

ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
March 31, 2011

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

31 December 2010

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-

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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on Form F-3 (File No. 333-162219) and to be a part thereof from the date which it was filed, to the extent not superseded by documents or reports subsequently filed or furnished.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 2010 (the "unaudited pro forma balance sheet") and the unaudited pro forma condensed consolidated income statements for the years ended 31 December 2010, 31 December 2009 and 31 December 2008 (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 series of divestments to be completed within four years from December 2009, as follows:

- RBS Insurance
- Global Merchant Services (sold November 2010)
- RBS Sempra Commodities (acquired April 2008; majority sold during 2010)
- 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')

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 sheets: the distribution to the other Consortium Members and EC State Aid Divestments had occurred on 31 December 2010;
 - pro forma income statements: the distribution to the other Consortium Members and EC State Aid Divestments had occurred on 1 January 2008;
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Article 11 unaudited pro forma information

Unaudited proforma condensed consolidated financial information (continued)

Basis of preparation (continued)

- 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; and
- the UK Retail and UK Corporate business outlined for disposal represents a carve-out from existing RBS businesses and therefore discrete financial information for this divestment which is factually supportable is not currently available. Accordingly, the pro forma financial information in respect of the EC State Aid Divestments excludes this business.

The table below shows best estimates regarding certain key line items in respect of the UK Retail and UK Corporate businesses outlined for disposal. Detailed financial information about this business on a stand alone basis is currently being prepared and therefore the estimates are subject to change.

| | Year ended 31 December 2010 £m | Year ended 31 December 2009 £m | Year ended 31 December 2008 £m |
|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| UK Retail and UK Corporate businesses outlined for disposal | | | |
| Total income | 902 | 925 | 1,082 |
| Operating profit before impairment losses | 439 | 451 | 567 |
| Operating profit/(loss) before tax | 160 | (55) | 347 |

Total assets at 31 December 2010 were estimated to be £19.9 billion

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 of 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 2010

| | RBS (1) £m | RFS Minority Interest (2) £m | Pro forma RBS (3) £m | EC State Aid Divestments (4) £m | Pro forma RBS (5) £m |
|-------------------------------------|------------------|---------------------------------------|----------------------------|------------------------------------------|----------------------------|
| Assets | | | | | |
| Cash and balances at central banks | 57,014 | - | 57,014 | 4,332 | 61,346 |
| Loans and advances to banks | 100,518 | (2) | 100,516 | (2,484) | 98,032 |
| Loans and advances to customers | 555,260 | - | 555,260 | (2,353) | 552,907 |
| Debt securities and equity shares | 239,678 | - | 239,678 | (7,868) | 231,810 |
| Derivatives | 427,077 | - | 427,077 | (69) | 427,008 |
| Intangible assets | 14,448 | - | 14,448 | (984) | 13,464 |
| Property, plant and equipment | 16,543 | - | 16,543 | (138) | 16,405 |
| Other assets | 43,038 | (940) | 42,098 | (8,320) | 33,778 |
| Total assets | 1,453,576 | (942) | 1,452,634 | (17,884) | 1,434,750 |
| Liabilities | | | | | |
| Deposits by banks | 98,790 | (113) | 98,677 | - | 98,677 |
| Customer accounts | 510,693 | - | 510,693 | - | 510,693 |
| Debt securities in issue | 218,372 | - | 218,372 | - | 218,372 |
| Settlement balances | 10,991 | - | 10,991 | - | 10,991 |
| Short positions | 43,118 | - | 43,118 | - | 43,118 |
| Derivatives | 423,967 | - | 423,967 | - | 423,967 |
| Subordinated liabilities | 27,053 | - | 27,053 | - | 27,053 |
| Other liabilities | 43,741 | (534) | 43,207 | (17,108) | 26,099 |
| Total liabilities | 1,376,725 | (647) | 1,376,078 | (17,108) | 1,358,970 |
| Non-controlling interests | 1,719 | (295) | 1,424 | (776) | 648 |
| Equity owners | 75,132 | - | 75,132 | - | 75,132 |
| Total equity | 76,851 | (295) | 76,556 | (776) | 75,780 |
| Total liabilities and equity | 1,453,576 | (942) | 1,452,634 | (17,884) | 1,434,750 |

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 211 of the Form 20-F filed with the SEC on 31 March 2011.
- (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) Pro forma unaudited balance sheet of RBS as at 31 December 2010 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members.

- (4) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2010 without adjustment and represents those parts of the businesses agreed with the European Commission as being for disposal for which information is currently available, namely RBS Insurance and any remaining parts of RBS Sempra Commodities.
 - (5) Adjusted pro forma unaudited balance sheet of RBS as at 31 December 2010 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and the EC State Aid Divestments.
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Article 11 unaudited pro forma information (continued)

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

| | RBS (1) | RFS Minority Interest (2) | RBS excluding RFS Minority Interest (3) | EC State Aid Divestments (4) | Pro forma RBS (5) |
|-------------------------------------------------------------|-----------|------------------------------------|--------------------------------------------------------|---------------------------------------|-------------------------|
| | £m | £m | £m | £m | £m |
| Continuing operations | | | | | |
| Net interest income | 14,209 | (9) | 14,200 | (450) | 13,750 |
| Net fees and commissions | 5,982 | 1 | 5,983 | (108) | 5,875 |
| Income from trading activities | 4,517 | (4) | 4,513 | (390) | 4,123 |
| Gain on redemption of own debt | 553 | - | 553 | - | 553 |
| Other operating income (excluding insurance premium income) | 1,479 | 154 | 1,633 | (155) | 1,478 |
| Insurance net premium income | 5,128 | - | 5,128 | (5,013) | 115 |
| Non-interest income | 17,659 | 151 | 17,810 | (5,666) | 12,144 |
| Total income | 31,868 | 142 | 32,010 | (6,116) | 25,894 |
| Operating expenses | (18,228) | 8 | (18,220) | 1,381 | (16,839) |
| Profit before other operating charges and impairment losses | 13,640 | 150 | 13,790 | (4,735) | 9,055 |
| Insurance net claims | (4,783) | - | (4,783) | 4,698 | (85) |
| Impairment (losses)/gains | (9,256) | - | (9,256) | 21 | (9,235) |
| Operating loss before tax | (399) | 150 | (249) | (16) | (265) |
| Tax | (634) | (29) | (663) | (14) | (677) |
| Loss from continuing operations | (1,033) | 121 | (912) | (30) | (942) |
| Loss attributable to: | | | | | |
| Non-controlling interests | (60) | 121 | 61 | (55) | 6 |
| Preference shareholders | 105 | - | 105 | - | 105 |
| Paid-in equity holders | 19 | - | 19 | - | 19 |
| Ordinary shareholders | (1,097) | - | (1,097) | 25 | (1,072) |
| | (1,033) | 121 | (912) | (30) | (942) |
| Per 25p ordinary share (pence) | | | | | |
| Continuing operations | | | | | |
| Basic | (0.5) | | (0.5) | | (0.4) |
| Fully diluted | (0.5) | | (0.5) | | (0.4) |

| | | | |
|------------------------------------------|---------|---------|---------|
| Number of shares (million) | | | |
| Weighted average ordinary shares | 107,245 | 107,245 | 107,245 |
| Weighted average diluted ordinary shares | 107,245 | 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 209 of the Form 20-F filed with the SEC on 31 March 2011.
 - (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) 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.
 - (4) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2010 without adjustment and represents those parts of RBS attributable to the businesses agreed with the European Commission as being for disposal for which information is currently available, namely RBS Insurance, RBS Sempra Commodities and Global Merchant Services.
 - (5) 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 the EC State Aid Divestments.
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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 excluding RFS Minority Interest (3) | EC State Aid Divestments (4) | Adjusted Pro forma RBS (5) £m |
|-------------------------------------------------------------|-----------|------------------------------------|--------------------------------------------------------|---------------------------------------|-------------------------------------------|
| | £m | £m | £m | £m | £m |
| Continuing operations | | | | | |
| Net interest income | 13,388 | 179 | 13,567 | (477) | 13,090 |
| Net fees and commissions | 5,948 | - | 5,948 | 67 | 6,015 |
| Income from trading activities | 3,761 | 45 | 3,806 | (799) | 3,007 |
| Gain on redemption of own debt | 3,790 | - | 3,790 | - | 3,790 |
| Other operating income (excluding insurance premium income) | 873 | 97 | 970 | (376) | 594 |
| Insurance net premium income | 5,266 | - | 5,266 | (5,138) | 128 |
| Non-interest income | 19,638 | 142 | 19,780 | (6,246) | 13,534 |
| Total income | 33,026 | 321 | 33,347 | (6,723) | 26,624 |
| Operating expenses | (17,417) | 35 | (17,382) | 1,615 | (15,767) |
| Profit before other operating charges and impairment losses | 15,609 | 356 | 15,965 | (5,108) | 10,857 |
| Insurance net claims | (4,357) | - | (4,357) | 4,223 | (134) |
| Impairment losses | (13,899) | - | (13,899) | 8 | (13,891) |
| Operating loss before tax | (2,647) | 356 | (2,291) | (877) | (3,168) |
| Tax | 429 | (90) | 339 | 148 | 487 |
| Loss from continuing operations | (2,218) | 266 | (1,952) | (729) | (2,681) |
| Loss attributable to: | | | | | |
| Non-controlling interests | 382 | 266 | 648 | (234) | 414 |
| Preference shareholders | 878 | - | 878 | - | 878 |
| Paid-in equity holders | 57 | - | 57 | - | 57 |
| Ordinary shareholders | (3,535) | - | (3,535) | (495) | (4,030) |
| | (2,218) | 266 | (1,952) | (729) | (2,681) |
| Per 25p ordinary share (pence) | | | | | |
| Continuing operations | | | | | |
| Basic | (6.3) | | (6.3) | | (7.2) |
| Fully diluted | (6.3) | | (6.3) | | (7.2) |

| | | | |
|------------------------------------------|--------|--------|--------|
| Number of shares (million) | | | |
| Weighted average ordinary shares | 52,891 | 52,891 | 52,891 |
| Weighted average diluted ordinary shares | 52,891 | 52,891 | 52,891 |

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 209 of the Form 20-F filed with the SEC on 31 March 2011.
 - (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) 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.
 - (4) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2009 without adjustment and represents those parts of the businesses agreed with the European Commission as being for disposal for which information is currently available, namely RBS Insurance, RBS Semptra Commodities and Global Merchant Services.
 - (5) 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 the EC State Aid Divestments.
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Article 11 unaudited pro forma information (continued)

Unaudited pro forma income statement for the year ended 31 December 2008

| | RBS (1) | RFS Minority Interest (2) | RBS excluding RFS Minority Interest (3) | EC State Aid Divestments (4) | Adjusted Pro forma RBS (5) £m |
|-------------------------------------------------------------|-----------|------------------------------------|--------------------------------------------------------|---------------------------------------|-------------------------------------------|
| | £m | £m | £m | £m | £m |
| Continuing operations | | | | | |
| Net interest income | 15,482 | 282 | 15,764 | (669) | 15,095 |
| Net fees and commissions | 6,411 | 23 | 6,434 | (29) | 6,405 |
| Income from trading activities | (9,025) | 196 | (8,829) | (793) | (9,622) |
| Other operating income (excluding insurance premium income) | 2,153 | (190) | 1,963 | (78) | 1,885 |
| Insurance net premium income | 5,709 | - | 5,709 | (5,293) | 416 |
| Non-interest income | 5,248 | 29 | 5,277 | (6,193) | (916) |
| Total income | 20,730 | 311 | 21,041 | (6,862) | 14,179 |
| Operating expenses | (35,065) | 166 | (34,899) | 1,716 | (33,183) |
| Loss before other operating charges and impairment losses | (14,335) | 477 | (13,858) | (5,146) | (19,004) |
| Insurance net claims | (3,917) | - | (3,917) | 3,733 | (184) |
| Impairment (losses)/gains | (7,439) | 7 | (7,432) | 45 | (7,387) |
| Operating loss before tax | (25,691) | 484 | (25,207) | (1,368) | (26,575) |
| Tax | 2,167 | (172) | 1,995 | 291 | 2,286 |
| Loss from continuing operations | (23,524) | 312 | (23,212) | (1,077) | (24,289) |
| Loss attributable to: | | | | | |
| Non-controlling interests | 100 | 312 | 412 | (164) | 248 |
| Preference shareholders | 536 | - | 536 | - | 536 |
| Paid-in equity holders | 60 | - | 60 | - | 60 |
| Ordinary shareholders | (24,220) | - | (24,220) | (913) | (25,133) |
| | (23,524) | 312 | (23,212) | (1,077) | (24,289) |
| Per 25p ordinary share (pence) | | | | | |
| Continuing operations | | | | | |
| Basic | (146.2) | | (146.2) | | (151.7) |
| Fully diluted | (146.2) | | (146.2) | | (151.7) |

| | | | |
|------------------------------------------|--------|--------|--------|
| Number of shares (million) | | | |
| Weighted average ordinary shares | 16,563 | 16,563 | 16,563 |
| Weighted average diluted ordinary shares | 16,563 | 16,563 | 16,563 |

Notes:

- (1) The financial information for RBS has been extracted from the audited financial statements for the year ended 31 December 2008 included on page 209 of the Form 20-F filed with the SEC on 31 March 2011.
 - (2) The financial information for the RFS Minority Interest has been extracted from RBS's accounting records for the year ended 31 December 2008 without adjustment and represents those parts of the ABN AMRO businesses attributable to the other Consortium Members.
 - (3) Pro forma unaudited income statement of RBS for the year ended 31 December 2008 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members.
 - (4) The financial information for the EC State Aid Divestments has been extracted from RBS's accounting records for the year ended 31 December 2008 without adjustment and represents those parts of RBS attributable to the businesses agreed with the European Commission as being for disposal for which information is currently available, namely RBS Insurance, RBS Sempra Commodities and Global Merchant Services.
 - (5) Pro forma unaudited income statement of RBS for the year ended 31 December 2008 excluding those parts of the ABN AMRO businesses attributable to the other Consortium Members and the EC State Aid Divestments.
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Signature

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

The Royal Bank of Scotland plc
Registrant

/s/ Rajan Kapoor
Rajan Kapoor
Group Chief Accountant
31 March 2011
