(16)	-	658
Non-interest income	419	-	-	-	-	419
Total income	1,093	-	-	(16)	-	1,077

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Direct expenses							
- staff	(384)	29	45	-	(8)		(318)
- other	(122)	15	24	-	-		(83)
Indirect expenses	(337)	(64)	(74)	-	-		(475)
Restructuring costs							
- direct	-	-	-	-	(18)		(18)
- indirect	-	-	-	-	(9)		(9)
Litigation and conduct costs	-	-	-	-	(206)		(206)
Operating expenses	(843)	(20)	(5)	-	(241)		(1,109)
Profit/(loss) before impairment losses	250	(20)	(5)	(16)	(241)		(32)
Impairment losses	(29)	-	-	-	-		(29)
Operating profit/(loss)	221	(20)	(5)	(16)	(241)		(61)

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Wealth

Half year ended 30 June 2013						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	331	-	-	(14)	-	317
Non-interest income	214	-	-	-	-	214
Total income	545	-	-	(14)	-	531
Direct expenses						
- staff	(207)	15	23	-	(4)	(173)
- other	(51)	9	12	-	-	(30)
Indirect expenses	(168)	(24)	(36)	-	-	(228)
Restructuring costs						
- direct	-	-	-	-	(1)	(1)
- indirect	-	-	-	-	(4)	(4)
Operating expenses	(426)	-	(1)	-	(9)	(436)
Profit before impairment losses	119	-	(1)	(14)	(9)	95
Impairment losses	(7)	-	-	-	-	(7)
Operating profit	112	-	(1)	(14)	(9)	88
Quarter ended 30 June 2013						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	162	-	-	(3)	-	159
Non-interest income	110	-	-	-	-	110

Total income	272	-	-	(3)	-	269
Direct expenses						
- staff	(104)	7	11	-	(2)	(88)
- other	(28)	5	6	-	-	(17)
Indirect expenses	(82)	(12)	(18)	-	-	(112)
Restructuring costs						
- direct	-	-	-	-	(1)	(1)
- indirect	-	-	-	-	(2)	(2)
Operating expenses	(214)	-	(1)	-	(5)	(220)
Profit before impairment losses	58	-	(1)	(3)	(5)	49
Impairment losses	(2)	-	-	-	-	(2)
Operating profit	56	-	(1)	(3)	(5)	47

Wealth

Year ended 31 December 2012						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	720	-	-	(44)	-	676
Non-interest income	450	-	-	-	-	450
Total income	1,170	-	-	(44)	-	1,126
Direct expenses						
- staff	(396)	31	49	-	(4)	(320)
- other	(161)	24	27	-	-	(110)
Indirect expenses	(324)	(73)	(77)	-	-	(474)
Restructuring costs						
- direct	-	-	-	-	(12)	(12)
- indirect	-	-	-	-	(16)	(16)
Litigation and conduct costs	-	-	-	-	(7)	(7)
Operating expenses	(881)	(18)	(1)	-	(39)	(939)
Profit/(loss) before impairment losses	289	(18)	(1)	(44)	(39)	187
Impairment losses	(46)	-	-	-	-	(46)
Operating profit/(loss)	243	(18)	(1)	(44)	(39)	141
Year ended 31 December 2011						
				Net impact		
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Revised Private Banking
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	645	-	-	(56)	-	589

Non-interest income	459	-	-	-	-	459
Total income	1,104	-	-	(56)	-	1,048
Direct expenses						
- staff	(384)	82	-	-	(8)	(310)
- other	(129)	47	-	-	-	(82)
Indirect expenses	(324)	(71)	(79)	-	-	(474)
Restructuring costs						
- direct	-	-	-	-	(14)	(14)
- indirect	-	-	-	-	(22)	(22)
Litigation and conduct costs	-	-	-	-	(2)	(2)
Operating expenses	(837)	58	(79)	-	(46)	(904)
Profit/(loss) before impairment losses	267	58	(79)	(56)	(46)	144
Impairment losses	(25)	-	-	-	-	(25)
Operating profit/(loss)	242	58	(79)	(56)	(46)	119

International Banking

Quarter ended 31 March 2014								
				Net impact				
		Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling items		Allocated to	
	Previously reported	Functions	Services	allocations			Commercial	CIB
Income statement	£m	£m	£m	£m	£m		£m	£m
Net interest income	180	-	-	(24)	-		1	155
Non-interest income	248	-	-	-	-		2	246
Total income	428	-	-	(24)	-		3	401
Direct expenses								
- staff	(109)	15	32	-	-		-	(62)
- other	(35)	3	14	-	-		-	(18)
Indirect expenses	(164)	(15)	(63)	-	-		-	(242)
Restructuring costs								
- direct	-	-	-	-	(1)		-	(1)
- indirect	-	-	-	-	7		-	7
Operating expenses	(308)	3	(17)	-	6		-	(316)
Profit before impairment losses	120	3	(17)	(24)	6		3	85
Impairment losses	(10)	-	-	-	-		-	(10)
Operating profit	110	3	(17)	(24)	6		3	75

Year ended 31 December 2013								
				Net impact				
		Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling items		Allocated to	
	Previously reported	Functions	Services	allocations			Commercial	CIB
Income statement	£m	£m	£m	£m	£m		£m	£m

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Net interest income	713	-	-	(44)	-	9	660
Non-interest income	1,135	-	-	-	-	7	1,128
Total income	1,848	-	-	(44)	-	16	1,788
Direct expenses							
- staff	(496)	55	127	-	-	(1)	(313)
- other	(167)	7	68	-	-	-	(92)
Indirect expenses	(677)	(103)	(199)	-	-	-	(979)
Restructuring costs							
- direct	-	-	-	-	(11)	-	(11)
- indirect	-	-	-	-	(98)	-	(98)
Operating expenses	(1,340)	(41)	(4)	-	(109)	(1)	(1,493)
Profit before impairment losses	508	(41)	(4)	(44)	(109)	15	295
Impairment losses	(229)	-	-	-	-	-	(229)
Operating profit	279	(41)	(4)	(44)	(109)	15	66

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International Banking

Half year ended 30 June 2013								
				Net impact				
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Allocated to		
Income statement	£m	£m	£m	£m	£m	Commercial Banking	CIB	
						£m	£m	
Net interest income	374	-	-	(20)	-	4	350	
Non-interest income	576	-	-	-	-	4	572	
Total income	950	-	-	(20)	-	8	922	
Direct expenses								
- staff	(253)	28	61	-	-	-	(164)	
- other	(70)	4	27	-	-	-	(39)	
Indirect expenses	(337)	(34)	(91)	-	-	-	(462)	
Restructuring costs								
- direct	-	-	-	-	(4)	-	(4)	
- indirect	-	-	-	-	(37)	-	(37)	
Operating expenses	(660)	(2)	(3)	-	(41)	-	(706)	
Profit before impairment losses	290	(2)	(3)	(20)	(41)	8	216	
Impairment losses	(154)	-	-	-	-	-	(154)	
Operating profit	136	(2)	(3)	(20)	(41)	8	62	
Quarter ended 30 June 2013								
				Net impact				
	Previously reported	Transfer to/(from) Functions	Transfer to/(from) Services	of revised Treasury allocations	Reclassification of reconciling items	Allocated to		
Income statement	£m	£m	£m	£m	£m	Commercial Banking	CIB	
						£m	£m	
Net interest income	177	-	-	(5)	-	2	170	
Non-interest income	291	-	-	-	-	2	289	

Total income	468	-	-	(5)	-	4	459
Direct expenses							
- staff	(128)	15	32	-	-	-	(81)
- other	(32)	2	12	-	-	-	(18)
Indirect expenses	(167)	(18)	(45)	-	-	-	(230)
Restructuring costs							
- direct	-	-	-	-	(2)	-	(2)
- indirect	-	-	-	-	(22)	-	(22)
Operating expenses	(327)	(1)	(1)	-	(24)	-	(353)
Profit before impairment losses	141	(1)	(1)	(5)	(24)	4	106
Impairment losses	(99)	-	-	-	-	-	(99)
Operating profit	42	(1)	(1)	(5)	(24)	4	7

International Banking

Year ended 31 December 2012							
				Net impact			
		Transfer	Transfer	of revised	Reclassification	Allocated to	
	Previously	to/(from)	to/(from)	Treasury	of reconciling	Commercial	
	reported	Functions	Services	allocations	items	Banking	CIB
Income statement	£m	£m	£m	£m	£m	£m	£m
Net interest income	922	-	-	(18)	-	10	894
Non-interest income	1,200	-	-	-	-	8	1,192
Total income	2,122	-	-	(18)	-	18	2,086
Direct expenses							
- staff	(541)	55	117	-	-	(1)	(368)
- other	(156)	11	46	-	-	-	(99)
Indirect expenses	(720)	(104)	(163)	-	-	-	(987)
Restructuring costs							
- direct	-	-	-	-	(91)	-	(91)
- indirect	-	-	-	-	(161)	-	(161)
Operating expenses	(1,417)	(38)	-	-	(252)	(1)	(1,706)
Profit before impairment losses	705	(38)	-	(18)	(252)	17	380
Impairment losses	(111)	-	-	-	-	-	(111)
Operating profit	594	(38)	-	(18)	(252)	17	269

Year ended 31 December 2011							
				Net impact			
		Transfer	Transfer	of revised	Reclassification	Allocated to	
	Previously	to/(from)	to/(from)	Treasury	of reconciling	Commercial	
	reported	Functions	Services	allocations	items	Banking	CIB
Income statement	£m	£m	£m	£m	£m	£m	£m
Net interest income	1,157	-	-	28	-	10	1,175

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Non-interest income	1,398	-	-	-	-	8	1,390
Total income	2,555	-	-	28	-	18	2,565
Direct expenses							
- staff	(672)	172	-	-	-	(1)	(499)
- other	(221)	79	-	-	-	-	(142)
Indirect expenses	(739)	(132)	(127)	-	-	-	(998)
Restructuring costs							
- direct	-	-	-	-	(42)	-	(42)
- indirect	-	-	-	-	(80)	-	(80)
Operating expenses	(1,632)	119	(127)	-	(122)	(1)	(1,761)
Profit before impairment losses	923	119	(127)	28	(122)	17	804
Impairment losses	(168)	-	-	-	-	-	(168)
Operating profit	755	119	(127)	28	(122)	17	636

Ulster Bank

Quarter ended 31 March 2014						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	treasury	of reconciling	Revised
		Functions	Services	allocations	items	Ulster
Income statement	£m	£m	£m	£m	£m	Bank
						£m
Net interest income	159	-	-	(5)	-	154
Non-interest income	47	-	-	-	-	47
Total income	206	-	-	(5)	-	201
Direct expenses						
- staff	(63)	-	-	-	-	(63)
- other	(17)	-	-	-	-	(17)
Indirect expenses	(62)	-	(1)	-	-	(63)
Restructuring costs						
- indirect	-	-	-	-	(2)	(2)
Operating expenses	(142)	-	(1)	-	(2)	(145)
Profit before impairment losses	64	-	(1)	(5)	(2)	56
Impairment losses	(47)	-	-	-	-	(47)
Operating profit	17	-	(1)	(5)	(2)	9

Year ended 31 December 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
		Functions	Services	allocations	items	Ulster
Income statement	£m	£m	£m	£m	£m	Bank
						£m

Net interest income	631	-	-	(12)	-	619
Non-interest income	240	-	-	-	-	240
Total income	871	-	-	(12)	-	859
Direct expenses						
- staff	(239)	-	-	-	-	(239)
- other	(63)	-	-	-	-	(63)
Indirect expenses	(252)	(11)	-	-	-	(263)
Restructuring costs						
- direct	-	-	-	-	(27)	(27)
- indirect	-	-	-	-	(12)	(12)
Litigation and conduct costs	-	-	-	-	(90)	(90)
Operating expenses	(554)	(11)	-	-	(129)	(694)
Profit before impairment losses	317	(11)	-	(12)	(129)	165
Impairment losses	(1,774)	-	-	-	-	(1,774)
Operating loss	(1,457)	(11)	-	(12)	(129)	(1,609)

Ulster Bank

Half year ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items		Ulster
	£m	£m	£m	£m	£m	Bank
						£m
Income statement						
Net interest income	308	-	-	(6)	-	302
Non-interest income	142	-	-	-	-	142
Total income	450	-	-	(6)	-	444
Direct expenses						
- staff	(124)	-	-	-	-	(124)
- other	(27)	-	-	-	-	(27)
Indirect expenses	(125)	-	-	-	-	(125)
Restructuring costs						
- direct	-	-	-	-	(15)	(15)
- indirect	-	-	-	-	(6)	(6)
Litigation and conduct costs	-	-	-	-	(25)	(25)
Operating expenses	(276)	-	-	-	(46)	(322)
Profit before impairment losses	174	-	-	(6)	(46)	122
Impairment losses	(503)	-	-	-	-	(503)
Operating loss	(329)	-	-	(6)	(46)	(381)

Quarter ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items		Ulster
						Bank

Income statement	£m	£m	£m	£m	£m	£m
Net interest income	154	-	-	(2)	-	152
Non-interest income	88	-	-	-	-	88
Total income	242	-	-	(2)	-	240
Direct expenses						
- staff	(67)	-	-	-	-	(67)
- other	(12)	-	-	-	-	(12)
Indirect expenses	(65)	-	-	-	-	(65)
Restructuring costs						
- direct	-	-	-	-	(14)	(14)
- indirect	-	-	-	-	(4)	(4)
Litigation and conduct costs	-	-	-	-	(25)	(25)
Operating expenses	(144)	-	-	-	(43)	(187)
Profit before impairment losses	98	-	-	(2)	(43)	53
Impairment losses	(263)	-	-	-	-	(263)
Operating loss	(165)	-	-	(2)	(43)	(210)

Ulster Bank

Year ended 31 December 2012						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	£m	Functions	Services	allocations	items	Ulster Bank
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	649	-	-	(14)	-	635
Non-interest income	196	-	-	-	-	196
Total income	845	-	-	(14)	-	831
Direct expenses						
- staff	(214)	-	-	-	-	(214)
- other	(49)	-	-	-	-	(49)
Indirect expenses	(258)	(10)	1	-	-	(267)
Restructuring costs						
- direct	-	-	-	-	(27)	(27)
- indirect	-	-	-	-	(10)	(10)
Litigation and conduct costs	-	-	-	-	(33)	(33)
Operating expenses	(521)	(10)	1	-	(70)	(600)
Profit before impairment losses	324	(10)	1	(14)	(70)	231
Impairment losses	(1,364)	-	-	-	-	(1,364)
Operating loss	(1,040)	(10)	1	(14)	(70)	(1,133)

Year ended 31 December 2011						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	£m	Functions	Services	allocations	items	Ulster Bank

Income statement	£m	£m	£m	£m	£m	£m
Net interest income	736	-	-	(23)	-	713
Non-interest income	211	-	-	-	-	211
Total income	947	-	-	(23)	-	924
Direct expenses						
- staff	(225)	-	-	-	-	(225)
- other	(67)	-	-	-	-	(67)
Indirect expenses	(255)	(11)	1	-	-	(265)
Restructuring costs						
- direct	-	-	-	-	(4)	(4)
- indirect	-	-	-	-	(51)	(51)
Operating expenses	(547)	(11)	1	-	(55)	(612)
Profit before impairment losses	400	(11)	1	(23)	(55)	312
Impairment losses	(1,384)	-	-	-	-	(1,384)
Operating loss	(984)	(11)	1	(23)	(55)	(1,072)

Citizens Financial Group (£ Sterling)

Quarter ended 31 March 2014							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	£m	£m	£m	£m	£m		£m
Net interest income	488	-	-	-	-		488
Non-interest income	229	-	-	-	-		229
Total income	717	-	-	-	-		717
Direct expenses							
- staff	(251)	-	-	-	-		(251)
- other	(249)	-	-	-	-		(249)
Operating expenses	(500)	-	-	-	-		(500)
Profit before impairment losses	217	-	-	-	-		217
Impairment losses	(73)	-	-	-	-		(73)
Operating profit	144	-	-	-	-		144

Year ended 31 December 2013							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	£m	£m	£m	£m	£m		£m
Net interest income	1,916	-	-	(24)	-		1,892
Non-interest income	1,073	-	-	-	-		1,073
Total income	2,989	-	-	(24)	-		2,965

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Direct expenses							
- staff	(1,091)	-	-	-	-		(1,091)
- other	(984)	-	-	-	(2)		(986)
Indirect expenses	(111)	5	(5)	-	-		(111)
Restructuring costs							
- direct	-	-	-	-	(16)		(16)
Operating expenses	(2,186)	5	(5)	-	(18)		(2,204)
Profit before impairment losses	803	5	(5)	(24)	(18)		761
Impairment losses	(156)	-	-	-	-		(156)
Operating profit	647	5	(5)	(24)	(18)		605

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Citizens Financial Group (£ Sterling)

Half year ended 30 June 2013						
	Previously reported	Transfer to/(from)	Transfer to/(from)	Net impact of revised Treasury allocations	Reclassification of reconciling items	CFG
Income statement	as US R&C £m	Functions £m	Services £m	£m	£m	£m
Net interest income	944	-	-	(5)	-	939
Non-interest income	570	-	-	-	-	570
Total income	1,514	-	-	(5)	-	1,509
Direct expenses						
- staff	(572)	-	-	-	-	(572)
- other	(481)	-	-	-	(1)	(482)
Indirect expenses	(47)	1	(2)	-	-	(48)
Restructuring costs						
- direct	-	-	-	-	(3)	(3)
Operating expenses	(1,100)	1	(2)	-	(4)	(1,105)
Profit before impairment losses	414	1	(2)	(5)	(4)	404
Impairment losses	(51)	-	-	-	-	(51)
Operating profit	363	1	(2)	(5)	(4)	353
Quarter ended 30 June 2013						
	Previously reported	Transfer to/(from)	Transfer to/(from)	Net impact of revised Treasury allocations	Reclassification of reconciling items	CFG
Income statement	as US R&C £m	Functions £m	Services £m	£m	£m	£m
Net interest income	473	-	-	(4)	-	469
Non-interest income	278	-	-	-	-	278

Total income	751	-	-	(4)	-	747
Direct expenses						
- staff	(286)	-	-	-	-	(286)
- other	(233)	-	-	-	-	(233)
Indirect expenses	(26)	-	(1)	-	-	(27)
Restructuring costs						
- direct	-	-	-	-	(2)	(2)
Operating expenses	(545)	-	(1)	-	(2)	(548)
Profit before impairment losses	206	-	(1)	(4)	(2)	199
Impairment losses	(32)	-	-	-	-	(32)
Operating profit	174	-	(1)	(4)	(2)	167

Citizens Financial Group (£ Sterling)

Year ended 31 December 2012						
				Net impact		
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling	
	as US R&C	Functions	Services	allocations	items	CFG
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	1,932	-	-	6	-	1,938
Non-interest income	1,159	-	-	-	-	1,159
Total income	3,091	-	-	6	-	3,097
Direct expenses						
- staff	(1,037)	-	-	-	-	(1,037)
- other	(1,026)	-	-	-	(1)	(1,027)
- litigation settlement	(88)	-	-	-	-	(88)
Indirect expenses	(95)	1	(1)	-	-	(95)
Restructuring costs						
- direct	-	-	-	-	1	1
Operating expenses	(2,246)	1	(1)	-	-	(2,246)
Profit before impairment losses	845	1	(1)	6	-	851
Impairment losses	(91)	-	-	-	-	(91)
Operating profit	754	1	(1)	6	-	760
Year ended 31 December 2011						
				Net impact		
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling	
	as US R&C	Functions	Services	allocations	items	CFG
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	1,879	-	-	32	-	1,911

Explanation of Responses:

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Non-interest income	1,152	-	-	-	-	1,152
Total income	3,031	-	-	32	-	3,063
Direct expenses						
- staff	(1,020)	-	-	-	-	(1,020)
- other	(1,046)	(8)	-	-	(2)	(1,056)
Indirect expenses	(102)	1	-	-	-	(101)
Restructuring costs						
- direct	-	-	-	-	(42)	(42)
Operating expenses	(2,168)	(7)	-	-	(44)	(2,219)
Profit before impairment losses	863	(7)	-	32	(44)	844
Impairment losses	(326)	-	-	-	-	(326)
Operating profit	537	(7)	-	32	(44)	518

Citizens Financial Group (US dollar)

Quarter ended 31 March 2014							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	\$m	\$m	\$m	\$m	\$m		\$m
Net interest income	809	-	-	-	-		809
Non-interest income	378	-	-	-	-		378
Total income	1,187	-	-	-	-		1,187
Direct expenses							
- staff	(416)	-	-	-	-		(416)
- other	(412)	-	-	-	-		(412)
Operating expenses	(828)	-	-	-	-		(828)
Profit before impairment losses	359	-	-	-	-		359
Impairment losses	(121)	-	-	-	-		(121)
Operating profit	238	-	-	-	-		238
Year ended 31 December 2013							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	\$m	\$m	\$m	\$m	\$m		\$m
Net interest income	2,998	-	-	(38)	-		2,960
Non-interest income	1,679	-	-	-	-		1,679
Total income	4,677	-	-	(38)	-		4,639

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Direct expenses							
- staff	(1,707)	-	-	-	-		(1,707)
- other	(1,540)	-	-	-	(4)		(1,544)
Indirect expenses	(174)	8	(7)	-	-		(173)
Restructuring costs							
- direct	-	-	-	-	(24)		(24)
Operating expenses	(3,421)	8	(7)	-	(28)		(3,448)
Profit before impairment losses	1,256	8	(7)	(38)	(28)		1,191
Impairment losses	(244)	-	-	-	-		(244)
Operating profit	1,012	8	(7)	(38)	(28)		947

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Citizens Financial Group (US dollar)

Half year ended 30 June 2013						
	Previously reported	Transfer to/(from)	Transfer to/(from)	Net impact of revised Treasury allocations	Reclassification of reconciling items	CFG
Income statement	as US R&C \$m	Functions \$m	Services \$m	\$m	\$m	\$m
Net interest income	1,457	-	-	(8)	-	1,449
Non-interest income	881	-	-	-	-	881
Total income	2,338	-	-	(8)	-	2,330
Direct expenses						
- staff	(883)	-	-	-	-	(883)
- other	(744)	-	-	-	-	(744)
Indirect expenses	(73)	2	(3)	-	-	(74)
Restructuring costs						
- direct	-	-	-	-	(5)	(5)
Operating expenses	(1,700)	2	(3)	-	(5)	(1,706)
Profit before impairment losses	638	2	(3)	(8)	(5)	624
Impairment losses	(78)	-	-	-	-	(78)
Operating profit	560	2	(3)	(8)	(5)	546
Quarter ended 30 June 2013						
	Previously reported	Transfer to/(from)	Transfer to/(from)	Net impact of revised Treasury allocations	Reclassification of reconciling items	CFG
Income statement	as US R&C \$m	Functions \$m	Services \$m	\$m	\$m	\$m
Net interest income	726	-	-	(6)	-	720
Non-interest income	428	-	-	-	-	428

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Total income	1,154	-	-	(6)	-	1,148
Direct expenses						
- staff	(439)	-	-	-	-	(439)
- other	(360)	-	-	-	1	(359)
Indirect expenses	(39)	-	(1)	-	-	(40)
Restructuring costs						
- direct	-	-	-	-	(3)	(3)
Operating expenses	(838)	-	(1)	-	(2)	(841)
Profit before impairment losses	316	-	(1)	(6)	(2)	307
Impairment losses	(48)	-	-	-	-	(48)
Operating profit	268	-	(1)	(6)	(2)	259

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Citizens Financial Group (US dollar)

Year ended 31 December 2012							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	\$m	\$m	\$m	\$m	\$m		\$m
Net interest income	3,062	-	-	9	-		3,071
Non-interest income	1,837	-	-	-	-		1,837
Total income	4,899	-	-	9	-		4,908
Direct expenses							
- staff	(1,644)	-	-	-	-		(1,644)
- other	(1,628)	-	-	-	(2)		(1,630)
- litigation settlement	(138)	-	-	-	-		(138)
Indirect expenses	(148)	2	(2)	-	-		(148)
Restructuring costs							
- direct	-	-	-	-	2		2
Operating expenses	(3,558)	2	(2)	-	-		(3,558)
Profit before impairment losses	1,341	2	(2)	9	-		1,350
Impairment losses	(145)	-	-	-	-		(145)
Operating profit	1,196	2	(2)	9	-		1,205

Year ended 31 December 2011							
				Net impact			
	Previously reported	Transfer to/(from)	Transfer to/(from)	of revised Treasury	Reclassification of reconciling		
	as US R&C	Functions	Services	allocations	items		CFG
Income statement	\$m	\$m	\$m	\$m	\$m		\$m

Net interest income	3,015	-	-	51	-	3,066
Non-interest income	1,847	-	-	-	-	1,847
Total income	4,826	-	-	51	-	4,913
Direct expenses						
- staff	(1,637)	1	-	-	-	(1,636)
- other	(1,677)	(13)	-	-	(4)	(1,694)
Indirect expenses	(164)	-	-	-	-	(164)
Restructuring costs						
- direct	-	-	-	-	(66)	(66)
Operating expenses	(3,478)	(12)	-	-	(70)	(3,560)
Profit before impairment losses	1,384	(12)	-	51	(70)	1,353
Impairment losses	(524)	-	-	-	-	(524)
Operating profit	860	(12)	-	51	(70)	829

Markets

	Quarter ended 31 March 2014					
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	48	-	-	(47)	-	1
Non-interest income	909	-	-	-	-	909
Total income	957	-	-	(47)	-	910
Direct expenses						
- staff	(305)	37	65	-	(2)	(205)
- other	(153)	3	60	-	-	(90)
Indirect expenses	(179)	(32)	(130)	-	-	(341)
Restructuring costs						
- direct	-	-	-	-	(14)	(14)
- indirect	-	-	-	-	(31)	(31)
Operating expenses	(637)	8	(5)	-	(47)	(681)
Profit before impairment losses	320	8	(5)	(47)	(47)	229
Impairment losses	(2)	-	-	-	-	(2)
Operating profit	318	8	(5)	(47)	(47)	227

	Year ended 31 December 2013					
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	157	-	-	(259)	-	(102)

Non-interest income	3,165	-	-	-	-	3,165
Total income	3,322	-	-	(259)	-	3,063
Direct expenses						
- staff	(1,086)	180	259	-	(8)	(655)
- other	(710)	41	339	-	(266)	(596)
Indirect expenses	(814)	(267)	(810)	-	-	(1,891)
Restructuring costs						
- direct	-	-	-	-	(74)	(74)
- indirect	-	-	-	-	(18)	(18)
Litigation and conduct costs	-	-	-	-	(2,441)	(2,441)
Operating expenses	(2,610)	(46)	(212)	-	(2,807)	(5,675)
Profit/(loss) before impairment losses	712	(46)	(212)	(259)	(2,807)	(2,612)
Impairment losses	(92)	-	-	-	-	(92)
Operating profit/(loss)	620	(46)	(212)	(259)	(2,807)	(2,704)

Markets

Half year ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	55	-	-	(151)	-	(96)
Non-interest income	1,807	-	-	-	-	1,807
Total income	1,862	-	-	(151)	-	1,711
Direct expenses						
- staff	(640)	93	143	-	(4)	(408)
- other	(384)	18	181	-	(59)	(244)
Indirect expenses	(408)	(115)	(329)	-	-	(852)
Restructuring costs						
- direct	-	-	-	-	(33)	(33)
- indirect	-	-	-	-	(9)	(9)
Litigation and conduct costs	-	-	-	-	(410)	(410)
Operating expenses	(1,432)	(4)	(5)	-	(515)	(1,956)
Profit/(loss) before impairment losses	430	(4)	(5)	(151)	(515)	(245)
Impairment losses	(59)	-	-	-	-	(59)
Operating profit/(loss)	371	(4)	(5)	(151)	(515)	(304)
Quarter ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	26	-	-	(83)	-	(57)

Non-interest income	796	-	-	-	-	796
Total income	822	-	-	(83)	-	739
Direct expenses						
- staff	(278)	49	69	-	(2)	(162)
- other	(203)	8	87	-	(28)	(136)
Indirect expenses	(205)	(54)	(162)	-	-	(421)
Restructuring costs						
- direct	-	-	-	-	(22)	(22)
- indirect	-	-	-	-	2	2
Litigation and conduct costs	-	-	-	-	(385)	(385)
Operating expenses	(686)	3	(6)	-	(435)	(1,124)
Profit/(loss) before impairment losses	136	3	(6)	(83)	(435)	(385)
Impairment losses	(43)	-	-	-	-	(43)
Operating profit/(loss)	93	3	(6)	(83)	(435)	(428)

Markets

Year ended 31 December 2012						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	111	-	-	(314)	-	(203)
Non-interest income	4,372	-	-	-	-	4,372
Total income	4,483	-	-	(314)	-	4,169
Direct expenses						
- staff	(1,363)	187	206	-	(4)	(974)
- other	(706)	43	471	-	(220)	(412)
Indirect expenses	(868)	(288)	(681)	-	-	(1,837)
Restructuring costs						
- direct	-	-	-	-	(330)	(330)
- indirect	-	-	-	-	(399)	(399)
Litigation and conduct costs	-	-	-	-	(723)	(723)
Operating expenses	(2,937)	(58)	(4)	-	(1,676)	(4,675)
Profit/(loss) before impairment losses	1,546	(58)	(4)	(314)	(1,676)	(506)
Impairment losses	(37)	-	-	-	-	(37)
Operating profit/(loss)	1,509	(58)	(4)	(314)	(1,676)	(543)
Year ended 31 December 2011						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Allocated
Income statement	£m	Functions	Services	allocations	items	to CIB
		£m	£m	£m	£m	£m
Net interest income	67	-	-	(182)	-	(115)

Non-interest income	4,348	-	-	-	-	4,348
Total income	4,415	-	-	(182)	-	4,233
Direct expenses						
- staff	(1,843)	597	-	-	(8)	(1,254)
- other	(730)	401	-	-	(141)	(470)
Indirect expenses	(905)	(414)	(792)	-	-	(2,111)
Restructuring costs						
- direct	-	-	-	-	(243)	(243)
- indirect	-	-	-	-	(200)	(200)
Operating expenses	(3,478)	584	(792)	-	(592)	(4,278)
Profit/(loss) before impairment losses	937	584	(792)	(182)	(592)	(45)
Impairment losses	(38)	-	-	-	-	(38)
Operating profit/(loss)	899	584	(792)	(182)	(592)	(83)

Non-Core

Year ended 31 December 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items	Non-Core	
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	(99)	-	-	-	-	(99)
Non-interest income	(247)	-	-	-	-	(247)
Total income	(346)	-	-	-	-	(346)
Direct expenses						
- staff	(193)	2	1	-	-	(190)
- other	(203)	-	1	-	-	(202)
Indirect expenses	(209)	(2)	(2)	-	-	(213)
Restructuring costs						
- direct	-	-	-	-	(16)	(16)
- indirect	-	-	-	-	(6)	(6)
Operating expenses	(605)	-	-	-	(22)	(627)
Loss before impairment losses	(951)	-	-	-	(22)	(973)
Impairment losses	(4,576)	-	-	-	-	(4,576)
Operating loss	(5,527)	-	-	-	(22)	(5,549)
Half year ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items	Non-Core	
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	18	-	-	-	-	18
Non-interest income	384	-	-	-	-	384

Total income	366	-	-	-	-	366
Direct expenses						
- staff	(109)	-	-	-	-	(109)
- other	(106)	1	1	-	-	(104)
Indirect expenses	(106)	(1)	(1)	-	-	(108)
Restructuring costs						
- direct	-	-	-	-	(21)	(21)
- indirect	-	-	-	-	(2)	(2)
Operating expenses	(321)	-	-	-	(23)	(344)
Profit before impairment losses	45	-	-	-	(23)	22
Impairment losses	(831)	-	-	-	-	(831)
Operating loss	(786)	-	-	-	(23)	(809)

Non-Core

Quarter ended 30 June 2013						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items	Non-Core	
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	19	-	-	-	-	19
Non-interest income	254	-	-	-	-	254
Total income	273	-	-	-	-	273
Direct expenses						
- staff	(51)	-	-	-	-	(51)
- other	(51)	1	1	-	-	(49)
Indirect expenses	(54)	(1)	(1)	-	-	(56)
Restructuring costs						
- direct	-	-	-	-	(1)	(1)
- indirect	-	-	-	-	(2)	(2)
Operating expenses	(156)	-	-	-	(3)	(159)
Profit before impairment losses	117	-	-	-	(3)	114
Impairment losses	(398)	-	-	-	-	(398)
Operating loss	(281)	-	-	-	(3)	(284)
Year ended 31 December 2012						
				Net impact		
	Previously	Transfer	Transfer	of revised	Reclassification	
	reported	to/(from)	to/(from)	Treasury	of reconciling	Revised
	Functions	Services	allocations	items	Non-Core	
Income statement	£m	£m	£m	£m	£m	£m
Net interest income	244	-	-	-	-	244
Non-interest income	44	-	-	-	-	44

Total income	288	-	-	-	-	288
Direct expenses						
- staff	(259)	3	-	-	-	(256)
- other	(407)	1	-	-	(11)	(417)
Indirect expenses	(278)	(4)	-	-	-	(282)
Restructuring costs						
- direct	-	-	-	-	(1)	(1)
- indirect	-	-	-	-	(7)	(7)
Operating expenses	(944)	-	-	-	(19)	(963)
Loss before impairment losses	(656)	-	-	-	(19)	(675)
Impairment losses	(2,223)	-	-	-	-	(2,223)
Operating loss	(2,879)	-	-	-	(19)	(2,898)

Non-Core

	Year ended 31 December 2011						
				Net impact			
	Previously	Transfer	Transfer	of revised	Reclassification		Revised
	reported	to/(from)	to/(from)	Treasury	of reconciling		Non-Core
	£m	Functions	Services	allocations	items		£m
Income statement		£m	£m	£m	£m		
Net interest income	613	-	-	(1)	-		612
Non-interest income	361	-	-	-	-		361
Total income	974	-	-	(1)	-		973
Direct expenses							
- staff	(361)	2	-	-	-		(359)
- other	(573)	(14)	-	-	-		(587)
Indirect expenses	(342)	(4)	-	-	-		(346)
Restructuring costs							
- direct	-	-	-	-	(2)		(2)
- indirect	-	-	-	-	(11)		(11)
Operating expenses	(1,276)	(16)	-	-	(13)		(1,305)
Loss before impairment losses	(302)	(16)	-	(1)	(13)		(332)
Impairment losses	(3,917)	-	-	-	-		(3,917)
Operating loss	(4,219)	(16)	-	(1)	(13)		(4,249)

