

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
March 27, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

March 27, 2012

The Royal Bank of Scotland Group plc

Gogarburn
PO Box 1000
Edinburgh EH12 1HQ
Scotland
United Kingdom

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F X

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No X

If "Yes" is marked, indicate below the file number assigned to
the registrant in connection with Rule 12g3-2(b): 82-

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

This report on Form 6-K shall be deemed incorporated by reference into the company's Registration Statement on Form F-3 (File No. 333-162219) and to be a part thereof from the date which it was filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Article 11 unaudited pro forma information

Unaudited pro forma condensed consolidated financial information

Basis of preparation

The unaudited pro forma condensed consolidated financial information (the "unaudited pro forma financial information") comprises the unaudited pro forma condensed consolidated balance sheet as at 31 December 2011 (the "unaudited pro forma balance sheet") and the unaudited pro forma condensed consolidated income statements for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 (the "pro forma income statements") based on the published audited and unaudited financial statements of RBS, prepared in accordance with IFRS, after giving effect to:

- (a) the distribution of those ABN AMRO businesses attributable to Santander and the Dutch State (the "other Consortium Members"); and
- (b) the divestment of certain businesses to meet the European Commission's State Aid requirements (see below).

The distribution to other Consortium Members has now substantially completed following legal separation of ABN AMRO N.V. which took place on 1 April 2010.

To comply with the European Commission's State Aid requirements, RBS has agreed to make a number of divestments to be completed within four years from December 2009, as follows:

- RBS Insurance
- the RBS branch based business in England and Wales, the NatWest branch network in Scotland, along with the Direct SME customers across the UK (termed the 'UK Retail and UK Corporate businesses outlined for disposal')
- RBS Sempra Commodities (acquired April 2008; majority sold during 2010)
- Global Merchant Services (sold November 2010)

Collectively, the above are defined as the 'EC State Aid Divestments'.

The pro forma financial information has been prepared assuming the following:

- pro forma balance sheet: the distribution to the other Consortium Members and EC State Aid Divestments had occurred on 31 December 2011;
- pro forma income statements: (i) the divestment of RBS Insurance, which will be accounted for as a discontinued operation, and the distribution to the other Consortium members had occurred on 1 January 2009; (ii) the divestment of the UK Retail and UK Corporate businesses outlined for disposal and the remaining business of RBS Sempra Commodities had occurred on 1 January 2011.
- sale proceeds in respect of the EC State Aid Divestments not yet completed are received in cash and are equal to the net asset values of the businesses to be disposed of.

Article 11 unaudited pro forma information

Unaudited proforma condensed consolidated financial information (continued)

Basis of preparation (continued)

The pro forma financial information is presented for information purposes only and does not represent what the results of operations would actually have been had the distribution to other Consortium Members and EC State Aid Divestments occurred on the dates indicated nor is it necessarily indicative of the results of operations or the financial position that may or may be expected to be achieved in the future.

Article 11 unaudited pro forma information (continued)

Unaudited pro forma balance sheet as at 31 December 2011

	RBS (1) £m	RFS Minority Interest (2) £m	EC State Aid Divestments (3) £m	Pro forma RBS (4) £m
Assets				
Cash and balances at central banks	79,269	-	1,972	81,241
Loans and advances to banks	83,310	-	(2,579)	80,731
Loans and advances to customers	515,606	-	(923)	514,683
Debt securities and equity shares	224,263	-	(7,992)	216,271
Derivatives	529,618	-	-	529,618
Intangible assets	14,858	-	(1,088)	13,770
Property, plant and equipment	11,868	-	(132)	11,736
Other assets	48,075	(804)	(20,573)	26,698
Total assets	1,506,867	(804)	(31,315)	1,474,748
Liabilities				
Deposits by banks	108,804	(104)	-	108,700
Customer accounts	502,955	-	-	502,955
Debt securities in issue	162,621	-	-	162,621
Settlement balances	7,477	-	-	7,477
Short positions	41,039	-	-	41,039
Derivatives	523,983	-	-	523,983
Subordinated liabilities	26,319	-	-	26,319
Other liabilities	57,616	(417)	(30,977)	26,222
Total liabilities	1,430,814	(521)	(30,977)	1,399,316
Non-controlling interests	1,234	(283)	(338)	613
Equity owners	74,819	-	-	74,819
Total equity	76,053	(283)	(338)	75,432
Total liabilities and equity	1,506,867	(804)	(31,315)	1,474,748

Notes:

- (1) The financial information for RBS has been extracted from the audited financial statements for the year ended 31 December 2011 included on page 268 of the Form 20-F filed with the SEC on 27 March 2012.
- (2) The financial information for the RFS Minority Interest has been extracted from RBS's accounting records for the year ended 31 December 2011 without adjustment and represents those parts of the ABN AMRO businesses attributable to the other Consortium Members.
- (3) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2011 without adjustment and represents those parts of the businesses agreed with

the European Commission to be divested, namely RBS Insurance, the UK Retail and UK Corporate businesses outlined for disposal and the remaining business of RBS Sempra Commodities.

- (4) Adjusted pro forma unaudited balance sheet of RBS as at 31 December 2011 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and the EC State Aid Divestments.

Article 11 unaudited pro forma information (continued)

Unaudited pro forma income statement for the year ended 31 December 2011

	RBS	RFS	EC	Pro
	(1)	Minority	State Aid	forma
	Interest	Divestments		
	(1)	(2)	(3)	(4)
	£m	£m	£m	£m
Continuing operations				
Net interest income	12,679	8	(1,065)	11,622
Net fees and commissions	4,924	-	224	5,148
Income from trading activities	2,701	(1)	(1)	2,699
Gain on redemption of own debt	255	-	-	255
Other operating income (excluding insurance premium income)	4,122	(1)	(148)	3,973
Insurance net premium income	4,256	-	(4,256)	-
Non-interest income	16,258	(2)	(4,181)	12,075
Total income	28,937	6	(5,246)	23,697
Operating expenses	(18,026)	(1)	1,335	(16,692)
Profit before other operating charges and impairment losses	10,911	5	(3,911)	7,005
Insurance net claims	(2,968)	-	2,968	-
Impairment (losses)/gains	(8,709)	2	201	(8,506)
Operating loss before tax	(766)	7	(742)	(1,501)
Tax	(1,250)	-	121	(1,129)
Loss from continuing operations	(2,016)	7	(621)	(2,630)
Loss attributable to:				
Non-controlling interests	(14)	7	18	11
Preference shareholders	-	-	-	-
Paid-in equity holders	-	-	-	-
Ordinary shareholders	(2,002)	-	(639)	(2,641)
	(2,016)	7	(621)	(2,630)
Per 25p ordinary share (pence)				
Continuing operations				
Basic	(1.8)			(2.4)
Fully diluted	(1.8)			(2.4)

Number of shares (million)

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

Weighted average ordinary shares	108,219	108,219
Weighted average diluted ordinary shares	108,219	108,219

Notes:

- (1) The financial information for RBS has been extracted from the audited financial statements for the year ended 31 December 2011 included on page 266 of the Form 20-F filed with the SEC on 27 March 2012.
- (2) The financial information for the RFS Minority Interest has been extracted from RBS's accounting records for the year ended 31 December 2011 without adjustment and represents those parts of the ABN AMRO businesses attributable to the other Consortium Members.
- (3) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2011 without adjustment and represents those parts of RBS attributable to the businesses agreed with the European Commission to be divested, namely RBS Insurance, the UK Retail and UK Corporate businesses outlined for disposal and the remaining business of RBS Sempra Commodities.
- (4) Pro forma unaudited income statement of RBS for the year ended 31 December 2011 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and the EC State Aid Divestments.

Article 11 unaudited pro forma information (continued)

Unaudited pro forma income statement for the year ended 31 December 2010

	RFS			
	Minority	RBS	Pro	
	Interest	Insurance	forma	
	RBS (1)	(2)	(3)	RBS (4)
	£m	£m	£m	£m
Continuing operations				
Net interest income	14,209	(9)	(427)	13,773
Net fees and commissions	5,982	1	319	6,302
Income from trading activities	4,517	(4)	-	4,513
Gain on redemption of own debt	553	-	-	553
Other operating income (excluding insurance premium income)	1,479	154	(124)	1,509
Insurance net premium income	5,128	-	(5,013)	115
Non-interest income	17,659	151	(4,818)	12,992
Total income	31,868	142	(5,245)	26,765
Operating expenses	(18,228)	8	771	(17,449)
Profit before other operating charges and impairment losses	13,640	150	(4,474)	9,316
Insurance net claims	(4,783)	-	4,698	(85)
Impairment (losses)/gains	(9,256)	-	21	(9,235)
Operating loss before tax	(399)	150	245	(4)
Tax	(634)	(29)	(68)	(731)
Loss from continuing operations	(1,033)	121	177	(735)
Loss attributable to:				
Non-controlling interests	(60)	121	-	61
Preference shareholders	105	-	-	105
Paid-in equity holders	19	-	-	19
Ordinary shareholders	(1,097)	-	177	(920)
	(1,033)	121	177	(735)
Per 25p ordinary share (pence)				
Continuing operations				
Basic	(0.5)			(0.3)
Fully diluted	(0.5)			(0.3)

Number of shares (million)

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

Weighted average ordinary shares	107,245	107,245
Weighted average diluted ordinary shares	107,245	107,245

Notes:

- (1) The financial information for RBS has been extracted from the audited financial statements for the year ended 31 December 2010 included on page 266 of the Form 20-F filed with the SEC on 27 March 2012.
- (2) The financial information for the RFS Minority Interest has been extracted from RBS's accounting records for the year ended 31 December 2010 without adjustment and represents those parts of the ABN AMRO businesses attributable to the other Consortium Members.
- (3) The financial information for RBS Insurance has been extracted from RBS's accounting records for the year ended 31 December 2010 without adjustment and represents the business agreed with the European Commission to be divested.
- (4) Pro forma unaudited income statement of RBS for the year ended 31 December 2010 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and RBS Insurance.

Article 11 unaudited pro forma information (continued)

Unaudited pro forma income statement for the year ended 31 December 2009

	RBS (1)	RFS Minority Interest (2)	RBS Insurance (3)	Adjusted Pro forma RBS (4)
	£m	£m	£m	£m
Continuing operations				
Net interest income	13,388	179	(460)	13,107
Net fees and commissions	5,948	-	486	6,434
Income from trading activities	3,761	45	-	3,806
Gain on redemption of own debt	3,790	-	-	3,790
Other operating income (excluding insurance premium income)	873	97	(336)	634
Insurance net premium income	5,266	-	(5,138)	128
Non-interest income	19,638	142	(4,988)	14,792
Total income	33,026	321	(5,448)	27,899
Operating expenses	(17,417)	35	849	(16,533)
Profit before other operating charges and impairment losses	15,609	356	(4,599)	11,366
Insurance net claims	(4,357)	-	4,223	(134)
Impairment losses	(13,899)	-	8	(13,891)
Operating loss before tax	(2,647)	356	(368)	(2,659)
Tax	429	(90)	61	400
Loss from continuing operations	(2,218)	266	(307)	(2,259)
Loss attributable to:				
Non-controlling interests	382	266	-	648
Preference shareholders	878	-	-	878
Paid-in equity holders	57	-	-	57
Ordinary shareholders	(3,535)	-	(307)	(3,842)
	(2,218)	266	(307)	(2,259)
Per 25p ordinary share (pence)				
Continuing operations				
Basic	(6.3)			(6.9)
Fully diluted	(6.3)			(6.9)

Number of shares (million)		
Weighted average ordinary shares	52,891	52,891
Weighted average diluted ordinary shares	53,329	53,329

Notes:

- (1) The financial information for RBS has been extracted from the audited financial statements for the year to 31 December 2009 included on page 266 of the Form 20-F filed with the SEC on 27 March 2012.
- (2) The financial information for the RFS Minority Interest has been extracted from RBS's accounting records for the year ended 31 December 2009 without adjustment and represents those parts of the ABN AMRO businesses attributable to the other Consortium Members.
- (3) The financial information for RBS Insurance has been extracted from RBS's accounting records for the year ended 31 December 2009 without adjustment and represents the business agreed with the European Commission to be divested.
- (4) Pro forma unaudited income statement of RBS for the year ended 31 December 2009 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and RBS Insurance.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant was duly caused this report to be signed on behalf by the undersigned, thereunto duly authorised.

The Royal Bank of Scotland Group plc
Registrant

/s/ Rajan Kapoor
Rajan Kapoor
Group Chief Accountant
27 March 2012