

ROYAL BANK OF SCOTLAND GROUP PLC

Form 6-K

November 19, 2014

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

19 November 2014

The Royal Bank of Scotland Group plc

Gogarburn

PO Box 1000

Edinburgh EH12 1HQ

Scotland

United Kingdom

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(Address of principal executive offices)

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

Form 20-F

Form 40-F

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

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

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

Yes

No

If "Yes" is marked, indicate below the file number assigned to

the registrant in connection with Rule 12g3-2(b): 82-_____

This report on Form 6-K shall be deemed incorporated by reference into the company's Registration Statement on Form F-3 (File Nos. 333-184147 and 333-184147-01) and to be a part thereof from the date which it was filed, to the extent not superseded by documents or reports subsequently filed or furnished.

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Forward looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'will', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on such expressions.

In particular, this document includes forward-looking statements relating, but not limited to: The Royal Bank of Scotland Group's (RBS) restructuring and strategic plans, divestments, capitalisation, portfolios, net interest margin, capital and leverage ratios, liquidity, risk-weighted assets (RWAs), RWA equivalents (RWAE), return on equity (ROE), profitability, cost:income ratios, loan:deposit ratios, funding and risk profile; litigation, government and regulatory investigations including investigations relating to the setting of interest rates and foreign exchange trading and rate setting activities; costs or exposures borne by RBS arising out of the origination or sale of mortgages or mortgage-backed securities in the US; RBS's future financial performance; the level and extent of future impairments and write-downs; and RBS's exposure to political risks, credit rating risk and to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk. These statements are based on current plans, estimates and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. For example, certain market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: global and UK economic and financial market conditions and other geopolitical risks, and their impact on the financial industry in general and on RBS in particular; the ability to implement strategic plans on a timely basis, or at all, including the on-going simplification of RBS's structure, rationalisation of and investment in its IT systems and the reliability and resilience of those systems, the divestment of Citizens Financial Group and the exiting of assets in RBS Capital Resolution as well as the disposal of certain other assets and businesses as announced or required as part of the State Aid restructuring plan; the achievement of capital and costs reduction targets; ineffective management of capital or changes to capital adequacy or liquidity requirements; organisational restructuring in response to legislation and regulation in the United Kingdom (UK), the European Union (EU) and the United States (US); the ability to access sufficient sources of capital, liquidity and funding when required; deteriorations in borrower and counterparty credit quality; the extent of future write-downs and impairment charges caused by depressed asset valuations; the value and effectiveness of any credit protection purchased by RBS; unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices, equity prices and basis, volatility and correlation risks; changes in the credit ratings of RBS; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; the ability of RBS to attract or retain senior management or other key employees; regulatory or legal changes (including those requiring any restructuring of RBS's operations) in the UK, the US and other countries in which RBS operates or a

change in UK Government policy; changes to regulatory requirements relating to capital and liquidity; changes to the monetary and interest rate policies of central banks and other governmental and regulatory bodies; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; impairments of goodwill; pension fund shortfalls; general operational risks; HM Treasury exercising influence over the operations of RBS; reputational risk; the conversion of the B Shares issued by RBS in accordance with their terms; limitations on, or additional requirements imposed on, RBS's activities as a result of HM Treasury's investment in RBS; and the success of RBS in managing the risks involved in the foregoing.

The forward-looking statements contained in this document speak only as of the date of this announcement, and RBS does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Presentation of information

Non-GAAP financial information

The directors manage RBS's performance by class of business, before certain reconciling items, as is presented in the customer franchise and segment performance tables on pages 19 to 23 (the "non-statutory basis"). Discussion of RBS's performance focuses on the non-statutory basis as RBS believes that such measures allow a more meaningful analysis of RBS's financial condition and the results of its operations. These measures are non-GAAP financial measures. A body of generally accepted accounting principles such as IFRS is commonly referred to as 'GAAP'. A non-GAAP financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. Reconciliations of these non-GAAP measures are presented throughout this document or in the customer franchise and segment performance tables on pages 19 to 23. These non-GAAP financial measures are not a substitute for GAAP measures. Furthermore, RBS has divided its operations into "RBS excluding RBS Capital Resolution (RCR)" for all periods in 2014 and for prior periods "RBS excluding Non-Core". Certain measures disclosed in this document for RBS excluding RCR/Non-Core operations and used by RBS management are non-GAAP financial measures as they represent a combination of all reportable segments with the exception of RCR/Non-Core. In addition the presentation of Personal & Business Banking ("PBB") which includes the reportable segments of UK Personal & Business Banking and Ulster Bank and the presentation of Commercial and Private Banking which includes the reportable segments of Commercial Banking and Private Banking are non GAAP financial measures. Furthermore, RBS has presented certain measures "excluding RBS Capital resolution (RCR)" which are deemed non-GAAP measures. Lastly, the liquidity coverage ratio, stressed outflow coverage, net stable funding ratio and stressed coverage ratio represent non-GAAP financial measures given they are metrics that are not yet required to be disclosed by a government, governmental authority or self-regulatory organisation.

Recent developments

Competition and Markets Authority - Retail Banking Market Investigation

On 6 November 2014, the United Kingdom Competition and Markets Authority (CMA) announced its decision to launch an in-depth market investigation into the personal current account and SME retail banking sectors, confirming its provisional decision of 18 July 2014. At this stage it is not possible to estimate the potential impact on RBS.

Board changes

Philip Scott, a non-executive director, stepped down from the Board on 31 October 2014.

Foreign exchange trading

The Royal Bank of Scotland plc ("RBS plc") has reached a settlement with the Financial Conduct Authority ("FCA") in the United Kingdom and the United States Commodity Futures Trading Commission ("CFTC") in relation to investigations into failings in the bank's Foreign Exchange business within its Corporate & Institutional Banking division. RBS plc has agreed to pay penalties of £217 million to the FCA and \$290 million to the CFTC to resolve the investigations.

These penalties are covered by the £400 million provision recorded in the Q3 2014 results. RBS remains in discussions with other governmental and regulatory authorities on these issues, including the United States Department of Justice and certain other financial regulatory authorities. The timing and amounts of any further settlements and related litigation risks however remain uncertain and could be significant.

Highlights

RBS reports a third successive quarterly profit, improved capital and further progress in de-risking.

Q3 2014 profit attributable to ordinary and B shareholders was £896 million, up from £230 million in Q2 2014 and a loss of £828 million in Q3 2013. Operating profit before tax was £1,270 million compared with £1,010 million in Q2 2014 and a loss of £634 million in Q3 2013.

The quarter included net impairment provision releases of £801 million, principally in Ulster Bank and RBS Capital Resolution, and litigation and conduct costs of £780 million.

RBS continues to make excellent progress in building its capital ratios. The Common Equity Tier 1 ratio has strengthened 220 basis points since the year end and 70 basis points in the quarter to 10.8%.

Capital build was supported by further excellent progress in the nine months to 30 September in de-risking the balance sheet, including:

- Further disposals and run-off in RCR, with funded assets down £11 billion.
- A 16% reduction in RWAs in Corporate & Institutional Banking, including running down our US-backed product franchise.
- The sale of €9 billion of securities in the RBS N.V. liquidity portfolio.

Personal & Business Banking (PBB) continued to perform strongly with income growth of 3% in the quarter. PBB operating profit in Q3 2014 was £881 million, up 66% on Q2 2014.

Commercial & Private Banking (CPB) had an improved performance with income up 1% compared with Q2 2014. CPB operating profit in Q3 2014 was £471 million, up 23% on Q2 2014.

Corporate & Institutional Banking had a weak quarter with an operating loss of £557 million which reflected litigation and conduct costs of £562 million, including £400 million relating to potential costs following

investigations into the foreign exchange market, and significantly lower income.

Further progress has been made on improving efficiency, with operating expenses excluding restructuring costs and litigation costs of £960 million (Q2 2014 - £635 million), down 5% over the quarter. RBS remains on track to deliver its £1 billion operating cost reduction target for 2014, at constant foreign exchange rates.

The quarter saw RBS achieve the largest ever IPO of a US bank, listing 28.75% of Citizens Financial Group. We continue to target an IPO of Williams & Glyn towards the end of 2016.

RBS confirms it will retain Ulster Bank following completion of the strategic review. Ulster Bank remains a core part of RBS, offering a good strategic fit with our focused retail and commercial banking strategy. We have a good market position and believe that Ulster Bank can deliver attractive returns, with appropriate investment.

Highlights

Ross McEwan, Chief Executive, said:

“In February I placed trust at the heart of my new strategy for our bank. We have taken the first steps towards that goal, with early progress in making RBS simpler, clearer and fairer.

We are reducing costs, and are on track to achieve our capital targets.

UK and Ireland are showing signs of growth, and impairment trends are significantly better than we had anticipated at the start of the year.

We have confirmed today that Ulster Bank remains a core part of our bank. We have a good market position and believe that, with investment, Ulster Bank can deliver attractive shareholder returns in the future.

But we know we still have a long list of conduct and litigation issues to deal with and much, much more to do to restore our customers’ trust in us.”

Highlights

Condensed consolidated income statement for the period ended 30 September 2014

	Quarter ended			Nine months ended	
	30 September 2014 £m	30 June 2014 £m	30 September 2013 £m	30 September 2014 £m	30 September 2013 £m
Interest receivable	3,839	3,821	4,207	11,460	12,767
Interest payable	(976)	(1,023)	(1,427)	(3,104)	(4,550)
Net interest income	2,863	2,798	2,780	8,356	8,217
Fees and commissions receivable	1,296	1,314	1,382	3,901	4,090
Fees and commissions payable	(202)	(251)	(238)	(689)	(698)
Income from trading activities	268	541	444	1,761	2,508
Gain on redemption of own debt	-	-	13	20	204
Other operating income	127	345	35	1,163	1,367
Non-interest income	1,489	1,949	1,636	6,156	7,471
Total income	4,352	4,747	4,416	14,512	15,688
Staff costs	(1,690)	(1,845)	(1,895)	(5,226)	(5,622)
Premises and equipment	(543)	(622)	(544)	(1,818)	(1,648)
Other administrative expenses	(1,344)	(951)	(1,103)	(3,006)	(3,284)
Depreciation and amortisation	(306)	(282)	(338)	(860)	(1,074)
Write down of goodwill and other intangible assets	-	(130)	-	(212)	-
Operating expenses	(3,883)	(3,830)	(3,880)	(11,122)	(11,628)
Profit before impairment releases/(losses)	469	917	536	3,390	4,060
Impairment releases/(losses)	801	93	(1,170)	532	(3,320)
Operating profit/(loss) before tax	1,270	1,010	(634)	3,922	740
Tax charge	(333)	(371)	(81)	(1,066)	(759)

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Profit/(loss) from continuing operations	937	639	(715)	2,856	(19)
Profit/(loss) from discontinued operations, net of tax	3	26	(5)	38	133
Profi					