

Appendix 1

Interim Results for the half year ended 30 June 2009

Appendix 1 Reconciliations of pro forma to statutory income statements and balance sheets

Income statement for the half year ended 30 June 2009

	Pro forma £m	Adjustments		Statutory £m
		RFS Minority Interest £m	Reallocation of one-off items £m	
Net interest income	6,655	1,514	-	8,169
Non-interest income (excluding insurance net premium income)	5,479	1,129	4,243	10,851
Insurance net premium income	2,657	164	-	2,821
Non-interest income	8,136	1,293	4,243	13,672
Total income	14,791	2,807	4,243	21,841
Operating expenses	(8,733)	(1,973)	(1,185)	(11,891)
Profit before other operating charges	6,058	834	3,058	9,950
Insurance net claims	(1,891)	(243)	-	(2,134)
Operating profit before impairment losses	4,167	591	3,058	7,816
Impairment losses	(7,521)	(539)	-	(8,060)
Group operating (loss)/profit	(3,354)	52	3,058	(244)
Amortisation of purchased intangible assets	(140)	-	140	-
Integration and restructuring costs	(734)	-	734	-
Write-down of goodwill	(311)	-	311	-
Gain on redemption of own debt	3,790	-	(3,790)	-
Strategic disposals	453	-	(453)	-
(Loss)/profit before tax from continuing operations	(296)	52	-	(244)
Tax	412	29	-	441
Profit from continuing operations	116	81	-	197
Loss from discontinued operations, net of tax	(58)	(4)	-	(62)
Profit for the period	58	77	-	135
Minority interests	(554)	(77)	-	(631)
Preference share and other dividends	(546)	-	-	(546)
Loss attributable to ordinary shareholders	(1,042)	-	-	(1,042)

Appendix 1 Reconciliations of pro forma to statutory income statements and balance sheets

Income statement for the half year ended 30 June 2008

	Pro forma £m	Adjustments		Restated statutory £m
		RFS Minority Interest £m	Reallocation of one-off items £m	
Net interest income	7,501	1,194	-	8,695
Non-interest income (excluding insurance net premium income)	1,289	702	-	1,991
Insurance net premium income	2,861	295	-	3,156
Non-interest income	4,150	997	-	5,147
Total income	11,651	2,191	-	13,842
Operating expenses	(8,393)	(1,748)	(578)	(10,719)
Profit/(loss) before other operating charges	3,258	443	(578)	3,123
Insurance net claims	(1,927)	(262)	-	(2,189)
Operating profit/(loss) before impairment losses	1,331	181	(578)	934
Impairment losses	(1,479)	(182)	-	(1,661)
Group operating loss	(148)	(1)	(578)	(727)
Amortisation of purchased intangible assets	(262)	-	262	-
Integration costs	(316)	-	316	-
Loss before tax from continuing operations	(726)	(1)	-	(727)
Tax	303	30	-	333
(Loss)/profit from continuing operations	(423)	29	-	(394)
(Loss)/profit from discontinued operations, net of tax	(41)	275	-	234
(Loss)/profit for the period	(464)	304	-	(160)
Minority interests	(148)	(304)	-	(452)
Preference share and other dividends	(215)	-	-	(215)
Loss attributable to ordinary shareholders	(827)	-	-	(827)

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Income statement for the year ended 31 December 2008

	Restated pro forma £m	Adjustments		Restated statutory £m
		RFS Minority Interest £m	Reallocation of one-off items £m	
Net interest income	15,764	2,911	-	18,675
Non-interest income (excluding insurance net premium income)	(874)	1,299	442	867
Insurance net premium income	5,709	617	-	6,326
Non-interest income	4,835	1,916	442	7,193
Total income	20,599	4,827	442	25,868
Operating expenses	(16,188)	(19,303)	(18,711)	(54,202)
Profit/(loss) before other operating charges	4,411	(14,476)	(18,269)	(28,334)
Insurance net claims	(3,917)	(513)	-	(4,430)
Operating profit/(loss) before impairment losses	494	(14,989)	(18,269)	(32,764)
Impairment losses	(7,432)	(640)	-	(8,072)
Group operating loss	(6,938)	(15,629)	(18,269)	(40,836)
Amortisation of purchased intangible assets	(443)	-	443	-
Integration and restructuring costs	(1,357)	-	1,357	-
Write down of goodwill and other intangible assets	(16,911)	-	16,911	-
Strategic disposals	442	-	(442)	-
Loss before tax from continuing operations	(25,207)	(15,629)	-	(40,836)
Tax	1,995	328	-	2,323
Loss from continuing operations	(23,212)	(15,301)	-	(38,513)
(Loss)/profit from discontinued operations, net of tax	(86)	4,057	-	3,971
Loss for the period	(23,298)	(11,244)	-	(34,542)
Minority interests	(412)	11,244	-	10,832
Preference share and other dividends	(596)	-	-	(596)
Loss attributable to ordinary shareholders	(24,306)	-	-	(24,306)

Appendix 1 Reconciliations of pro forma to statutory income statements and balance sheets

Balance sheet at 30 June 2009

	Pro forma £m	Transfers £m	Statutory £m
Assets			
Cash and balances at central banks	34,302	5,644	39,946
Net loans and advances to banks	48,624	11,706	60,330
Reverse repurchase agreements and stock borrowing	35,076	-	35,076
Loans and advances to banks	83,700	11,706	95,406
Net loans and advances to customers	593,277	128,983	722,260
Reverse repurchase agreements and stock borrowing	47,485	29	47,514
Loans and advances to customers	640,762	129,012	769,774
Debt securities	229,059	15,030	244,089
Equity shares	14,220	3,360	17,580
Settlement balances	23,244	20	23,264
Derivatives	555,890	1,394	557,284
Intangible assets	15,117	3,063	18,180
Property, plant and equipment	16,292	1,603	17,895
Deferred taxation	7,573	819	8,392
Prepayments, accrued income and other assets	20,620	2,645	23,265
Assets of disposal groups	3,666	182	3,848
Total assets	1,644,445	174,478	1,818,923
Liabilities			
Bank deposits	135,601	(8,749)	126,852
Repurchase agreements and stock lending	44,142	-	44,142
Deposits by banks	179,743	(8,749)	170,994
Customer deposits	415,267	125,407	540,674
Repurchase agreements and stock lending	75,015	-	75,015
Customer accounts	490,282	125,407	615,689
Debt securities in issue	248,710	25,470	274,180
Settlement balances and short positions	60,282	5	60,287
Derivatives	534,632	2,432	537,064
Accruals, deferred income and other liabilities	21,543	8,578	30,121
Retirement benefit liabilities	1,363	368	1,731
Deferred taxation	3,344	678	4,022
Insurance liabilities	7,186	2,356	9,542
Subordinated liabilities	32,106	3,597	35,703
Liabilities of disposal groups	7,465	33	7,498
Total liabilities	1,586,656	160,175	1,746,831
Equity:			
Minority interests	2,123	14,303	16,426
Owners' equity	55,666	-	55,666
Total equity	57,789	14,303	72,092
Total liabilities and equity	1,644,445	174,478	1,818,923

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Balance sheet at 31 December 2008

	Pro forma £m	Transfers £m	Statutory £m
Assets			
Cash and balances at central banks	11,830	570	12,400
Net loans and advances to banks	70,728	8,698	79,426
Reverse repurchase agreements and stock borrowing	58,771	-	58,771
Loans and advances to banks	129,499	8,698	138,197
Net loans and advances to customers	691,976	143,433	835,409
Reverse repurchase agreements and stock borrowings	39,289	24	39,313
Loans and advances to customers	731,265	143,457	874,722
Debt securities	253,159	14,390	267,549
Equity shares	22,198	4,132	26,330
Settlement balances	17,812	20	17,832
Derivatives	991,495	1,064	992,559
Intangible assets	16,415	3,634	20,049
Property, plant and equipment	17,181	1,768	18,949
Deferred taxation	5,786	1,296	7,082
Prepayments, accrued income and other assets	21,573	2,829	24,402
Assets of disposal groups	480	1,101	1,581
Total assets	2,218,693	182,959	2,401,652
Liabilities			
Bank deposits	178,943	(4,565)	174,378
Repurchase agreements and stock lending	83,666	-	83,666
Deposits by banks	262,609	(4,565)	258,044
Customer deposits	460,318	121,051	581,369
Repurchase agreements and stock lending	58,143	-	58,143
Customer accounts	518,461	121,051	639,512
Debt securities in issue	269,458	30,831	300,289
Settlement balances and short positions	54,264	13	54,277
Derivatives	969,409	1,955	971,364
Accruals, deferred income and other liabilities	24,140	7,342	31,482
Retirement benefit liabilities	1,564	468	2,032
Deferred taxation	3,177	988	4,165
Insurance liabilities	7,480	2,496	9,976
Subordinated liabilities	43,678	5,476	49,154
Liabilities of disposal groups	138	721	859
Total liabilities	2,154,378	166,776	2,321,154
Equity:			
Minority interests	5,436	16,183	21,619
Owners' equity	58,879	-	58,879
Total equity	64,315	16,183	80,498
Total liabilities and equity	2,218,693	182,959	2,401,652