

Royal Bank of Scotland Group

The Capital Requirements (Country-by-Country Reporting)
Regulations 2013

31 December 2019

This report has been prepared for The Royal Bank of Scotland Group (RBSG) to comply with the Capital Requirements (Country by Country Reporting) Regulations 2013 which implement Article 89 of the Capital Requirements Directive IV.

This report shows the income, profit/(loss) before tax, tax paid/(received), average and spot employee numbers on a full-time equivalent basis for the entities located in the countries in which we operate.

Basis of preparation

The report is prepared on the basis of the 2019 published Annual Report and Accounts, and does not take into account any subsequent events.

Country

Each subsidiary or branch is allocated to the country in which it is resident for tax purposes. The data is consolidated for all the subsidiaries and branches allocated to each country.

Income and profit/(loss) before tax

Income and profit/(loss) before tax are compiled from the RBSG consolidated financial statements for the year ended 31 December 2019, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as reported on page 208 of RBSG's 2019 annual Report and Accounts at <https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/rbsg-ara-2019-140220-0245-v3.pdf>.

Income and profit/(loss) totals are reported on page 219 within the Geographical segments table.

Tax paid/(received)

Tax paid/(received) disclosed under CRD IV relates to corporate tax.

Corporate tax paid represents net cash taxes paid to/(received) from the tax authorities in each jurisdiction.

Corporate tax paid is reported on a cash basis as opposed to an accounting basis and therefore does not necessarily have a direct correlation to the reported profits or losses arising in the year.

Full-time equivalent employees ("FTEs")

FTEs are allocated to the country in which they are primarily based for the performance of their employment duties. The figures disclosed represent the average number of FTEs, including temporary staff, in each country during the period. The FTEs, including temporary staff, as at the year end 31 December 2019, have been added for completeness.

Public subsidies received

No public subsidies were received during the period.

RBSG Country by country tax breakdown 2019

Country	Income (1) £m	Profit/(loss) before tax (1) £m	Tax paid/ (received) £m	Headcount	
				Average FTE including temporary staff	FTE including temporary staff as at the year end 31 December 2019
UK	12,457	3,283	222	45,660	44,225
Guernsey	141	109	8	124	108
Isle of Man	76	34	5	495	467
Jersey	217	117	7	759	745
UK Region	12,891	3,543	242	47,038	45,545
Finland	13	12	2	4	4
France	15	7	—	22	29
Germany	10	4	0	23	34
Gibraltar	47	27	1	72	68
Greece	—	—	—	1	1
Ireland	574	86	(1)	2,444	2,322
Italy	11	5	—	14	16
Luxembourg	12	1	—	51	52
Netherlands	222	173	—	83	102
Norway	4	4	1	—	—
Poland	—	1	—	1,328	1,279
Spain	6	—	—	17	19
Sweden	24	15	3	33	35
Switzerland	104	89	5	266	265
Turkey	1	(3)	—	10	5
Europe Region	1,043	421	11	4,368	4,231
USA	198	186	1	422	405
US Region	198	186	1	422	405
Hong Kong	11	(2)	—	28	31
India	39	79	25	13,733	13,554
Japan	24	4	—	45	42
Malaysia	—	1	(1)	—	—
Singapore	41	(4)	—	161	160
Taiwan	2	3	—	—	—
Asia Pacific Region	117	81	24	13,967	13,787
Saudi Arabia	4	2	—	—	—
United Arab Emirates	—	(1)	—	2	3
Middle East Region	4	1	—	2	3
UK Region	12,891	3,543	242	47,038	45,545
Europe Region	1,043	421	11	4,368	4,231
US Region	198	186	1	422	405
Rest of World Region	121	82	24	13,969	13,790
Global Total	14,253	4,232	278	65,797	63,971

Notes:

- (1) Total UK income and profit for the year included an FX recycling gain of £1,459m. This includes £290 million arising on the completion of the Alawwal bank merger in June 2019, £1,102 million arising on the liquidation of RFS Holdings and £67 million in relation to dividends in UBI DAC.
- (2) A full list of RBSG's subsidiaries' names, nature of activities and geographical locations is available in note 10 of the RBSG parent company accounts at <https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/rbsg-ara-2019-140220-0245-v3.pdf> from page 271.
- (3) A list of the principal subsidiaries in each jurisdiction and the nature of their activities is available in note 6 of the RBSG parent company accounts at <https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/rbsg-ara-2019-140220-0245-v3.pdf> on page 269.
- (4) The amounts shown above are presented to the nearest million and as a result any amounts less than £500k have been rounded to zero.

Independent auditor's report to the directors of the Royal Bank of Scotland Group

Opinion

We have audited the country-by-country schedule and notes 1 to 4 to the schedule (together 'the Schedule') of The Royal Bank of Scotland Group (the 'Company') for the year ended 31 December 2019.

In our opinion, the accompanying country-by-country information in the Schedule has been prepared, in all material respects, in accordance with the requirements of The Capital Requirements (Country-by-Country Reporting) Regulations 2013 ('the Regulations').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Schedule in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to the Basis of preparation Section to the Schedule, which describes the basis of preparation. The Schedule is prepared to assist the Company in meeting the requirements of the Regulations. As a result the Schedule may not be suitable for another purpose. This report is made solely to the Company's directors, as a body, in accordance with our engagement letter dated 28 April 2020. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our audit work, for this report, or for the opinions we have formed. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Regulations, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

A further description of our responsibilities for the audit of the Schedule is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Bourne.

Ernst & Young LLP
London
30 April 2020

Notes:

- (1) The maintenance and integrity of the RBS web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Schedule since they were initially presented on the web site.
- (2) Legislation in the United Kingdom governing the preparation and dissemination of the Schedule may differ from legislation in other jurisdictions.