



Financial Supplement
Q3 2010

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Section 1 – Group
Section 1.1 – Income statement

Summary consolidated income statement – pro forma

	2008	2009				2010			
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net interest income	15,764	3,538	3,322	3,261	3,446	13,567	3,534	3,684	3,404
Non-interest income (excluding insurance net premium income)	(2,106)	2,745	2,458	3,015	2,516	10,734	4,300	3,201	3,224
Insurance net premium income	5,709	1,356	1,301	1,301	1,308	5,266	1,289	1,278	1,289
Non-interest income	3,603	4,101	3,759	4,316	3,824	16,000	5,589	4,479	4,513
Total income	19,367	7,639	7,081	7,577	7,270	29,567	9,123	8,163	7,917
Operating expenses	(16,188)	(4,667)	(4,066)	(4,195)	(4,473)	(17,401)	(4,430)	(4,103)	(4,096)
Profit before other operating charges	3,179	2,972	3,015	3,382	2,797	12,166	4,693	4,060	3,821
Insurance net claims	(3,917)	(966)	(925)	(1,145)	(1,321)	(4,357)	(1,136)	(1,323)	(1,142)
Operating (loss)/profit before impairment losses	(738)	2,006	2,090	2,237	1,476	7,809	3,557	2,737	2,679
Impairment losses	(7,432)	(2,858)	(4,663)	(3,279)	(3,099)	(13,899)	(2,675)	(2,487)	(1,953)
Operating (loss)/profit before fair value of own debt	(8,170)	(852)	(2,573)	(1,042)	(1,623)	(6,090)	882	250	726
Fair value of own debt	1,232	1,031	(960)	(483)	270	(142)	(169)	619	(858)
Operating (loss)/profit	(6,938)	179	(3,533)	(1,525)	(1,353)	(6,232)	713	869	(132)
Non-operating items	(1,358)	(223)	3,592	(552)	1,487	4,304	(734)	288	(1,247)
(Loss)/profit before tax	(8,296)	(44)	59	(2,077)	134	(1,928)	(21)	1,157	(1,379)
Tax credit/(charge)	1,280	(228)	640	576	(649)	339	(106)	(825)	261
(Loss)/profit from continuing operations	(7,016)	(272)	699	(1,501)	(515)	(1,589)	(127)	332	(1,118)
(Loss)/profit from discontinued operations, net of tax	(86)	(45)	(13)	(7)	(7)	(72)	(4)	(26)	2

Section 1.1 – Income statement (continued)

Summary consolidated income statement – pro forma

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
(Loss)/profit for the period	(7,102)	(317)	686	(1,508)	(522)	(1,661)	(131)	306	(1,116)
Minority interests	(412)	(471)	(83)	(47)	(47)	(648)	(12)	(30)	(30)
Preference share and other dividends	(596)	(114)	(432)	(245)	(144)	(935)	(105)	(19)	-
(Loss)/profit attributable to ordinary and B shareholders before write-down of goodwill and other intangible assets	(8,110)	(902)	171	(1,800)	(713)	(3,244)	(248)	257	(1,146)
Write-down of goodwill and other intangible assets, net of tax	(16,196)	-	(311)	-	(52)	(363)	-	-	-
(Loss)/profit attributable to ordinary and B shareholders	(24,306)	(902)	(140)	(1,800)	(765)	(3,607)	(248)	257	(1,146)

For analysis of earnings per share and return on equity refer to section 1.5.

Section 1.1 – Income statement (continued)

Net interest income

	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances to customers	34,968	5,916	6,011	4,628	4,790	21,345	4,702	4,749	4,720
Loans and advances to banks	2,236	227	253	196	154	830	139	132	153
Debt securities	4,577	1,298	944	873	1,034	4,149	855	1,003	702
Interest receivable	41,781	7,441	7,208	5,697	5,978	26,324	5,696	5,884	5,575
Customer accounts	13,117	1,393	1,337	962	945	4,637	880	954	961
Deposits by banks	6,137	1,054	717	574	507	2,852	297	418	328
Debt securities in issue	9,168	1,313	1,674	785	712	4,484	854	824	733
Subordinated liabilities	1,769	428	304	263	297	1,292	200	60	175
Internal funding of trading businesses	(4,174)	(285)	(146)	(148)	71	(508)	(69)	(56)	(26)
Interest payable	26,017	3,903	3,886	2,436	2,532	12,757	2,162	2,200	2,171
Net interest income	15,764	3,538	3,322	3,261	3,446	13,567	3,534	3,684	3,404
Net interest margin									
- Group	2.08%	1.78%	1.70%	1.75%	1.83%	1.76%	1.92%	2.03%	2.05%
- Core									
- Retail & Commercial	3.00%	2.70%	2.92%	2.91%	3.04%	2.89%	2.97%	3.11%	3.23%
- Global Banking & Markets	1.34%	2.02%	1.48%	1.08%	0.89%	1.38%	1.11%	1.01%	1.14%
- Non-Core	0.87%	0.61%	0.45%	0.55%	1.17%	0.69%	1.25%	1.22%	1.05%
Average interest earning assets	738,093	781,381	770,177	729,822	730,764	753,036	717,900	704,262	676,290
Average yields, spreads and margins of the banking business									
Gross yield on interest-earning assets of banking business	5.72	3.85	3.72	3.13	3.28	3.50	3.13	3.34	3.32
Cost of interest-bearing liabilities of banking business	(3.88)	(2.35)	(2.26)	(1.52)	(1.63)	(1.95)	(1.38)	(1.50)	(1.45)
Interest spread of banking business	1.84	1.50	1.46	1.61	1.65	1.55	1.75	1.84	1.87
Benefit from interest-free funds	0.24	0.28	0.24	0.14	0.18	0.21	0.17	0.19	0.18
Net interest margin of banking business	2.08	1.78	1.70	1.75	1.83	1.76	1.92	2.03	2.05

Section 1.1 – Income statement (continued)

Non-interest income

	2008 Full year £m	2009					Full year £m	2010		
		Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q1 £m		Q2 £m	Q3 £m	
Fees and commissions receivable	8,845	2,276	2,190	1,919	2,353	8,738	2,051	2,046	2,044	
Fees and commissions payable										
- banking	(2,010)	(562)	(529)	(450)	(810)	(2,351)	(466)	(541)	(493)	
- insurance related	(401)	(129)	(131)	(95)	(84)	(439)	(106)	(38)	(118)	
Net fees and commissions	6,434	1,585	1,530	1,374	1,459	5,948	1,479	1,467	1,433	
Foreign exchange	1,927	852	807	108	572	2,339	452	375	442	
Interest rate	1,174	1,720	1,137	1,460	(386)	3,931	960	202	866	
Credit	(12,446)	(1,736)	(1,815)	(591)	188	(3,954)	465	598	(95)	
Other	261	534	413	320	416	1,683	348	327	219	
Income from trading activities	(9,084)	1,370	542	1,297	790	3,999	2,225	1,502	1,432	
Operating lease and other rental income	1,469	337	325	320	341	1,323	343	344	338	
Changes in the fair value of securities and other financial assets and liabilities	(1,364)	(383)	326	45	54	42	14	(165)	22	
Changes in the fair value of investment properties	(86)	(4)	(143)	(6)	36	(117)	(3)	(105)	(4)	
Profit/(loss) on sale of securities	113	(114)	(59)	26	92	(55)	147	5	390	
Profit on sale of property, plant and equipment	177	14	11	2	13	40	9	3	9	
Profit/(loss) on sale of subsidiaries and associates	501	9	(20)	(8)	(38)	(57)	-	-	(111)	
Life business (losses)/profits	(52)	(24)	48	108	24	156	35	(23)	49	
Dividend income	275	14	24	18	17	73	20	21	17	
Share of profits less losses of associated entities	10	(7)	(47)	(13)	(83)	(150)	14	17	-	
Other income	(499)	(52)	(79)	(148)	(189)	(468)	17	135	(351)	
Other operating income	544	(210)	386	344	267	787	596	232	359	
Non-interest income (excluding insurance net premium income)	(2,106)	2,745	2,458	3,015	2,516	10,734	4,300	3,201	3,224	
Insurance net premium income	5,709	1,356	1,301	1,301	1,308	5,266	1,289	1,278	1,289	
Total non-interest income	3,603	4,101	3,759	4,316	3,824	16,000	5,589	4,479	4,513	

Section 1.1 – Income statement (continued)

Credit and other market losses

	2008 Full year £m	2009				Full year £m	2010		
		Q1 £m	Q2 £m	Q3 £m	Q4 £m		Q1 £m	Q2 £m	Q3 £m
Monoline exposures	3,093	1,645	7	106	734	2,387	-	139	(191)
CDPCs	615	198	371	276	111	957	32	56	15
Asset-backed products	4,778	376	151	(147)	(102)	288	55	(97)	(160)
Other credit exotics	947	537	(15)	46	(30)	558	(11)	(47)	2
Equities	948	8	13	12	13	47	7	6	15
Leveraged finance	1,088	-	-	-	-	-	-	-	-
Banking book hedges	(1,642)	158	816	426	262	1,727	36	(147)	123
Other	268	(83)	51	55	91	188	140	183	54
Net credit and other market losses/(gains)	10,095	2,839	1,394	774	1,079	6,152	259	93	(142)

Note:

The net credit and other market losses shown above are included in the 'Income from trading activities' line of 'Non-interest income' within the Income statement.

Section 1.1 – Income statement (continued)

Operating expenses

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Operating expenses									
Staff costs									
- wages, salaries and other staff costs	6,884	2,183	1,846	1,840	1,957	7,826	2,195	1,929	1,860
- social security costs	570	160	132	131	179	602	192	159	153
- pension costs	536	167	172	204	110	653	166	90	153
Premises and equipment	2,099	644	587	619	618	2,468	528	516	596
Other	4,267	1,046	915	943	1,075	3,979	935	974	869
Administrative expenses	14,356	4,200	3,652	3,737	3,939	15,528	4,016	3,668	3,631
Depreciation and amortisation	1,832	467	414	458	534	1,873	414	435	465
Operating expenses	16,188	4,667	4,066	4,195	4,473	17,401	4,430	4,103	4,096
General insurance	3,733	970	895	1,054	1,304	4,223	1,107	1,348	1,092
Bancassurance	184	(4)	30	91	17	134	29	(25)	50
Insurance net claims	3,917	966	925	1,145	1,321	4,357	1,136	1,323	1,142
Cost:income ratio	84%	61%	57%	55%	62%	59%	49%	50%	52%
Adjusted cost:income ratio (1)	105%	70%	66%	65%	75%	69%	55%	60%	60%
Staff costs as a % of total income	41%	33%	30%	29%	31%	31%	28%	27%	27%

Note:

(1) Adjusted cost:income ratio is based on total income and operating expenses and after netting insurance claims against income.

Section 1.1 – Income statement (continued)

Impairment losses

	2008	2009					2010			Q3 £m
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m		
Division										
UK Retail	1,019	354	470	404	451	1,679	387	300	251	
UK Corporate	319	100	450	187	190	927	186	198	158	
Wealth	16	6	16	1	10	33	4	7	1	
Global Transaction Services	54	9	4	22	4	39	-	3	3	
Ulster Bank	106	67	90	144	348	649	218	281	286	
US Retail & Commercial	437	223	146	180	153	702	143	144	125	
Retail & Commercial	1,951	759	1,176	938	1,156	4,029	938	933	824	
Global Banking & Markets	522	269	(31)	272	130	640	32	164	(40)	
RBS Insurance	42	5	1	2	-	8	-	-	-	
Central items	(19)	(3)	1	1	2	1	1	-	(2)	
Core	2,496	1,030	1,147	1,213	1,288	4,678	971	1,097	782	
Non-Core	4,936	1,828	3,516	2,066	1,811	9,221	1,704	1,390	1,171	
Group impairment losses	7,432	2,858	4,663	3,279	3,099	13,899	2,675	2,487	1,953	
Asset category										
Loan impairment losses	6,478	2,276	4,520	3,262	3,032	13,090	2,602	2,479	1,908	
Securities impairment losses	954	582	143	17	67	809	73	8	45	
Group impairment losses	7,432	2,858	4,663	3,279	3,099	13,899	2,675	2,487	1,953	
Loan impairment charge as a % of gross loans and advances (excluding reverse repurchase agreements)	0.9%	1.3%	3.0%	2.2%	2.1%	2.3%	1.8%	1.8%	1.4%	

Section 1.1 – Income statement (continued)

Non-operating items

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Amortisation of purchased intangible assets	(443)	(85)	(55)	(73)	(59)	(272)	(65)	(85)	(123)
Integration and restructuring costs	(1,357)	(379)	(355)	(324)	(228)	(1,286)	(168)	(254)	(311)
Gain on redemption of own debt	-	-	3,790	-	-	3,790	-	553	-
Strategic disposals	442	241	212	(155)	(166)	132	53	(411)	27
Bonus Tax	-	-	-	-	(208)	(208)	(54)	(15)	(15)
Asset Protection Scheme credit default swap– fair value changes	-	-	-	-	-	-	(500)	500	(825)
Gains on pensions curtailment	-	-	-	-	2,148	2,148	-	-	-
	(1,358)	(223)	3,592	(552)	1,487	4,304	(734)	288	(1,247)

Taxation

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
(Loss)/profit before tax	(8,296)	(44)	59	(2,077)	134	(1,928)	(21)	1,157	(1,379)
Expected tax credit/(charge)	2,364	12	(16)	582	(38)	540	6	(324)	386
Unrecognised timing differences	(274)	(89)	73	223	67	274	(52)	52	-
Other non-deductible items	(371)	(35)	(38)	(35)	(400)	(508)	(31)	(198)	(77)
Non-taxable items:									
- gain on redemption of own debt	-	-	692	-	-	692	-	12	-
- other	491	83	93	27	208	411	2	62	37
Taxable foreign exchange movements	(80)	-	23	(9)	(13)	1	-	7	(5)
Foreign profits taxed at other rates	(271)	(65)	18	(126)	(159)	(332)	(128)	(210)	(56)
Reduction in deferred tax asset following change in the rate of UK corporation tax	-	-	-	-	-	-	-	-	(90)
Losses in period not recognised	(942)	(3)	(181)	(83)	(448)	(715)	(83)	(280)	9
Losses brought forward and utilised	11	(2)	25	6	65	94	8	3	(1)
Adjustments in respect of prior periods	352	(129)	(49)	(9)	69	(118)	172	51	58
Actual tax credit/(charge)	1,280	(228)	640	576	(649)	339	(106)	(825)	261
Effective tax rate	15.4%	nm	nm	27.7%	nm	17.6%	nm	71.3%	18.9%

Section 1.1 – Income statement (continued)

Profit attributable to minority interests

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Trust preferred securities	65	30	15	2	(8)	39	10	-	-
Investment in Bank of China	78	359	-	-	-	359	-	-	-
Sempra	164	79	65	35	55	234	-	20	26
RBS N.V.	91	2	-	2	-	4	-	1	(2)
Other	14	1	3	8	-	12	2	9	6
Profit attributable to minority interests	412	471	83	47	47	648	12	30	30

Profit attributable to preference shareholders and paid-in equity holders

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Preference shareholders									
Non-cumulative preference shares of US\$0.01	293	114	65	100	63	342	105	-	-
Non-cumulative preference shares of €0.01	183	-	57	81	63	201	-	-	-
Non-cumulative preference shares of £1									
- issued to UK Financial Investments Limited	-	-	274	-	-	274	-	-	-
- other	60	-	-	61	-	61	-	-	-
Paid-in equity holders									
Interest on securities classified as equity, net of tax	60	-	36	3	18	57	-	19	-
	596	114	432	245	144	935	105	19	-

Section 1.2 – Balance sheet

Balance sheet

	2008	2009				2010		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Cash and balances at central banks	11,830	20,384	34,302	36,567	51,548	42,008	29,591	61,416
Net loans and advances to banks	70,728	60,258	48,624	60,274	48,777	56,508	54,471	60,330
Reverse repurchase agreements and stock borrowing	58,771	44,828	35,076	37,190	35,097	43,019	47,663	48,407
Loans and advances to banks	129,499	105,086	83,700	97,464	83,874	99,527	102,134	108,737
Net loans and advances to customers	691,976	671,077	593,277	587,996	554,654	553,872	539,340	528,049
Reverse repurchase agreements and stock borrowing	39,289	46,561	47,485	43,463	41,040	52,906	39,396	44,503
Loans and advances to customers	731,265	717,638	640,762	631,459	595,694	606,778	578,736	572,552
Debt securities	253,159	248,904	229,059	251,281	249,095	252,116	236,260	226,410
Equity shares	22,198	14,281	14,220	16,830	15,960	21,054	17,326	21,755
Settlement balances	17,812	24,446	23,244	28,634	12,024	24,369	20,718	22,874
Derivatives	991,495	868,657	555,890	552,466	438,199	462,272	522,871	548,805
Intangible assets	16,415	16,371	15,117	15,339	14,786	14,683	14,482	14,369
Property, plant and equipment	17,181	17,561	16,292	18,208	17,773	18,248	17,608	17,398
Deferred taxation	5,786	6,298	7,573	7,667	6,492	6,540	5,841	5,907
Prepayments, accrued income and other assets	21,573	20,692	20,620	19,664	18,604	13,909	13,630	11,903
Assets of disposal groups	480	170	3,666	4,737	18,432	21,394	21,656	16,537
Total assets	2,218,693	2,060,488	1,644,445	1,680,316	1,522,481	1,582,898	1,580,853	1,628,663

Section 1.2 – Balance sheet (continued)

Balance sheet (continued)

	2008	2009				2010			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
	£m	£m	£m	£m	£m	£m	£m	£m	
Liabilities									
Bank deposits	178,943	179,425	135,601	138,584	115,642	100,168	96,614	80,186	
Repurchase agreements and stock lending	83,666	54,677	44,142	39,816	38,006	48,083	44,165	41,465	
Deposits by banks	262,609	234,102	179,743	178,400	153,648	148,251	140,779	121,651	
Customer deposits	460,318	446,339	415,267	423,769	414,251	425,102	420,890	420,639	
Repurchase agreements and stock lending	58,143	78,505	75,015	69,465	68,353	81,144	70,655	87,287	
Customer accounts	518,461	524,844	490,282	493,234	482,604	506,246	491,545	507,926	
Debt securities in issue	269,458	258,493	248,710	266,213	246,329	239,212	217,317	235,083	
Settlement balances	11,728	24,830	23,058	25,463	10,412	22,975	19,730	20,628	
Short positions	42,536	38,451	37,224	46,428	40,463	47,657	42,994	44,004	
Derivatives	969,409	836,662	534,632	537,522	421,534	444,223	508,966	543,397	
Accruals, deferred income and other liabilities	24,140	28,037	21,543	20,754	24,624	28,247	24,842	23,650	
Retirement benefit liabilities	1,564	1,534	1,363	1,410	2,715	2,670	2,600	2,606	
Deferred taxation	3,177	3,168	3,344	3,275	2,161	2,226	2,126	2,237	
Insurance liabilities	7,480	7,400	7,186	7,480	7,633	7,711	6,521	6,782	
Subordinated liabilities	43,678	43,511	32,106	33,085	31,538	31,936	27,523	27,890	
Liabilities of disposal groups	138	15	7,465	8,201	18,857	20,563	16,999	15,667	
Total liabilities	2,154,378	2,001,047	1,586,656	1,621,465	1,442,518	1,501,917	1,501,942	1,551,521	
Equity									
Minority interests	5,436	3,428	2,123	2,185	2,227	2,305	2,109	1,542	
Owners' equity*	58,879	56,013	55,666	56,666	77,736	78,676	76,802	75,600	
Total equity	64,315	59,441	57,789	58,851	79,963	80,981	78,911	77,142	
Total liabilities and equity	2,218,693	2,060,488	1,644,445	1,680,316	1,522,481	1,582,898	1,580,853	1,628,663	
*Owners' equity attributable to:									
Ordinary and B shareholders	45,525	42,659	47,820	48,820	69,890	70,830	72,058	70,856	
Other equity owners	13,354	13,354	7,846	7,846	7,846	7,846	4,744	4,744	
	58,879	56,013	55,666	56,666	77,736	78,676	76,802	75,600	

Section 1.2 – Balance sheet (continued)

Loans and advances by industry and geography

	Q4 2009			Q1 2010			Q2 2010			Q3 2010		
	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m
By industry												
Central and local government	6,128	1,532	7,660	6,525	1,466	7,991	9,527	1,370	10,897	9,766	1,204	10,970
Finance	50,673	9,713	60,386	53,126	9,609	62,735	54,244	8,979	63,223	54,723	8,650	63,373
Individuals – home	127,975	12,932	140,907	127,631	12,721	140,352	132,046	11,933	143,979	139,457	6,351	145,808
Individuals – other	35,313	6,358	41,671	34,937	6,546	41,483	35,167	5,397	40,564	34,129	4,183	38,312
Property	49,054	50,372	99,426	52,646	46,922	99,568	47,769	46,746	94,515	42,269	49,919	92,188
Construction	9,502	5,258	14,760	9,678	4,832	14,510	9,147	3,723	12,870	8,994	3,623	12,617
Manufacturing	30,272	14,402	44,674	29,684	13,630	43,314	28,438	9,894	38,332	26,255	9,339	35,594
Service industries and business activities	100,438	33,638	134,076	103,169	31,537	134,706	100,434	26,538	126,972	97,738	25,983	123,721
Agriculture, forestry and fishing	3,726	553	4,279	3,829	514	4,343	3,920	144	4,064	3,952	158	4,110
Finance leases and instalment credit	8,147	11,956	20,103	8,209	11,893	20,102	8,076	10,529	18,605	8,233	9,541	17,774
Interest accruals	1,179	549	1,728	981	456	1,437	920	426	1,346	847	278	1,125
Loans and advances to customers – gross	422,407	147,263	569,670	430,415	140,126	570,541	429,688	125,679	555,367	426,363	119,229	545,592
Loan impairment provisions	(6,786)	(8,230)	(15,016)	(7,259)	(9,410)	(16,669)	(7,504)	(8,523)	(16,027)	(7,664)	(9,879)	(17,543)
Total loans and advances to customers	415,621	139,033	554,654	423,156	130,716	553,872	422,184	117,156	539,340	418,699	109,350	528,049
By geography												
UK Domestic	211,726	66,015	277,741	219,569	59,640	279,209	219,187	59,219	278,406	216,557	57,863	274,420
UK International	66,787	12,604	79,391	64,629	16,252	80,881	69,039	11,529	80,568	74,279	11,077	85,356
Europe	61,677	40,567	102,244	60,768	38,717	99,485	55,628	32,207	87,835	57,792	29,869	87,661
US	63,544	19,470	83,014	65,926	18,409	84,335	65,863	16,877	82,740	59,894	14,876	74,770
Rest of the World	18,673	8,607	27,280	19,523	7,108	26,631	19,971	5,847	25,818	17,841	5,544	23,385
Loans and advances to customers – gross	422,407	147,263	569,670	430,415	140,126	570,541	429,688	125,679	555,367	426,363	119,229	545,592

Section 1.2 – Balance sheet (continued)

Loan impairment provisions

	2009				2010		
	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q3 £m
At the beginning of the period	9,451	10,827	13,773	15,124	15,173	16,827	16,166
Transfers to disposal groups	-	-	(312)	(9)	(29)	(38)	-
Currency translation and other adjustments	49	(554)	77	-	215	(375)	291
(Disposals)/acquisitions of businesses	-	-	-	(65)	-	(17)	-
Amounts written-off	(937)	(995)	(1,690)	(2,856)	(1,097)	(2,684)	(745)
Recoveries of amounts written-off in previous periods	65	75	114	71	70	80	165
Charged to income statement	2,277	4,519	3,262	3,032	2,602	2,479	1,908
Unwind of discount	(78)	(99)	(100)	(124)	(107)	(106)	(115)
At the end of the period	10,827	13,773	15,124	15,173	16,827	16,166	17,670
Analysis of write-offs							
Domestic							
Finance	(4)	(5)	(92)	(4)	(3)	(1)	(2)
Individuals – home	(1)	-	-	(1)	(1)	-	(1)
Individuals – other	(191)	(213)	(287)	(497)	(265)	(240)	(211)
Property	(17)	(13)	(24)	(266)	(65)	(58)	(35)
Construction	(9)	(13)	(71)	(150)	(20)	(46)	(22)
Manufacturing	(8)	(13)	(42)	(154)	(19)	(29)	(21)
Service industries and business activities	(33)	(120)	(137)	(412)	(70)	(147)	(76)
Agriculture, forestry and fishing	(1)	-	(1)	(1)	(1)	(1)	(1)
Finance leases and instalment credit	(11)	(16)	(61)	(27)	(19)	(11)	(10)
Total domestic	(275)	(393)	(715)	(1,512)	(463)	(533)	(379)
Foreign	(662)	(602)	(975)	(1,344)	(634)	(2,151)	(366)
Total write-offs	(937)	(995)	(1,690)	(2,856)	(1,097)	(2,684)	(745)
Provision balance as a % of REIL and PPL	45%	44%	43%	42%	45%	43%	46%

Section 1.2 – Balance sheet (continued)

Risk elements in lending (REIL) and potential problem loans (PPL)

	Q4 2009			Q1 2010			Q2 2010			Q3 2010		
	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m
Loans accounted for on a non-accrual basis:												
- Domestic	6,348	7,221	13,569	6,535	7,738	14,273	7,100	7,924	15,024	7,306	8,596	15,902
- Foreign	4,383	13,859	18,242	4,268	14,534	18,802	5,382	12,526	17,908	5,191	13,769	18,960
	10,731	21,080	31,811	10,803	22,272	33,075	12,482	20,450	32,932	12,497	22,365	34,862
Accruing loans past due 90 days or more:												
- Domestic	1,135	1,089	2,224	1,315	1,144	2,459	1,470	1,192	2,662	1,610	1,210	2,820
- Foreign	223	731	954	421	581	1,002	340	320	660	231	282	513
	1,358	1,820	3,178	1,736	1,725	3,461	1,810	1,512	3,322	1,841	1,492	3,333
Total REIL	12,089	22,900	34,989	12,539	23,997	36,536	14,292	21,962	36,254	14,338	23,857	38,195
Potential problem loans:												
- Domestic	137	287	424	150	140	290	292	174	466	332	113	445
- Foreign	135	365	500	188	115	303	179	353	532	36	136	172
Total PPL	272	652	924	338	255	593	471	527	998	368	249	617
Total REIL and PPL	12,361	23,552	35,913	12,877	24,252	37,129	14,763	22,489	37,252	14,706	24,106	38,812
REIL as a % of gross loans to customers	2.8%	15.1%	6.1%	2.9%	16.5%	6.3%	3.3%	16.8%	6.5%	3.3%	19.5%	6.9%
REIL and PPL as a % of gross loans to customers	2.9%	15.5%	6.2%	3.0%	16.7%	6.4%	3.4%	17.3%	6.6%	3.4%	19.7%	7.1%

Section 1.3 – Funding and liquidity

Key funding metrics

	2009				2010		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Loan:deposit ratio (Group)	151%	143%	139%	135%	131%	128%	126%
Loan:deposit ratio (Core)	118%	110%	108%	104%	102%	102%	101%
Loan:deposit gap (Group)	£225bn	£178bn	£164bn	£142bn	£131bn	£118bn	£107bn
Loan:deposit gap (Core)	£75bn	£41bn	£34bn	£16bn	£10bn	£8bn	£5bn
Total liquidity reserve		£121bn	£140bn	£166bn	£165bn	£137bn	£151bn
Wholesale funding > 1 year		47%	46%	50%	53%	57%	62%

Note:

Wholesale funding > 1 year as a % of debt securities and subordinated debt.

Sources of wholesale funding

	Q4 2009		Q1 2010		Q2 2010		Q3 2010	
	£m	%	£m	%	£m	%	£m	%
Deposits by banks	115,642	14.3	100,168	12.6	96,614	12.7	80,186	10.5
Debt securities in issue:								
- Commercial paper	44,307	5.5	36,588	4.6	30,865	4.1	30,424	4.0
- Certificates of deposits	58,195	7.2	57,369	7.2	45,888	6.0	50,497	6.6
- Medium term notes and other bonds	125,800	15.6	126,610	15.9	122,981	16.1	133,403	17.5
- Securitisations	18,027	2.2	18,645	2.3	17,583	2.3	20,759	2.7
	246,329	30.5	239,212	30.0	217,317	28.5	235,083	30.8
Subordinated liabilities	31,538	3.9	31,936	4.0	27,523	3.6	27,890	3.6
Total wholesale funding	393,509	48.7	371,316	46.6	341,454	44.8	343,159	44.9
Customer deposits	414,251	51.3	425,102	53.4	420,890	55.2	420,639	55.1
	807,760	100.0	796,418	100.0	762,344	100.0	763,798	100.0
Customer deposits as a % of total deposits	78%		81%		81%		84%	

Section 1.4 – Capital and RWAs

Composition of regulatory capital (proportional)

	2008	2009				2010		
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q3 £m
Tier 1								
Ordinary and B shareholders' equity	45,525	42,659	47,820	48,820	69,890	70,830	72,058	70,856
Minority interests	5,436	3,428	2,123	2,185	2,227	2,305	2,109	1,542
Adjustments for:								
- Goodwill and other intangible assets – continuing businesses	(16,386)	(16,371)	(15,117)	(15,339)	(14,786)	(14,683)	(14,482)	(14,369)
- Goodwill and other intangible assets – discontinued businesses	-	-	-	-	(238)	(678)	(757)	(516)
- Unrealised losses on available-for-sale (AFS) debt securities	3,687	5,393	4,194	2,317	1,888	1,654	1,553	1,347
- Reserves: revaluation of property and unrealised gains on AFS equities	(984)	(161)	(25)	(145)	(207)	(209)	(117)	(170)
- Reallocation of preference shares and innovative securities	(1,813)	(1,813)	(656)	(656)	(656)	(656)	(548)	(548)
- Other regulatory adjustments	9	(789)	(263)	(711)	(950)	(833)	(1,229)	(1,038)
Less excess of expected losses over provisions net of tax	(770)	(1,210)	(1,502)	(2,313)	(2,558)	(2,197)	(1,903)	(2,083)
Less securitisation positions	(663)	(1,432)	(1,397)	(1,187)	(1,353)	(1,858)	(2,004)	(2,032)
Less APS first loss	-	-	-	-	(5,106)	(4,992)	(4,936)	(4,678)
Core Tier 1 capital	34,041	29,704	35,177	32,971	48,151	48,683	49,744	48,311
Preference shares	16,655	16,735	11,207	11,313	11,265	10,906	5,630	5,584
Innovative Tier 1 securities	6,436	6,444	2,742	2,800	2,772	2,857	4,768	4,623
Tax on the excess of expected losses over provisions	308	482	599	922	1,020	876	759	830
Less deductions from Tier 1 capital	(316)	(343)	(329)	(388)	(310)	(347)	(271)	(173)
Total Tier 1 capital	57,124	53,022	49,396	47,618	62,898	62,975	60,630	59,175

Section 1.4 – Capital and RWAs (continued)

Composition of regulatory capital (proportional) (continued)

	2008	2009				2010		
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q3 £m
Tier 2								
Reserves: revaluation of property and unrealised gains on AFS equities	984	161	25	145	207	209	117	170
Collective impairment provisions	666	778	744	850	796	769	763	713
Perpetual subordinated debt	9,079	9,031	4,094	4,230	4,200	4,301	1,839	1,835
Term subordinated debt	20,282	20,318	17,832	18,830	18,120	18,742	16,829	16,962
Minority and other interests in Tier 2 capital	11	11	11	11	11	11	11	11
Less excess of expected losses over provisions	(1,076)	(1,692)	(2,101)	(3,235)	(3,578)	(3,073)	(2,662)	(2,913)
Less securitisation positions	(663)	(1,432)	(1,397)	(1,187)	(1,353)	(1,858)	(2,004)	(2,032)
Less material holdings	(316)	(343)	(329)	(388)	(310)	(347)	(271)	(173)
Less APS first loss	-	-	-	-	(5,106)	(4,992)	(4,936)	(4,678)
Total Tier 2 capital	28,967	26,832	18,879	19,256	12,987	13,762	9,686	9,895
Tier 3 capital	260	252	232	-	-	-	-	-
Supervisory deductions								
Unconsolidated investments								
- RBS Insurance	(3,628)	(3,651)	(4,047)	(4,273)	(4,068)	(4,123)	(4,016)	(4,040)
- Other investments	(416)	(421)	(414)	(431)	(404)	(416)	(176)	(323)
Other deductions	(111)	(103)	(75)	(77)	(93)	(73)	(274)	(352)
Deductions from total capital	(4,155)	(4,175)	(4,536)	(4,781)	(4,565)	(4,612)	(4,466)	(4,715)
Total regulatory capital	82,196	75,931	63,971	62,093	71,320	72,125	65,850	64,355

Section 1.4 – Capital and RWAs (continued)

Composition of regulatory capital (proportional) (continued)

	2008	2009				2010		
	Q4 £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Q1 £m	Q2 £m	Q3 £m
Risk-weighted assets								
Credit risk	433,400	437,100	404,100	416,500	410,400	433,200	409,400	404,000
Counterparty risk	61,100	63,200	53,000	82,000	56,500	55,000	80,200	75,600
Market risk	46,500	41,500	56,300	62,300	65,000	62,000	70,600	75,200
Operational risk	36,800	33,900	33,900	33,900	33,900	35,300	37,100	37,100
	577,800	575,700	547,300	594,700	565,800	585,500	597,300	591,900
Asset Protection Scheme relief	-	-	-	-	(127,600)	(124,800)	(123,400)	(116,900)
	577,800	575,700	547,300	594,700	438,200	460,700	473,900	475,000

Capital resources and ratios (proportional)

	2008	2009				2010		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Core Tier 1 capital	£34bn	£30bn	£35bn	£33bn	£48bn	£49bn	£50bn	£48bn
Tier 1 capital	£57bn	£53bn	£49bn	£48bn	£63bn	£63bn	£61bn	£59bn
Total capital	£82bn	£76bn	£64bn	£62bn	£71bn	£72bn	£66bn	£64bn
Risk-weighted assets – gross	£578bn	£576bn	£547bn	£595bn	£566bn	£586bn	£597bn	£592bn
Benefit of Asset Protection Scheme	-	-	-	-	(£128bn)	(£125bn)	(£123bn)	(£117bn)
Risk-weighted assets	£578bn	£576bn	£547bn	£595bn	£438bn	£461bn	£474bn	£475bn
Core Tier 1 ratio	5.9%	5.2%	6.4%	5.5%	11.0%	10.6%	10.5%	10.2%
Tier 1 ratio	9.9%	9.2%	9.0%	8.0%	14.4%	13.7%	12.8%	12.5%
Total capital ratio	14.2%	13.2%	11.7%	10.4%	16.3%	15.7%	13.9%	13.5%

Section 1.5 – Return on equity and earnings per share

Return on equity

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Return									
Operating profit	4,413	4,659	1,344	1,139	1,183	8,325	2,272	2,193	874
Notional tax charge	(1,236)	(1,305)	(376)	(319)	(331)	(2,331)	(636)	(614)	(245)
Minority interests	(7)	(31)	(18)	(10)	10	(49)	(12)	(13)	(2)
Preference share and other dividends	(630)	(178)	(409)	(170)	(69)	(826)	(129)	5	-
	2,540	3,145	541	640	793	5,119	1,495	1,571	627
Before fair value of own debt	1,653	2,403	1,232	988	598	5,221	1,617	1,125	1,245
Equity									
Owners equity attributable to ordinary and B shareholders	45,525	42,659	47,820	48,820	69,890	69,890	70,830	72,058	70,856
Intangible assets	(16,415)	(16,371)	(15,117)	(15,339)	(14,786)	(14,786)	(14,683)	(14,482)	(14,369)
Owners tangible equity attributable to ordinary and B shareholders	29,110	26,288	32,703	33,481	55,104	55,104	56,147	57,576	56,487
Core RWAs as a % of Group RWAs	70%	70%	68%	66%	70%	70%	72%	71%	72%
Core tangible equity	20,498	18,324	22,306	22,182	38,421	38,573	40,391	40,707	40,559
Core return on equity	12%	69%	10%	12%	8%	13%	15%	15%	6%
Return on equity before fair value of own debt	8%	52%	22%	18%	6%	14%	16%	11%	12%

Section 1.5 – Return on equity and earnings per share (continued)

Earnings per share

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
(Loss)/profit from continuing operations attributable to ordinary and B shareholders	(24,220)	(857)	(127)	(1,793)	(758)	(3,535)	(244)	283	(1,148)
Gain on redemption of preference shares and paid-in equity	-	-	200	-	-	200	-	610	-
Adjusted (loss)/profit from continuing operations attributable to ordinary and B shareholders	(24,220)	(857)	73	(1,793)	(758)	(3,335)	(244)	893	(1,148)
(Loss)/profit from discontinued operations attributable to ordinary and B shareholders	(86)	(45)	(13)	(7)	(7)	(72)	(4)	(26)	2
Ordinary shares in issue during the period (millions)	16,563	39,397	53,926	56,230	56,227	51,494	56,238	56,413	56,164
B shares in issue during the period (millions)	-	-	-	-	5,543	1,397	51,000	51,000	51,000
Weighted average number of ordinary and B shares in issue during the period (millions)	16,563	39,397	53,926	56,230	61,770	52,891	107,238	107,413	107,164
Basic (loss)/earnings per ordinary and B share from continuing operations	(146.2p)	(2.2p)	0.1p	(3.2p)	(1.2p)	(6.3p)	(0.2p)	0.8p	(1.1p)
Amortisation of purchased intangible assets	2.1p	0.1p	0.1p	0.1p	0.1p	0.4p	-	0.1p	0.1p
Integration and restructuring costs	5.9p	0.7p	0.5p	0.4p	0.3p	1.6p	0.1p	0.2p	0.2p
Gain on redemption of own debt (1)	-	-	(6.7p)	-	-	(6.8p)	-	(1.0p)	-
Strategic disposals	(2.7p)	-	(0.4p)	0.3p	0.3p	(0.2p)	-	0.4p	-
Bonus tax	-	(0.6p)	-	-	0.3p	0.4p	0.1p	-	-
Asset Protection Scheme credit default swap – fair value changes	-	-	-	-	-	-	0.3p	(0.3p)	0.6p
Gains on pensions curtailments	-	-	-	-	(2.6p)	(3.0p)	-	-	-
Write-down of goodwill and other intangible assets	97.8p	-	0.6p	-	0.1p	0.7p	-	-	-

Section 1.5 – Return on equity and earnings per share (continued)

Earnings per share (continued)

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Adjusted (loss)/earnings per ordinary and B share from continuing operations	(43.1p)	(2.0p)	(5.8p)	(2.4p)	(2.7p)	(13.2p)	0.3p	0.2p	(0.2p)
Loss from Non-Core attributable to ordinary and B shareholders	63.0p	11.1p	7.3p	3.1p	4.9p	24.9p	0.8p	0.2p	-
Core adjusted earnings/(loss) per ordinary and B share from continuing operations	19.9p	9.1p	1.5p	0.7p	2.2p	11.7p	1.1p	0.4p	(0.2p)
Core impairment losses	13.3p	2.2p	1.8p	1.6p	2.2p	7.7p	0.5p	0.3p	-
Pre-impairment Core adjusted earnings/(loss) per ordinary and B share	33.2p	11.3p	3.3p	2.3p	4.4p	19.4p	1.6p	0.7p	(0.2p)
Basic loss per ordinary and B share from discontinued operations	(0.5p)	(0.1p)	-	-	-	(0.1p)	-	-	-

Section 2 – Divisions
Section 2.1 – UK Retail

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income	3,187	797	868	848	939	3,452	933	1,001	1,056
Net fees and commissions – banking	1,524	337	321	303	283	1,244	259	263	262
Other non-interest income (net of insurance claims)	227	53	69	69	60	251	56	56	64
Non-interest income	1,751	390	390	372	343	1,495	315	319	326
Total income	4,938	1,187	1,258	1,220	1,282	4,947	1,248	1,320	1,382
Direct expenses									
- staff	(924)	(214)	(214)	(206)	(211)	(845)	(198)	(203)	(197)
- other	(548)	(146)	(132)	(129)	(46)	(453)	(132)	(140)	(134)
Indirect expenses	(1,724)	(456)	(422)	(417)	(446)	(1,741)	(391)	(401)	(402)
	(3,196)	(816)	(768)	(752)	(703)	(3,039)	(721)	(744)	(733)
Operating profit before impairment losses	1,742	371	490	468	579	1,908	527	576	649
Impairment losses	(1,019)	(354)	(470)	(404)	(451)	(1,679)	(387)	(300)	(251)
Operating profit	723	17	20	64	128	229	140	276	398
Analysis of income by product									
Personal advances	1,244	305	311	303	273	1,192	234	236	248
Personal deposits	2,037	397	354	319	279	1,349	277	277	277
Mortgages	500	207	273	319	415	1,214	422	478	527
Bancassurance	217	52	69	69	56	246	59	58	60
Cards	831	204	212	225	228	869	229	239	243
Other	109	22	39	(15)	31	77	27	32	27
Total income	4,938	1,187	1,258	1,220	1,282	4,947	1,248	1,320	1,382

Section 2.1 – UK Retail (continued)

	2008	2009				2010			Q3 £m
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	
Analysis of impairments by sector									
Mortgages	31	22	41	26	35	124	48	44	55
Personal	568	195	299	247	282	1,023	233	168	150
Cards	420	137	130	131	134	532	106	88	46
Total impairment losses	1,019	354	470	404	451	1,679	387	300	251
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector									
Mortgages	-	0.1%	0.2%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%
Personal	3.7%	5.2%	8.3%	6.8%	8.3%	7.5%	7.1%	5.3%	4.8%
Cards	6.7%	9.1%	8.5%	8.6%	8.6%	8.6%	7.1%	5.9%	3.0%
	1.1%	1.5%	1.9%	1.6%	1.8%	1.6%	1.5%	1.1%	0.9%
Key metrics									
	2008	2009				2010			
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	11.1%	1.0%	1.2%	3.8%	7.1%	3.2%	8.0%	16.1%	23.2%
Net interest margin	3.58%	3.46%	3.69%	3.47%	3.74%	3.59%	3.66%	3.88%	4.02%
Cost:income ratio	62%	69%	60%	57%	54%	60%	56%	57%	51%
Adjusted cost:income ratio (2)	65%	69%	61%	62%	55%	61%	58%	56%	53%

Notes:

- (1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).
- (2) Adjusted cost:income ratio is based on total income and operating expenses and after netting insurance claims against income.

Section 2.1 – UK Retail (continued)

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
Capital and balance sheet								
Loans and advances to customers (gross)								
- mortgages	72.2	73.3	76.6	80.3	83.2	84.8	86.9	89.1
- personal	15.2	15.0	14.4	14.5	13.6	13.2	12.8	12.4
- cards	6.3	6.0	6.1	6.1	6.2	6.0	6.0	6.1
Customer deposits (excluding bancassurance)	78.9	80.3	83.4	85.6	87.2	89.4	90.0	91.4
Assets under management (excluding deposits)	5.7	4.6	4.7	5.0	5.3	5.3	5.4	5.4
Risk elements in lending	3.8	4.1	4.5	4.7	4.6	4.7	4.8	5.0
Loan:deposit ratio (excluding repos)	116%	115%	113%	115%	115%	113%	114%	115%
Risk-weighted assets	45.7	49.6	54.0	51.6	51.3	49.8	49.1	49.3

Section 2.2 – UK Corporate

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income	2,448	499	560	607	626	2,292	610	647	662
Net fees and commissions	829	194	219	223	222	858	224	233	244
Other non-interest income	460	117	109	106	100	432	105	107	80
Non-interest income	1,289	311	328	329	322	1,290	329	340	324
Total income	3,737	810	888	936	948	3,582	939	987	986
Direct expenses									
- staff	(801)	(185)	(182)	(174)	(212)	(753)	(205)	(189)	(186)
- other	(318)	(74)	(46)	(71)	(69)	(260)	(103)	(82)	(81)
Indirect expenses	(518)	(130)	(125)	(125)	(137)	(517)	(127)	(128)	(139)
	(1,637)	(389)	(353)	(370)	(418)	(1,530)	(435)	(399)	(406)
Operating profit before impairment losses	2,100	421	535	566	530	2,052	504	588	580
Impairment losses	(319)	(100)	(450)	(187)	(190)	(927)	(186)	(198)	(158)
Operating profit	1,781	321	85	379	340	1,125	318	390	422
Analysis of income by business									
Corporate and commercial lending	2,094	476	520	546	589	2,131	630	660	651
Asset and invoice finance	312	109	123	129	140	501	134	154	163
Corporate deposits	1,266	290	264	241	191	986	176	185	183
Other	65	(65)	(19)	20	28	(36)	(1)	(12)	(11)
Total income	3,737	810	888	936	948	3,582	939	987	986

Section 2.2 – UK Corporate (continued)

	2008	2009				Full year	2010		
	Full year	Q1	Q2	Q3	Q4		Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Analysis of impairments by sector									
Banks and financial institutions	9	2	3	4	6	15	2	(9)	15
Hotels and restaurants	25	15	36	7	40	98	16	12	6
Housebuilding and construction	42	6	55	58	(13)	106	14	8	62
Manufacturing	14	4	17	2	28	51	6	2	2
Other	53	19	88	31	12	150	37	83	19
Private sector education, health, social work, recreational and community services	15	8	32	(4)	23	59	8	-	1
Property	24	11	149	69	30	259	66	61	34
Wholesale and retail trade, repairs	37	14	23	16	23	76	18	28	14
Asset and invoice finance	100	21	47	4	41	113	19	13	5
Total impairment losses	319	100	450	187	190	927	186	198	158
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector									
Banks and financial institutions	0.2%	0.1%	0.3%	0.3%	0.4%	0.2%	0.1%	(0.6%)	1.0%
Hotels and restaurants	0.4%	1.1%	2.2%	0.4%	2.4%	1.5%	1.0%	0.7%	0.3%
Housebuilding and construction	0.8%	0.5%	4.8%	5.0%	(1.2%)	2.5%	1.3%	0.7%	5.5%
Manufacturing	0.3%	0.2%	1.2%	0.1%	1.9%	0.9%	0.4%	0.1%	0.2%
Other	0.1%	0.2%	1.1%	0.4%	0.2%	0.5%	0.5%	1.0%	0.2%
Private sector education, health, social work, recreational and community services	0.2%	0.5%	2.0%	(0.2%)	1.4%	0.9%	0.4%	-	-
Property	0.1%	0.1%	1.8%	0.8%	0.4%	0.8%	0.8%	0.8%	0.5%
Wholesale and retail trade, repairs	0.4%	0.6%	0.9%	0.6%	0.9%	0.7%	0.7%	1.1%	0.5%
Asset and invoice finance	1.2%	0.8%	2.2%	0.2%	1.9%	1.3%	0.8%	0.6%	0.2%
	0.3%	0.3%	1.6%	0.7%	0.7%	0.8%	0.7%	0.7%	0.6%

Section 2.2 – UK Corporate (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	17.7%	12.5%	3.1%	13.5%	11.9%	9.8%	11.1%	14.3%	16.0%
Net interest margin	2.40%	1.88%	2.17%	2.38%	2.47%	2.22%	2.38%	2.50%	2.58%
Cost:income ratio	44%	48%	40%	40%	44%	43%	46%	40%	41%

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
Capital and balance sheet								
Total third party assets	121.0	120.1	116.2	117.3	114.9	117.4	118.4	116.6
Loans and advances to customers (gross)								
- banks and financial institutions	5.4	6.0	4.1	6.0	6.3	6.5	6.5	6.0
- hotels and restaurants	6.1	5.3	6.5	7.1	6.7	6.6	7.0	6.9
- housebuilding and construction	5.2	5.1	4.6	4.6	4.3	4.3	4.6	4.5
- manufacturing	5.3	6.6	5.9	6.2	5.9	5.9	5.5	5.3
- other	38.1	34.4	32.7	31.0	29.9	31.1	32.6	31.9
- private sector education, health, social work, recreational and community services	7.4	7.1	6.4	6.6	6.5	8.5	9.1	9.0
- property	31.8	33.2	33.8	33.0	33.0	32.0	30.3	30.0
- wholesale and retail trade, repairs	9.1	9.1	10.0	10.6	10.2	10.4	10.4	10.2
- asset and invoice finance	8.5	9.9	8.6	8.8	8.8	9.0	9.2	9.7
Customer deposits	82.0	82.9	85.6	86.7	87.8	91.4	95.4	98.1
Risk elements in lending	1.3	2.0	2.4	2.5	2.3	2.5	2.9	3.3
Loan:deposit ratio (excluding repos)	142%	139%	130%	130%	126%	124%	119%	114%
Risk-weighted assets	85.7	86.2	89.5	91.0	90.2	91.3	87.6	84.7

Note:

(1) Return on equity is based on divisional operating profit after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).

Section 2.3 – Wealth

	2008	2009				2010			
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income statement									
Net interest income	578	158	176	168	161	663	143	150	156
Net fees and commissions	405	90	90	92	91	363	95	97	90
Other non-interest income	76	21	21	19	22	83	17	19	18
Non-interest income	481	111	111	111	113	446	112	116	108
Total income	1,059	269	287	279	274	1,109	255	266	264
Direct expenses									
- staff	(377)	(90)	(78)	(82)	(107)	(357)	(99)	(92)	(95)
- other	(178)	(38)	(40)	(41)	(25)	(144)	(35)	(39)	(39)
Indirect expenses	(140)	(41)	(35)	(36)	(43)	(155)	(55)	(47)	(55)
	(695)	(169)	(153)	(159)	(175)	(656)	(189)	(178)	(189)
Operating profit before impairment losses	364	100	134	120	99	453	66	88	75
Impairment losses	(16)	(6)	(16)	(1)	(10)	(33)	(4)	(7)	(1)
Operating profit	348	94	118	119	89	420	62	81	74
Analysis of income									
Private Banking	819	219	242	232	223	916	204	216	217
Investments	240	50	45	47	51	193	51	50	47
Total income	1,059	269	287	279	274	1,109	255	266	264
Key metrics									
Performance ratios									
Net interest margin	4.51%	4.47%	4.82%	4.34%	3.94%	4.38%	3.38%	3.36%	3.44%
Cost:income ratio	66%	63%	53%	57%	64%	59%	74%	67%	72%

Section 2.3 – Wealth (continued)

	31 December	2009				2010		
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Capital and balance sheet								
Loans and advances to customers (gross)								
- mortgages	5.3	5.5	5.6	6.1	6.5	6.8	6.9	7.5
- personal	5.0	4.6	4.7	4.8	4.9	6.2	6.4	6.5
- other	2.1	2.2	2.1	2.5	2.3	1.5	1.6	1.5
Customer deposits	34.1	34.9	35.3	36.3	35.7	36.4	36.2	34.8
Assets under management (excluding deposits)	34.7	31.3	29.8	31.7	30.7	31.7	30.2	31.1
Risk elements in lending	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Loan:deposit ratio (excluding repos)	36%	35%	35%	37%	38%	40%	41%	44%
Risk-weighted assets	10.8	10.6	10.3	10.7	11.2	11.7	12.0	12.1

Section 2.4 – Global Transaction Services

	2008	2009				2010			Q3 £m
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	
Income statement									
Net interest income	937	220	225	234	233	912	217	237	257
Non-interest income	1,494	385	398	388	404	1,575	390	411	411
Total income	2,431	605	623	622	637	2,487	607	648	668
Direct expenses									
- staff	(362)	(95)	(87)	(87)	(102)	(371)	(104)	(102)	(100)
- other	(149)	(35)	(38)	(37)	(51)	(161)	(33)	(37)	(38)
Indirect expenses	(864)	(235)	(229)	(223)	(256)	(943)	(237)	(227)	(218)
	(1,375)	(365)	(354)	(347)	(409)	(1,475)	(374)	(366)	(356)
Operating profit before impairment losses	1,056	240	269	275	228	1,012	233	282	312
Impairment losses	(54)	(9)	(4)	(22)	(4)	(39)	-	(3)	(3)
Operating profit	1,002	231	265	253	224	973	233	279	309
Analysis of income by product									
Domestic cash management	795	202	204	202	197	805	194	201	216
International cash management	722	169	179	183	203	734	185	193	200
Trade finance	241	75	77	71	67	290	71	76	81
Merchant acquiring	527	124	126	127	128	505	115	133	123
Commercial cards	146	35	37	39	42	153	42	45	48
Total income	2,431	605	623	622	637	2,487	607	648	668

Section 2.4 – Global Transaction Services (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Net interest margin	8.25%	8.29%	9.23%	9.63%	9.81%	9.22%	7.97%	6.47%	6.72%
Cost:income ratio	57%	60%	57%	56%	64%	59%	62%	56%	53%

	31 December	2009				2010			
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September	
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	
Capital and balance sheet									
Total third party assets	22.2	21.1	19.4	21.4	18.4	25.6	25.7	24.2	
Loans and advances	14.8	14.7	13.5	14.5	12.7	14.3	15.6	14.4	
Customer deposits	61.8	58.3	54.0	58.6	61.8	64.6	62.7	65.4	
Risk elements in lending	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	
Loan:deposit ratio (excluding repos)	25%	26%	26%	25%	21%	22%	25%	22%	
Risk-weighted assets	17.4	18.7	16.7	18.9	19.1	20.4	19.4	18.6	

Section 2.5 – Ulster Bank

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income	773	202	208	176	194	780	188	194	192
Net fees and commissions	238	46	39	45	98	228	35	43	38
Other non-interest income	28	11	12	10	(7)	26	18	10	14
Non-interest income	266	57	51	55	91	254	53	53	52
Total income	1,039	259	259	231	285	1,034	241	247	244
Direct expenses									
- staff	(330)	(89)	(81)	(79)	(76)	(325)	(66)	(60)	(54)
- other	(100)	(24)	(27)	(22)	(13)	(86)	(19)	(20)	(18)
Indirect expenses	(285)	(75)	(73)	(71)	(123)	(342)	(75)	(63)	(62)
	(715)	(188)	(181)	(172)	(212)	(753)	(160)	(143)	(134)
Operating profit before impairment losses	324	71	78	59	73	281	81	104	110
Impairment losses	(106)	(67)	(90)	(144)	(348)	(649)	(218)	(281)	(286)
Operating profit/(loss)	218	4	(12)	(85)	(275)	(368)	(137)	(177)	(176)
Analysis of income by business									
Corporate	618	162	138	134	146	580	145	134	120
Retail	396	93	101	104	114	412	112	105	124
Other	25	4	20	(7)	25	42	(16)	8	-
Total income	1,039	259	259	231	285	1,034	241	247	244

Section 2.5 – Ulster Bank (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Analysis of impairments by sector									
Mortgages	17	14	10	30	20	74	33	33	69
Corporate									
- property	37	12	63	(2)	233	306	82	117	107
- other corporate	7	28	3	89	83	203	91	118	100
Other lending	45	13	14	27	12	66	12	13	10
Total impairment losses	106	67	90	144	348	649	218	281	286
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector									
Mortgages	0.1%	0.3%	0.2%	0.7%	0.5%	0.5%	0.8%	0.9%	1.3%
Corporate									
- property	0.3%	0.5%	2.7%	(0.1%)	9.2%	3.0%	3.3%	4.9%	8.1%
- other corporate	0.1%	0.9%	0.1%	3.0%	3.0%	1.8%	3.5%	4.8%	4.3%
Other lending	2.1%	2.6%	3.5%	5.4%	2.0%	2.7%	2.0%	2.7%	2.4%
	0.2%	0.6%	0.9%	1.4%	3.5%	1.6%	2.3%	3.1%	3.0%

Section 2.5 – Ulster Bank (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	8.9%	0.6%	(1.8%)	(11.3%)	(35.3%)	(11.8%)	(16.0%)	(21.7%)	(20.9%)
Net interest margin	1.89%	1.87%	2.03%	1.74%	1.83%	1.87%	1.77%	1.92%	1.90%
Cost:income ratio	69%	73%	70%	74%	74%	73%	66%	58%	55%

Capital and balance sheet	31 December	2009					2010		
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September	
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	
Loans and advances to customers (gross)									
- mortgages	18.1	17.4	16.0	16.7	16.2	16.1	14.9	21.4	
- corporate									
- property	10.9	10.4	9.5	10.2	10.1	9.9	9.5	5.3	
- other corporate	12.9	12.4	11.7	11.7	11.0	10.4	9.9	9.4	
- other lending	2.1	2.0	1.8	2.0	2.4	2.4	1.9	1.7	
Customer deposits	24.3	19.5	18.9	20.9	21.9	23.7	22.7	23.4	
Risk elements in lending									
- mortgages	0.3	0.4	0.4	0.5	0.6	0.7	0.7	1.4	
- corporate									
- property	0.5	0.6	0.6	0.6	0.7	1.0	1.3	0.6	
- other corporate	0.3	0.4	0.5	0.7	0.8	1.1	1.3	1.0	
- other lending	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	
Loan:deposit ratio (excluding repos)	179%	213%	203%	191%	177%	159%	154%	156%	
Risk-weighted assets	24.5	26.2	26.2	28.5	29.9	32.8	30.5	32.6	

Note:

(1) Return on equity is based on divisional operating profit/(loss) after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).

Section 2.6 – US Retail & Commercial (£ Sterling)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income	1,726	494	448	410	423	1,775	468	502	480
Net fees and commissions	664	198	209	159	148	714	177	203	180
Other non-interest income	197	52	45	65	73	235	75	72	91
Non-interest income	861	250	254	224	221	949	252	275	271
Total income	2,587	744	702	634	644	2,724	720	777	751
Direct expenses									
- staff	(645)	(218)	(184)	(174)	(200)	(776)	(215)	(151)	(214)
- other	(354)	(143)	(188)	(132)	(130)	(593)	(134)	(163)	(148)
Indirect expenses	(623)	(201)	(194)	(191)	(180)	(766)	(188)	(190)	(191)
	(1,622)	(562)	(566)	(497)	(510)	(2,135)	(537)	(504)	(553)
Operating profit before impairment losses	965	182	136	137	134	589	183	273	198
Impairment losses	(437)	(223)	(146)	(180)	(153)	(702)	(143)	(144)	(125)
Operating profit/(loss)	528	(41)	(10)	(43)	(19)	(113)	40	129	73
Average exchange rate – US\$/£	1.853	1.436	1.551	1.640	1.633	1.566	1.560	1.492	1.551

Section 2.6 – US Retail & Commercial (£ Sterling) (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Analysis of income by product									
Mortgages and home equity	375	142	130	112	115	499	115	124	142
Personal lending and cards	333	107	113	116	115	451	114	122	127
Retail deposits	1,000	231	202	200	195	828	226	248	223
Commercial lending	405	141	140	127	134	542	142	152	145
Commercial deposits	377	104	89	97	108	398	81	86	78
Other	97	19	28	(18)	(23)	6	42	45	36
Total income	2,587	744	702	634	644	2,724	720	777	751
Analysis of impairments by sector									
Residential mortgages	41	23	12	29	8	72	19	22	14
Home equity	67	29	43	82	13	167	6	38	56
Corporate and commercial	181	108	61	65	92	326	49	76	23
Other consumer	148	63	30	4	40	137	56	7	28
Securities impairment losses	-	-	-	-	-	-	13	1	4
Total impairment losses	437	223	146	180	153	702	143	144	125
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector									
Residential mortgages	0.4%	1.0%	0.7%	1.7%	0.5%	1.1%	1.1%	1.3%	0.9%
Home equity	0.4%	0.6%	1.1%	2.1%	0.3%	1.1%	0.1%	0.9%	1.5%
Corporate and commercial	0.8%	1.8%	1.2%	1.3%	1.9%	1.7%	1.0%	1.5%	0.5%
Other consumer	1.5%	2.6%	1.4%	0.2%	2.1%	1.8%	2.8%	0.3%	1.6%
	0.7%	1.4%	1.1%	1.4%	1.3%	1.4%	1.0%	1.1%	1.0%

Section 2.6 – US Retail & Commercial (£ Sterling) (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	6.7%	(2.1%)	(0.6%)	(2.2%)	(1.0%)	(1.5%)	2.0%	6.4%	3.7%
Net interest margin	2.68%	2.33%	2.32%	2.37%	2.45%	2.37%	2.69%	2.78%	2.92%
Cost:income ratio	63%	75%	81%	78%	79%	78%	74%	65%	74%

	31 December	2009				2010		
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Capital and balance sheet								
Total third party assets	88.7	96.0	76.3	77.7	75.4	78.9	78.2	72.4
Loans and advances to customers (gross)								
- residential mortgages	9.5	9.2	7.3	6.9	6.5	6.7	6.6	6.2
- home equity	18.7	18.8	15.9	16.0	15.4	16.2	16.3	15.3
- corporate and commercial	23.8	24.2	20.5	20.5	19.5	20.5	20.7	19.8
- other consumer	9.8	9.8	8.3	7.8	7.5	8.0	8.0	6.8
Customer deposits (excluding repos)	63.9	67.7	59.9	62.0	60.1	62.5	62.3	60.5
Risk elements in lending								
- retail	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4
- commercial	0.2	0.1	0.1	0.2	0.2	0.3	0.5	0.4
Loan:deposit ratio (excluding repos)	96%	91%	86%	81%	80%	81%	81%	78%
Risk-weighted assets	63.9	64.3	55.6	62.8	59.7	63.8	65.5	64.1
Spot exchange rate – US\$/£	1.460	1.433	1.644	1.599	1.622	1.517	1.498	1.570

Note:

(1) Return on equity is based on divisional operating profit/(loss) after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).

Section 2.7 – US Retail & Commercial (US Dollar)

	2008	2009				2010			
	Full year \$m	Q1 \$m	Q2 \$m	Q3 \$m	Q4 \$m	Full year \$m	Q1 \$m	Q2 \$m	Q3 \$m
Income statement									
Net interest income	3,200	711	696	680	690	2,777	730	748	745
Net fees and commissions	1,231	284	324	266	245	1,119	276	303	280
Other non-interest income	362	75	69	104	120	368	116	110	139
Non-interest income	1,593	359	393	370	365	1,487	392	413	419
Total income	4,793	1,070	1,089	1,050	1,055	4,264	1,122	1,161	1,164
Direct expenses									
- staff	(1,194)	(313)	(287)	(289)	(325)	(1,214)	(335)	(223)	(332)
- other	(654)	(206)	(289)	(219)	(215)	(929)	(207)	(246)	(230)
Indirect expenses	(1,157)	(288)	(301)	(313)	(294)	(1,196)	(293)	(283)	(296)
	(3,005)	(807)	(877)	(821)	(834)	(3,339)	(835)	(752)	(858)
Operating profit before impairment losses	1,788	263	212	229	221	925	287	409	306
Impairment losses	(811)	(320)	(231)	(296)	(252)	(1,099)	(224)	(214)	(193)
Operating profit/(loss)	977	(57)	(19)	(67)	(31)	(174)	63	195	113
Analysis of income by product									
Mortgages and home equity	695	204	203	186	188	781	180	185	220
Personal lending and cards	617	154	174	190	188	706	178	182	196
Retail deposits	1,853	332	315	329	320	1,296	351	372	345
Commercial lending	751	202	217	210	219	848	222	226	225
Commercial deposits	698	150	138	160	176	624	126	128	122
Other	179	28	42	(25)	(36)	9	65	68	56
Total income	4,793	1,070	1,089	1,050	1,055	4,264	1,122	1,161	1,164

Section 2.7 – US Retail & Commercial (US Dollar) (continued)

	2008	2009				2010			
	Full year \$m	Q1 \$m	Q2 \$m	Q3 \$m	Q4 \$m	Full year \$m	Q1 \$m	Q2 \$m	Q3 \$m
Analysis of impairments by sector									
Residential mortgages	76	33	19	47	14	113	30	33	22
Home equity	125	42	65	131	23	261	10	56	88
Corporate and commercial	335	154	99	107	150	510	77	113	35
Other consumer	275	91	48	11	65	215	87	10	42
Securities impairment losses	-	-	-	-	-	-	20	2	6
Total impairment losses	811	320	231	296	252	1,099	224	214	193
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) by sector									
Residential mortgages	0.5%	1.0%	0.6%	1.7%	0.5%	1.1%	1.2%	1.3%	0.9%
Home equity	0.5%	0.6%	1.0%	2.0%	0.4%	1.0%	0.2%	0.9%	1.5%
Corporate and commercial	1.0%	1.8%	1.2%	1.3%	1.9%	1.6%	1.0%	1.5%	0.5%
Other consumer	1.9%	2.6%	1.4%	0.3%	2.1%	1.8%	2.9%	0.3%	1.6%
	0.9%	1.4%	1.1%	1.5%	1.3%	1.4%	1.1%	1.1%	1.0%

Section 2.7 – US Retail & Commercial (US Dollar) (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	8.5%	(2.0%)	(0.7%)	(2.2%)	(1.0%)	(1.5%)	2.1%	6.5%	3.6%
Net interest margin	2.68%	2.33%	2.32%	2.37%	2.45%	2.37%	2.69%	2.78%	2.92%
Cost:income ratio	63%	75%	81%	78%	79%	78%	74%	65%	74%

	31 December	2009				2010		
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September
	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn
Capital and balance sheet								
Total third party assets	129.5	137.6	125.5	124.1	122.3	119.6	117.2	113.7
Loans and advances to customers (gross)								
- residential mortgages	13.9	13.2	12.0	11.0	10.6	10.1	9.9	9.7
- home equity	27.2	26.9	26.1	25.6	25.0	24.6	24.4	24.0
- corporate and commercial	34.7	34.7	33.6	32.7	31.6	31.1	30.9	31.1
- other consumer	14.3	14.1	13.7	12.5	12.1	12.1	12.0	10.7
Customer deposits (excluding repos)	93.4	97.1	98.5	99.1	97.4	94.8	93.3	95.1
Risk elements in lending								
- retail	0.3	0.4	0.4	0.5	0.6	0.6	0.6	0.7
- commercial	0.2	0.2	0.3	0.3	0.4	0.5	0.7	0.6
Loan:deposit ratio (excluding repos)	96%	91%	86%	81%	80%	81%	81%	78%
Risk-weighted assets	93.2	92.1	91.3	100.4	96.9	96.8	98.1	100.7

Note:

(1) Return on equity is based on divisional operating profit/(loss) after tax, divided by divisional notional equity (based on 8% of divisional risk-weighted assets, adjusted for capital deductions).

Section 2.8 – Global Banking & Markets

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income from banking activities	2,440	812	660	447	324	2,243	379	335	317
Net fees and commissions receivable	1,223	297	412	340	286	1,335	345	314	411
Income from trading activities	(1,100)	3,434	1,614	1,348	1,416	7,812	2,027	1,232	830
Other operating income (net of related funding costs)	(206)	(98)	(101)	(70)	(63)	(332)	73	66	(4)
Non-interest income	(83)	3,633	1,925	1,618	1,639	8,815	2,445	1,612	1,237
Total income	2,357	4,445	2,585	2,065	1,963	11,058	2,824	1,947	1,554
Direct expenses									
- staff	(2,034)	(878)	(674)	(716)	(636)	(2,904)	(887)	(631)	(621)
- other	(1,017)	(226)	(177)	(184)	(190)	(777)	(184)	(200)	(166)
Indirect expenses	(937)	(251)	(234)	(252)	(242)	(979)	(223)	(202)	(218)
	(3,988)	(1,355)	(1,085)	(1,152)	(1,068)	(4,660)	(1,294)	(1,033)	(1,005)
Operating (loss)/profit before impairment losses and fair value of own debt	(1,631)	3,090	1,500	913	895	6,398	1,530	914	549
Impairment losses	(522)	(269)	31	(272)	(130)	(640)	(32)	(164)	40
Operating (loss)/profit before fair value of own debt	(2,153)	2,821	1,531	641	765	5,758	1,498	750	589
Fair value of own debt	357	647	(482)	(320)	106	(49)	(32)	331	(598)
Operating (loss)/profit	(1,796)	3,468	1,049	321	871	5,709	1,466	1,081	(9)

Section 2.8 – Global Banking & Markets (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Analysis of income by product									
Rates – money markets	1,641	853	466	287	108	1,714	88	4	38
Rates – flow	1,386	1,297	536	694	615	3,142	699	471	402
Currencies & Commodities	1,539	539	416	147	175	1,277	295	179	218
Equities	368	371	364	282	457	1,474	314	238	198
Credit and mortgage markets	(3,435)	858	690	475	232	2,255	959	474	349
Portfolio management and origination	858	527	113	180	376	1,196	469	581	349
Total income	2,357	4,445	2,585	2,065	1,963	11,058	2,824	1,947	1,554
Analysis of impairments by sector									
Manufacturing and infrastructure	39	16	23	33	19	91	(7)	(12)	(34)
Property and construction	12	46	4	-	(1)	49	8	56	-
Banks and financial institutions	186	4	39	237	68	348	16	110	(3)
Others	285	203	(97)	2	44	152	15	10	(3)
Total impairment losses	522	269	(31)	272	130	640	32	164	(40)
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements)									
	0.3%	0.7%	(0.1%)	0.6%	0.6%	0.6%	0.1%	0.7%	(0.2%)

Section 2.8 – Global Banking & Markets (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity (1)	(10.0%)	55.7%	36.0%	14.2%	16.3%	30.6%	28.8%	13.8%	11.3%
Net interest margin	1.34%	2.02%	1.48%	1.08%	0.89%	1.38%	1.11%	1.01%	1.14%
Cost:income ratio	169%	30%	42%	56%	54%	42%	46%	53%	65%
Compensation ratio	86%	20%	26%	35%	32%	26%	31%	32%	40%

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
Capital and balance sheet								
Loans and advances to customers	168.7	156.9	117.5	110.2	90.9	91.5	88.8	87.9
Loans and advances to banks	55.5	48.4	37.7	46.1	36.9	42.0	40.1	44.8
Reverse repos	88.8	80.6	75.2	75.4	73.3	93.1	85.6	92.3
Securities	127.5	124.3	115.5	117.6	106.0	116.6	109.8	118.8
Cash and eligible bills	20.2	28.6	51.5	63.8	74.0	61.9	41.2	42.0
Other	38.0	37.4	40.5	46.0	31.1	38.6	34.5	34.9
Total third party assets (excluding derivatives mark to market)	498.7	476.2	437.9	459.1	412.2	443.7	400.0	420.7
Net derivative assets (after netting)	121.0	99.8	80.7	84.3	68.0	66.9	52.1	41.1
Customer deposits (excluding repos)	87.8	80.1	63.4	56.8	46.9	47.0	45.6	40.9
Risk elements in lending	0.9	0.8	1.1	1.6	1.8	1.2	1.8	1.6
Loan:deposit ratio (excluding repos)	192%	196%	186%	194%	194%	195%	195%	215%
Risk-weighted assets	151.8	137.9	112.5	121.5	123.7	141.8	141.3	143.7

Note:

(1) Return on equity is based on divisional operating profit/(loss) after tax, divided by divisional notional equity (based on 10% of divisional risk-weighted assets, adjusted for capital deductions).

Section 2.9 – RBS Insurance

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Earned premiums	4,512	1,106	1,119	1,145	1,149	4,519	1,130	1,118	1,111
Reinsurers' share	(206)	(45)	(40)	(43)	(37)	(165)	(34)	(38)	(36)
Net premium income	4,306	1,061	1,079	1,102	1,112	4,354	1,096	1,080	1,075
Fees and commissions	(396)	(92)	(95)	(95)	(84)	(366)	(89)	(91)	(96)
Instalment income	131	32	35	37	38	142	35	35	37
Other income	7	7	6	6	6	25	6	7	-
Total income	4,048	1,008	1,025	1,050	1,072	4,155	1,048	1,031	1,016
Net claims	(3,032)	(793)	(758)	(928)	(1,156)	(3,635)	(974)	(1,132)	(949)
Underwriting profit/(loss)	1,016	215	267	122	(84)	520	74	(101)	67
Staff expenses	(286)	(70)	(69)	(67)	(61)	(267)	(63)	(66)	(68)
Other expenses	(225)	(67)	(54)	(47)	(54)	(222)	(47)	(48)	(41)
Total direct expenses	(511)	(137)	(123)	(114)	(115)	(489)	(110)	(114)	(109)
Indirect expenses	(261)	(66)	(65)	(64)	(75)	(270)	(65)	(62)	(66)
	(772)	(203)	(188)	(178)	(190)	(759)	(175)	(176)	(175)
Technical result	244	12	79	(56)	(274)	(239)	(101)	(277)	(108)
Impairment losses	(42)	(5)	(1)	(2)	-	(8)	-	-	-
Investment income	382	69	63	69	104	305	51	74	75
Operating profit/(loss)	584	76	141	11	(170)	58	(50)	(203)	(33)

Section 2.9 – RBS Insurance (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Analysis of income by product									
Personal lines motor excluding broker									
- Own brands	1,674	420	440	462	461	1,783	446	442	442
- Partnerships	320	74	76	76	75	301	68	67	64
Personal lines home excluding broker									
- Own brands	415	105	109	112	117	443	117	118	119
- Partnerships	385	97	86	95	103	381	97	94	91
Personal lines other excluding broker									
- Own brands	185	45	46	48	52	191	50	46	47
- Partnerships	173	49	59	50	54	212	52	51	42
Other									
- Commercial and international	563	150	144	141	139	574	154	150	155
- Other (including personal lines broker)	333	68	65	66	71	270	64	63	56
Total income	4,048	1,008	1,025	1,050	1,072	4,155	1,048	1,031	1,016
In-force policies (thousands)									
Personal lines motor excluding broker									
- Own brands	4,396	4,506	4,692	4,798	4,762	4,762	4,623	4,424	4,276
- Partnerships	951	932	911	874	844	844	797	755	698
Personal lines home excluding broker									
- Own brands	1,516	1,571	1,620	1,671	1,717	1,717	1,755	1,772	1,765
- Partnerships	1,993	1,980	1,965	1,947	1,918	1,918	1,896	1,875	1,859
Personal lines other excluding broker									
- Own brands	1,938	1,947	2,078	2,250	2,319	2,319	2,346	2,194	2,069
- Partnerships	7,814	7,708	7,672	7,518	7,335	7,335	7,350	7,186	7,201
Other									
- Commercial and international	1,215	1,210	1,210	1,213	1,217	1,217	1,278	1,322	1,373
- Other (including personal lines broker)	1,246	1,183	1,140	1,053	1,123	1,123	1,108	1,046	911
Total in-force policies	21,069	21,037	21,288	21,324	21,235	21,235	21,153	20,574	20,152
Gross written premium (£m)	4,384	1,123	1,147	1,186	1,024	4,480	1,090	1,092	1,128

Section 2.9 – RBS Insurance (continued)

Key metrics	2008	2009				2010			
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Return on equity	18.3%	9.5%	17.7%	1.2%	(19.1%)	1.6%	(5.4%)	(21.8%)	(3.5%)
Cost:income ratio	17%	19%	17%	16%	16%	17%	16%	16%	16%
Loss ratio	69.5%	74.3%	69.1%	84.0%	105.8%	83.5%	89.1%	106.3%	88.6%
Combined operating ratio	93.6%	99.3%	91.3%	104.7%	127.9%	105.9%	111.9%	128.7%	110.2%
Balance sheet									
General insurance reserves – total (£m)	6,673	6,630	6,601	6,839	7,030	7,030	7,101	7,326	7,552

Section 2.10 – Central items

	2008	2009					2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Central items not allocated before fair value of own debt	150	105	166	283	(169)	385	337	49	76
Fair value of own debt	875	384	(478)	(163)	164	(93)	(137)	288	(260)
Central items not allocated	1,025	489	(312)	120	(5)	292	200	337	(184)

Section 2.11 – Non-Core

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Income statement									
Net interest income	2,156	395	274	287	578	1,534	568	534	438
Net fees and commissions	912	172	79	130	129	510	104	158	43
Income from trading activities	(7,739)	(2,617)	(1,184)	(579)	(781)	(5,161)	(131)	33	219
Insurance net premium income	986	244	196	173	171	784	168	173	180
Other operating income									
- rental income	682	173	160	179	178	690	187	181	166
- other	(29)	(143)	(212)	(136)	(167)	(658)	38	(206)	(158)
Non-interest income	(5,188)	(2,171)	(961)	(233)	(470)	(3,835)	366	339	450
Total income	(3,032)	(1,776)	(687)	54	108	(2,301)	934	873	888
Direct expenses									
- staff	(988)	(301)	(153)	(150)	(247)	(851)	(252)	(202)	(172)
- other	(1,156)	(256)	(247)	(244)	(297)	(1,044)	(282)	(269)	(277)
Indirect expenses	(539)	(142)	(137)	(132)	(141)	(552)	(122)	(121)	(130)
	(2,683)	(699)	(537)	(526)	(685)	(2,447)	(656)	(592)	(579)
Operating (loss)/profit before other operating charges and impairment losses	(5,715)	(2,475)	(1,224)	(472)	(577)	(4,748)	278	281	309
Insurance net claims	(700)	(177)	(137)	(126)	(148)	(588)	(133)	(215)	(144)
Impairment losses	(4,936)	(1,828)	(3,516)	(2,066)	(1,811)	(9,221)	(1,704)	(1,390)	(1,171)
Operating loss	(11,351)	(4,480)	(4,877)	(2,664)	(2,536)	(14,557)	(1,559)	(1,324)	(1,006)

Section 2.11 – Non-Core (continued)

Key metrics	2008	2009					2010		
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Performance ratios									
Net interest margin	0.87%	0.61%	0.45%	0.55%	1.17%	0.69%	1.25%	1.22%	1.05%
Cost:income ratio	(88%)	(39%)	(78%)	974%	634%	(106%)	70%	68%	65%
Adjusted cost:income ratio (1)	(72%)	(36%)	(65%)	(731%)	(1,713%)	(85%)	82%	90%	78%

	31 December	2009				2010			
	2008	31 March	30 June	30 September	31 December	31 March	30 June	30 September	
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	
Capital and balance sheet									
Total third party assets (including derivatives)	342.9	314.7	246.5	233.0	220.9	212.6	193.3	175.2	
Loans and advances to customers (gross)	191.4	183.7	164.1	159.1	149.5	141.2	126.4	119.5	
Customer deposits	27.4	23.7	15.0	16.0	12.6	10.2	7.4	7.3	
Risk elements in lending	11.1	14.7	20.5	23.3	22.9	24.0	22.0	23.9	
Risk-weighted assets	170.9	174.4	174.0	200.7	171.3	164.3	175.0	166.9	

Note:

(1) Adjusted cost:income ratio is based on total income and operating expenses and after netting insurance claims against income.

Section 2.11 – Non-Core (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Analysis of income									
Banking & portfolio	2,324	(131)	(973)	(271)	37	(1,338)	271	239	131
International businesses & portfolios	2,980	662	570	537	493	2,262	632	606	330
Markets	(8,336)	(2,307)	(284)	(212)	(422)	(3,225)	31	28	427
Total income	(3,032)	(1,776)	(687)	54	108	(2,301)	934	873	888
Impairment losses									
Banking & portfolio	938	818	1,155	1,347	895	4,215	697	256	204
International businesses & portfolios	1,832	720	1,638	1,234	902	4,494	951	1,124	980
Markets	2,166	290	723	(515)	14	512	56	10	(13)
Total impairment losses	4,936	1,828	3,516	2,066	1,811	9,221	1,704	1,390	1,171
Loan impairment charge as % of gross customer loans and advances (excluding reverse repurchase agreements) (1)									
Banking & portfolio	0.9%	3.2%	4.7%	6.0%	4.1%	4.9%	3.3%	1.8%	1.3%
International businesses & portfolios	2.3%	3.7%	8.9%	6.9%	5.3%	6.6%	5.7%	7.4%	6.9%
Markets	9.4%	(61.6%)	301.2%	(126.8%)	0.4%	5.2%	33.6%	3.6%	(0.5%)
	2.2%	2.8%	8.2%	5.4%	4.6%	5.7%	4.6%	4.4%	3.9%

Note:

(1) Includes disposal groups.

Section 2.11 – Non-Core (continued)

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
Gross customer loans and advances								
Banking & portfolio	97.0	103.3	92.1	88.2	82.0	78.6	67.8	64.4
International businesses & portfolios	79.9	78.6	69.4	68.3	65.6	62.3	58.2	54.8
Markets	14.5	1.8	2.6	2.6	1.9	0.3	0.4	0.3
	191.4	183.7	164.1	159.1	149.5	141.2	126.4	119.5
Risk-weighted assets								
Banking & portfolio	63.1	70.9	57.5	61.1	58.2	57.2	55.1	54.0
International businesses & portfolios	50.1	51.4	48.5	46.1	43.8	45.4	40.4	40.6
Markets	57.7	52.1	68.0	93.5	69.3	61.7	79.5	72.3
	170.9	174.4	174.0	200.7	171.3	164.3	175.0	166.9

Section 2.11 – Non-Core (continued)

	2008 Full year £m	2009				Full year £m	2010			Q3 £m
		Q1 £m	Q2 £m	Q3 £m	Q4 £m		Q1 £m	Q2 £m	Q3 £m	
Loan impairment losses by donating division and sector										
UK Retail										
Mortgages	1	1	2	1	2	6	3	-	-	1
Personal	42	14	17	11	5	47	2	-	-	4
Other	62	-	-	-	-	-	-	-	-	-
Total UK Retail	105	15	19	12	7	53	5	-	-	5
UK Corporate										
Manufacturing and infrastructure	42	19	13	14	41	87	(5)	21	-	5
Property and construction	281	97	229	162	163	651	54	150	-	130
Transport	(3)	1	2	5	2	10	-	(3)	-	26
Banks and financials	4	2	99	1	-	102	24	2	-	(8)
Lombard	61	55	-	27	13	95	25	29	-	25
Invoice finance	-	-	-	2	1	3	-	-	-	(3)
Other	142	32	544	33	120	729	57	64	-	(2)
Total UK Corporate	527	206	887	244	340	1,677	155	263	-	173
Ulster Bank										
Mortgages	6	8	11	7	16	42	20	23	-	(1)
Commercial investment and development	9	8	19	20	256	303	110	147	-	201
Residential investment and development	229	103	240	406	(33)	716	351	384	-	394
Other	60	11	25	148	33	217	51	137	-	82
Other EMEA	116	25	34	27	20	106	20	13	-	13
Total Ulster Bank	420	155	329	608	292	1,384	552	704	-	689

Section 2.11 – Non-Core (continued)

	2008	2009				Full year £m	2010		
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m		Q1 £m	Q2 £m	Q3 £m
US Retail & Commercial									
Auto and consumer	140	28	32	49	27	136	15	32	(2)
Cards	63	26	45	33	26	130	14	4	2
SBO/home equity	321	156	142	69	85	452	102	67	57
Residential mortgages	6	3	18	20	13	54	12	(10)	3
Commercial real estate	54	23	65	85	51	224	63	42	49
Commercial and other	20	17	19	39	8	83	2	6	7
Total US Retail & Commercial	604	253	321	295	210	1,079	208	141	116
Global Banking & Markets									
Manufacturing and infrastructure	1,280	302	709	309	84	1,404	29	(281)	(53)
Property and construction	710	21	568	141	683	1,413	472	501	147
Transport	12	151	17	5	5	178	1	-	8
Telecoms, media and technology	55	-	520	23	2	545	(11)	11	32
Banks and financials	870	136	117	270	97	620	161	11	5
Other	177	498	(53)	84	38	567	101	24	52
Total Global Banking & Markets	3,104	1,108	1,878	832	909	4,727	753	266	191
Other									
Wealth	174	89	74	50	38	251	28	16	7
Global Transaction Services	(2)	2	8	25	14	49	3	-	(10)
Central items	4	-	-	-	1	1	-	-	-
Total Other	176	91	82	75	53	301	31	16	(3)
Total impairment losses	4,936	1,828	3,516	2,066	1,811	9,221	1,704	1,390	1,171

Section 2.11 – Non-Core (continued)

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
Gross loans and advances to customers (excluding reverse repurchase agreements) by donating division and sector								
UK Retail								
Mortgages	2.2	2.1	2.0	2.0	1.9	1.8	1.8	1.7
Personal	1.1	1.0	0.9	0.8	0.7	0.6	0.5	0.5
Other	-	-	-	(0.1)	-	-	-	-
Total UK Retail	3.3	3.1	2.9	2.7	2.6	2.4	2.3	2.2
UK Corporate								
Manufacturing and infrastructure	0.3		0.6	0.3	0.3	0.4	0.4	0.3
Property and construction	11.3		13.5	13.0	14.1	13.2	12.9	12.1
Lombard	3.7		-	-	2.9	2.7	2.4	1.9
Invoice finance	0.7		-	-	0.4	0.4	-	-
Other	22.1		23.0	22.2	17.2	16.0	14.7	14.2
Total UK Corporate	38.1	37.9	37.1	35.5	34.9	32.7	30.4	28.5
Ulster Bank								
Mortgages	6.5	6.3	5.8	6.3	6.0	6.1	5.6	-
Commercial investment and development	2.9	4.4	0.6	2.8	3.0	4.4	4.1	6.7
Residential investment and development	5.9	4.1	7.9	5.9	5.6	4.1	3.8	6.0
Other	1.1	1.5	1.1	1.1	1.1	1.3	1.3	2.0
Other EMEA	1.3	1.2	0.8	1.1	1.0	1.1	0.9	0.8
Total Ulster Bank	17.7	17.5	16.2	17.2	16.7	17.0	15.7	15.5

Section 2.11 – Non-Core (continued)

	31 December	2009				2010		
	2008 £bn	31 March £bn	30 June £bn	30 September £bn	31 December £bn	31 March £bn	30 June £bn	30 September £bn
US Retail & Commercial								
Auto and consumer	4.2	4.2	3.5	3.4	3.2	3.2	3.0	2.7
Cards	0.7	0.7	0.6	0.6	0.5	0.2	0.2	0.1
SBO/home equity	5.2	5.0	4.0	4.0	3.7	3.7	3.6	3.3
Residential mortgages	1.1	1.1	0.9	0.9	0.8	1.2	0.9	0.8
Commercial real estate	3.0	3.0	2.1	2.1	1.9	2.0	1.9	1.7
Commercial and other	1.4	1.2	1.2	0.9	0.9	0.8	0.7	0.6
Total US Retail & Commercial	15.6	15.2	12.3	11.9	11.0	11.1	10.3	9.2
Global Banking & Markets								
Manufacturing and infrastructure					17.5	17.2	13.4	10.6
Property and construction					25.7	23.4	21.6	22.9
Transport					5.8	6.0	5.3	5.6
Telecoms, media and technology					3.2	3.4	2.0	1.1
Banks and financials					16.0	16.1	15.7	13.8
Other					13.5	11.7	9.4	10.5
Total Global Banking & Markets	104.8	99.2	92.0	87.8	81.7	77.8	67.4	64.5
Other								
Wealth	3.6	3.2	2.9	2.7	2.6	2.4	0.9	0.7
Global Transaction Services	1.4	1.5	1.2	0.8	0.8	0.8	0.6	0.5
RBS Insurance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Central items	-	0.1	(3.4)	(2.6)	(3.2)	(4.3)	(2.1)	(2.1)
Total Other	5.2	5.0	0.9	1.1	0.4	(0.9)	(0.4)	(0.7)
Gross loans and advances to customers (excluding reverse repurchase agreements)	184.7	177.9	161.4	156.2	147.3	140.1	125.7	119.2

Section 2.12 – Allocation methodology for indirect costs

For the purposes of managing the operations of the Group, Business Services and Group Centre directly attributable costs have been allocated to the operating divisions, based on their service usage. Where services span more than one division, an appropriate measure is used to allocate the costs on a basis which management considers reasonable. Business Services costs are fully allocated and there are no residual unallocated costs. The residual unallocated costs remaining in the Group Centre relate to volatile corporate items that do not naturally reside within a division.

Treasury costs are allocated to operating divisions as follows: term funding costs are allocated based on long-term funding gap or surplus; liquidity buffer funding costs are allocated based on share of overall liquidity buffer derived from divisional stresses; and capital cost or benefit is allocated based on share of divisional risk-adjusted RWAs.

	2008	2009				2010			
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Business Services costs									
Property	1,705	468	492	497	474	1,931	442	413	453
Operations	1,478	376	356	370	366	1,468	344	339	324
Technology services and support functions	2,065	515	508	450	572	2,045	484	492	490
	5,248	1,359	1,356	1,317	1,412	5,444	1,270	1,244	1,267
Allocated to divisions:									
UK Retail	(1,639)	(400)	(397)	(381)	(401)	(1,579)	(347)	(360)	(354)
UK Corporate	(449)	(110)	(109)	(106)	(111)	(436)	(103)	(104)	(114)
Wealth	(123)	(30)	(31)	(29)	(31)	(121)	(45)	(39)	(45)
Global Transaction Services	(811)	(216)	(215)	(207)	(238)	(876)	(221)	(214)	(205)
Ulster Bank	(255)	(66)	(66)	(63)	(111)	(306)	(64)	(55)	(53)
US Retail & Commercial	(560)	(181)	(179)	(173)	(158)	(691)	(168)	(170)	(169)
Retail & Commercial	(3,837)	(1,003)	(997)	(959)	(1,050)	(4,009)	(948)	(942)	(940)
Global Banking & Markets	(746)	(183)	(185)	(195)	(183)	(746)	(169)	(147)	(160)
RBS Insurance	(227)	(56)	(57)	(54)	(60)	(227)	(49)	(48)	(48)
Non-Core	(438)	(117)	(117)	(109)	(119)	(462)	(104)	(107)	(119)
	-	-	-	-	-	-	-	-	-

Section 2.12 – Allocation methodology for indirect costs (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Group Centre costs	643	238	158	194	231	821	213	197	214
Allocated to divisions:									
UK Retail	(85)	(56)	(25)	(36)	(45)	(162)	(44)	(41)	(48)
UK Corporate	(69)	(20)	(16)	(19)	(26)	(81)	(24)	(24)	(25)
Wealth	(17)	(11)	(4)	(7)	(12)	(34)	(10)	(8)	(10)
Global Transaction Services	(53)	(19)	(14)	(16)	(18)	(67)	(16)	(13)	(13)
Ulster Bank	(30)	(9)	(7)	(8)	(12)	(36)	(11)	(8)	(9)
US Retail & Commercial	(63)	(20)	(15)	(18)	(22)	(75)	(20)	(20)	(22)
Retail & Commercial	(317)	(135)	(81)	(104)	(135)	(455)	(125)	(114)	(127)
Global Banking & Markets	(191)	(68)	(49)	(57)	(59)	(233)	(54)	(55)	(58)
RBS Insurance	(34)	(10)	(8)	(10)	(15)	(43)	(16)	(14)	(18)
Non-Core	(101)	(25)	(20)	(23)	(22)	(90)	(18)	(14)	(11)
	-	-	-	-	-	-	-	-	-

Section 2.12 – Allocation methodology for indirect costs (continued)

	2008	2009				2010			
	Full year £m	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Full year £m	Q1 £m	Q2 £m	Q3 £m
Treasury funding costs	586	240	150	147	123	660	97	16	82
Allocated to divisions:									
UK Retail	(69)	(22)	(2)	(38)	(21)	(83)	(6)	-	-
UK Corporate	60	(32)	9	28	33	38	9	-	(11)
Wealth	(86)	9	30	28	30	97	13	12	14
Global Transaction Services	93	21	38	48	47	154	54	61	86
Ulster Bank	(76)	(8)	5	(23)	(23)	(49)	(32)	(19)	(20)
US Retail & Commercial	(91)	(23)	(14)	(48)	(47)	(132)	(15)	(9)	(7)
Retail & Commercial	(169)	(55)	66	(5)	19	25	23	45	62
Global Banking & Markets	99	198	92	72	71	433	-	10	(37)
RBS Insurance	(25)	(11)	(7)	(12)	(12)	(42)	-	-	-
Non-Core	(491)	(372)	(301)	(202)	(201)	(1,076)	(120)	(71)	(107)
	-	-	-	-	-	-	-	-	-