

ROYAL BANK OF SCOTLAND GROUP PLC

Form 6-K

September 25, 2007

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
September 2007

Commission File Number: 001-10306
The Royal Bank of Scotland Group plc
RBS, Gogarburn, PO Box 1000
Edinburgh EH12 1HQ
(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-

_____ The following information was issued as Company announcements, in London, England and is furnished pursuant to General Instruction B to the General Instructions to Form 6-K: _____

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The proposed acquisition of ABN AMRO Holding N.V. (ABN AMRO) is to be made by RFS Holdings B.V. (RFS Holdings), a company owned jointly by The Royal Bank of Scotland Group plc (RBSG), Fortis N.V. and Fortis SA/NV and the group of companies owned and/or controlled by Fortis N.V. and Fortis SA/NV, (collectively Fortis) and Banco Santander Central Hispano, S.A. (Santander). RFS Holdings will be owned 38.3% by RBSG, 33.8% by Fortis and 27.9% by Santander. RFS Holdings will be accounted for as a subsidiary of RBSG as, although it does not have a majority of the voting rights, it will control the Board of Directors.

The unaudited pro forma condensed combined financial information (the pro forma financial information) comprising a balance sheet as at 30 June 2007 (the pro forma balance sheet) and income statements for the six months ended 30 June 2007 and the year ended 31 December 2006 (the pro forma income statements) and the related notes is based on the published audited and unaudited financial statements of RBSG and ABN AMRO, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, or IASB, and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (collectively IFRS), after giving effect to the proposed sale of LaSalle Bank Corporation (LaSalle) by ABN AMRO to Bank of America Corporation (Bank of America) as announced by ABN AMRO on 23 April 2007.

The pro forma balance sheet has been prepared after giving effect to the proposed acquisition of ABN AMRO by RFS Holdings using the purchase method of accounting and applying the estimates, assumptions and adjustments described in the accompanying notes. The pro forma income statements have been prepared after giving effect to the proposed acquisition of ABN AMRO by RFS Holdings and the reorganisation of businesses that will be carried out subsequent to the acquisition (the Reorganisation). The Reorganisation will comprise the agreed sale of certain businesses to Fortis and Santander and also the probable sale of the non-strategic businesses to third parties.

Due to the limited information publicly available regarding the allocation of assets and liabilities to each of ABN AMRO s business segments that will be included in the reorganisation, a pro forma balance sheet cannot be prepared on a basis consistent with the pro forma income statements.

IFRS vary in certain significant respects from U.S. GAAP. Information relating to the nature and the effect of such differences for the six months ended 30 June 2007 and the year ended 31 December 2006 is presented in Note 5 to the pro forma financial information. As no information is publicly available regarding the allocation of the existing differences between IFRS and U.S. GAAP related to ABN AMRO to each of its business segments that will be included in the reorganisation, a pro forma reconciliation to U.S. GAAP cannot be prepared on a basis consistent with the pro forma income statements.

The pro forma financial information has been prepared on the following basis:

Only publicly available information for ABN AMRO has been used, except for outstanding share options and share awards at 30 June 2007, which have been provided by ABN AMRO.

The purchase consideration has been calculated assuming that 100% of the existing holders of ABN AMRO ordinary shares (including ABN AMRO ordinary shares represented by ABN AMRO ADSs) will accept the offer made by RFS Holdings.

The proposed sale of LaSalle to Bank of America is completed prior to the acquisition of ABN AMRO by RFS Holdings.

The balance sheet the unaudited consolidated balance sheets of RBSG and ABN AMRO at 30 June 2007 prepared in accordance with IFRS have been combined as if the proposed acquisition and the sale of LaSalle had occurred on 30 June 2007. No pro forma adjustments have been recognised for the reorganisation of the businesses to be transferred to Fortis and Santander or the non-strategic businesses to be disposed of, as ABN AMRO does not publish sufficiently detailed segmental balance sheet data to enable such pro forma information to be compiled.

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The income statements the unaudited income statements of RBSG and ABN AMRO for the six months ended 30 June 2007 and the audited income statements of RBSG and ABN AMRO for the year ended 31 December 2006 prepared in accordance with IFRS have been combined as if the proposed acquisition, the sale of LaSalle and the Reorganisation had occurred on 1 January 2006.

The pro forma financial information reflects appropriate adjustments based solely on publicly available information for ABN AMRO and other estimates to account for the disposal of LaSalle, the proposed acquisition and, in the case of the pro forma income statements, the Reorganisation. If the disposal of LaSalle, the acquisition and the Reorganisation occur, the final determination of these estimates may result in material differences from the pro forma financial information.

These estimates include:

The cash proceeds receivable from Bank of America in respect of the sale of LaSalle which may be adjusted in accordance with the terms of the Purchase and Sale Agreement, dated as of April 22, 2007, between Bank of America and ABN AMRO in respect of ABN AMRO North America Holding Company, the holding company for LaSalle, including the subsidiaries LaSalle N.A. and LaSalle Midwest N.A., including any amendment thereto (Bank of America Agreement).

The costs expected to be incurred as part of the proposed acquisition, including RBSG's costs of funding the cash element of its consideration.

The fair value of consideration to be given, including RBSG's shares and the settlement of ABN AMRO's share option schemes and of assets acquired and liabilities assumed, as disclosed in ABN AMRO's published financial statements.

Potential synergy benefits have been excluded.

The presentation currency of RBSG is pounds sterling. Any changes in the foreign exchange rate prior to the date at which the U.S. offer is declared unconditional may also result in material differences

The pro forma financial information and accompanying notes should be read in conjunction with the unaudited financial statements of RBSG included in its Current Report on Form 6-K for the six months ended 30 June 2007 filed with the SEC on 15 August 2007, the ABN AMRO interim results for the six months ended 30 June 2007 filed with the SEC on a Form 6-K on 30 July 2007, the ABN AMRO Form 6-K filed with the SEC on 31 August 2007 containing the unaudited IFRS U.S. GAAP reconciliation data for the six months ended 30 June 2007, the published audited financial statements of RBSG included in its Annual Report on Form 20-F for the year ended 31 December 2006 filed with the SEC on 24 April 2007, the ABN AMRO financial statements for the year ended 31 December 2006 included in the ABN AMRO Annual Report on Form 20-F for the year ended 31 December 2006 filed with the SEC on 2 April 2007 and the unaudited income statement for the year ended 31 December 2006 of LaSalle published by ABN AMRO within the ABN AMRO Unaudited Pro Forma Condensed Financial Statements filed with the SEC on a Form 6-K on 25 April 2007.

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 acquisition occurred on the dates indicated nor does it project the results of operations for any future period.

Unaudited Pro Forma Condensed Combined Balance Sheet as at 30 June 2007
IFRS Basis

	RBSG⁽¹⁾ <i>(£m)</i>	ABN AMRO⁽²⁾ <i>(£m)</i>	Disposal of LaSalle⁽³⁾ <i>(£m)</i>	Acquisition Adjustments⁽⁴⁾ <i>(£m)</i>	Notes	Pro forma Total <i>(£m)</i>
Assets						
Cash and balances at central banks	4,080	9,755	10,469			24,304
Loans and advances to banks	92,037	123,468				215,505
Loans and advances to customers	503,197	297,599				800,796
Treasury bills and other eligible bills, debt securities and equity shares	163,531	155,072				318,603
Intangible assets	18,868	4,808		24,542	(a)	48,218
Property, plant and equipment	18,185	2,558				20,743
Derivatives	183,313	81,056				264,369
Other assets	28,055	79,983	(56,866)	(297)	(b)	50,875
Total assets	1,011,266	754,299	(46,397)	24,245		1,743,413
Liabilities						
Deposits by banks	139,415	171,257				310,672
Customer accounts	419,317	238,575				657,892
Debt securities in issue	95,519	128,736		12,564	(c)	236,819
Settlement balances and short positions	71,969	28,442				100,411
Derivatives	183,461	79,114				262,575
Subordinated liabilities	27,079	9,904		(517)	(d)	36,466
Other liabilities	28,048	80,203	(54,131)	107	(e)	54,227
Total liabilities	964,808	736,231	(54,131)	12,154		1,659,062
Net assets	46,458	18,068	7,734	12,091		84,351
Equity						
Minority interests	4,914	1,447		30,001	(f)	36,362
Shareholders equity	41,544	16,621	7,734	(17,910)	(g)	47,989
Total equity	46,458	18,068	7,734	12,091		84,351

- (1) The financial information for RBSG has been extracted from the unaudited financial statements for the six months ended 30 June 2007 included in its 2007 Current Report on Form 6-K.
- (2) The financial information for ABN AMRO has been extracted from the unaudited financial statements for the six months ended 30 June 2007 published by ABN AMRO in its 2007 interim Form 6-K. ABN AMRO financial statements data have been reformatted, to the extent possible, to RBSG's balance sheet line item presentation.
- (3) See Notes to Pro Forma Condensed Combined Financial Information Note 2 on page 9.
- (4) See Notes to Pro Forma Condensed

Combined
Financial
Information Note
3 on page 10.

Unaudited Pro Forma Condensed Combined Income Statement for the six months ended 30 June 2007
IFRS Basis

					Businesses to be		Shared Assets to be	Pro forma Enlarged RBSG ⁽⁵⁾⁽⁸⁾	
	RBSG ⁽¹⁾	ABN AMRO ⁽²⁾⁽³⁾	Acquisition Adjustments ⁽⁴⁾	Notes	Pro forma Total	transferred to Fortis and Santander ⁽⁵⁾⁽⁶⁾	Pro forma RBSG	disposed of ⁽⁵⁾⁽⁷⁾	Pro forma Enlarged RBSG ⁽⁵⁾⁽⁸⁾
	(£m)	(£m)	(£m)		(£m)	(£m)	(£m)	(£m)	(£m)
Continuing operations									
Net interest income	5,383	3,099	(250)	(h)	8,232	(2,928)	5,304	327	5,631
Net fee and commission income	2,672	1,938			4,610	(1,225)	3,385	(79)	3,306
Income from trading activities	1,875	1,309			3,184	(334)	2,850	(4)	2,846
Other operating income (excluding insurance premium income)	1,712	743			2,455	(373)	2,082	(303)	1,779
Income of consolidated private equity holdings		1,878			1,878		1,878	(1,878)	
Insurance premium income less reinsurers share	3,048				3,048		3,048		3,048
Non-interest income	9,307	5,868			15,175	(1,932)	13,243	(2,264)	10,979
Operating income	14,690	8,967	(250)		23,407	(4,860)	18,547	(1,937)	16,610
Operating expenses	6,396	6,954			13,350	(2,977)	10,373	(2,244)	8,129
Profit before other operating charges and	8,294	2,013	(250)		10,057	(1,883)	8,174	307	8,481

impairment losses									
Insurance claims less reinsurers share	2,415			2,415		2,415			2,415
Impairment losses	871	598		1,469	(539)	930	5		935
Operating profit before tax	5,008	1,415	(250)	6,173	(1,344)	4,829	302		5,131
Tax	1,272	291	(75)	1,488	(386)	1,102	141		1,243
Profit from continuing operations, net of tax	3,736	1,124	(175)	4,685	(958)	3,727	161		3,888
Profit attributable to:									
Minority interests	75	37	718	830	(958)	(128)	217		89
Preference shareholders	106		124	230		230			230
Ordinary shareholders	3,555	1,087	(1,017)	3,625		3,625	(56)		3,569
	3,736	1,124	(175)	4,685	(958)	3,727	161		3,888
Per 25p ordinary share (pence)									
Continuing operations									
Basic	37.6			36.3		36.3			35.7
Fully-diluted	37.3			36.0		36.0			35.4
Number of shares (million)									
Weighted average ordinary shares	9,443			9,998		9,998			9,998
Weighted average diluted ordinary shares	9,605			10,160		10,160			10,160

(1) The financial information for RBSG has been extracted from

the unaudited financial statements for the six months ended 30 June 2007 included in its 2007 Current Report on Form 6-K.

- (2) The financial information for ABN AMRO has been extracted from the unaudited financial statements for the six months ended 30 June 2007 published by ABN AMRO in its 2007 interim Form 6-K. ABN AMRO financial statements data have been reformatted, to the extent possible, to RBSG's income statement line item presentation.

ABN AMRO disclosed sufficient information in its Annual Report on Form 20-F to enable insurance premium income less reinsurers' share and insurance claims less reinsurers' share to be identified and the income statements for the year ended 31 December 2006 of ABN AMRO and Businesses to be transferred to Fortis and Santander were reformatted to RBSG's income statement line item presentation. No equivalent adjustment has been made to the income statement for the six months ended 30 June 2007 as ABN AMRO did not disclose comparable information in its 2007 interim Form 6-K.

- (3) As the LaSalle results were presented as discontinued operations by ABN AMRO in its 2007 interim Form 6-K, the disposal of LaSalle has not been shown separately in the columnar presentation above. See Notes to Pro Forma Condensed Combined Financial Information Note 2 on page 9.
- (4) See Notes to Pro Forma Condensed Combined Financial Information Note 3 on page 10.
- (5) The pro forma income statement reflects the Reorganisation and has been extracted from the segmental disclosures published in ABN AMRO's 2007 interim Form 6-K without adjustment. Shared Assets means Head Office and central functions,

private equity
portfolio, stakes
in Capitalia and
Saudi Hollandi
and Prime Bank.

- (6) Businesses to be transferred to Fortis and Santander include Business Unit Netherlands (excluding wholesale clients), Business Unit Private Clients, Business Unit Asset Management, Business Unit Latin America (excluding wholesale clients businesses other than in Brazil) and Antonveneta. Global Clients and wholesale clients businesses in the Netherlands and Latin America (excluding Brazil) are to be retained by RBSG but the results attributable to these businesses cannot be separately identified from the information disclosed in ABN AMRO's 2007 interim Form 6-K. Therefore the results of these businesses are included in

Businesses to be transferred to Fortis and Santander, solely for the purposes of the pro forma information.

- (7) Shared Assets to be disposed of comprises Business Unit Private Equity and Group Functions.
- (8) Businesses to be retained by RBSG and forming part of Pro forma Enlarged RBSG include Business Unit North America (excluding LaSalle), Business Unit Asia (excluding Saudi Hollandi and Prime Bank), Business Unit Europe (excluding Antonveneta), and Global Clients and wholesale clients businesses in the Netherlands and Latin America (excluding Brazil). The results attributable to Saudi Hollandi and Prime Bank, non-strategic businesses to be disposed of, cannot be

separately
identified from
the information
disclosed in
ABN AMRO's
2007 interim
results
announcement
and hence are
included within
Pro forma
Enlarged RBSG.
The results
attributable to
Global Clients
and wholesale
clients
businesses in the
Netherlands and
Latin America
(excluding
Brazil) cannot be
separately
identified from
the information
disclosed in
ABN AMRO's
2007 interim
Form 6-K and
hence are
included in
Businesses to be
transferred to
Fortis and
Santander. This
presentation is
solely for the
purposes of the
pro forma
information.

Unaudited Pro Forma Condensed Combined Income Statement for the year ended 31 December 2006
IFRS basis

			Disposal			Pro	Businesses to be transferred to Fortis and Santander ⁽⁵⁾⁽⁶⁾	Pro	Shared Assets to be disposed of ⁽⁵⁾⁽⁷⁾	Pro forma Enlarged RBSG ⁽⁵⁾⁽⁸⁾
	RBSG ⁽¹⁾	ABN AMRO ⁽²⁾	of LaSalle ⁽³⁾	Acquisition Adjustments ⁽⁴⁾	Notes	forma Total		forma RBSG		
	(£m)	(£m)	(£m)	(£m)		(£m)	(£m)	(£m)	(£m)	(£m)
Continuing operations										
Net interest income	10,596 (1)	6,654 (2)	(1,441) (3)	(390) (4)	(h)	15,419	(5,261) (5)(6)	10,158	1,009 (5)(7)	11,167 (5)(8)
Net fee and commission income	5,194	4,132	(428)			8,898	(2,214)	6,684	(62)	6,622
Income from trading activities	2,675	2,584	(46)			5,213	(560)	4,653	(615)	4,038
Other operating income (excluding insurance premium income)	3,564	1,988	(292)			5,260	(737)	4,523	(774)	3,749
Income of consolidated private equity holdings		3,621				3,621		3,621	(3,621)	
Insurance premium income less reinsurers share	5,973 (1)	868 (2)	(3)	(4)		6,841	(868) (5)(6)	5,973	(5)(7)	5,973 (5)(8)
Non-interest income	17,406 (1)	13,193 (2)	(766) (3)	(4)		29,833	(4,379) (5)(6)	25,454	(5,072) (5)(7)	20,382 (5)(8)
Operating income	28,002	19,847	(2,207)	(390)		45,252	(9,640)	35,612	(4,063)	31,549
Operating expenses	12,480 (1)	14,118 (2)	(1,394) (3)	(396) (4)	(i)	24,808	(5,542) (5)(6)	19,266	(3,325) (5)(7)	15,941 (5)(8)
	15,522	5,729	(813)	6		20,444	(4,098)	16,346	(738)	15,608

**Profit before
other
operating
charges and
impairment
losses**

Insurance
claims less
reinsurers
share

4,458	1,007				5,465	(1,007)	4,458		4,458
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Impairment
losses

1,878	1,264	(42)			3,100	(1,024)	2,076	(74)	2,002
(1)	(2)	(3)	(4)			(5)(6)		(5)(7)	(5)(8)

**Operating
profit before
tax**

9,186	3,458	(771)	6		11,879	(2,067)	9,812	(664)	9,148
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Tax	2,689	615	(158)	(6)	(j)	3,140	(573)	2,567	50	2,617
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