

# Royal Bank of Scotland Group

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

31 December 2018

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**

### **(a) 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.

### **(b) 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 2018, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as reported on page 182 of RBSG's 2018 annual Report and Accounts at [https://investors.rbs.com/~/\\_/media/Files/R/RBS-IR/results-center/annual-report-2018](https://investors.rbs.com/~/_/media/Files/R/RBS-IR/results-center/annual-report-2018).

### **(c) 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.

### **(d) 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 2018, have been added for completeness.

### **(e) Public subsidies received**

There were no public subsidies received during the period.

# RBSG Country by country tax breakdown 2018

Country	Income	Profit/(loss) before tax	Tax paid/ (received)	Headcount	
	£m	£m	£m	Average FTE including temporary staff	FTE including temporary staff as at the year end 31.12.2018
UK	11,875	3,683	348	48,654	46,612
Guernsey	51	30	8	133	130
Isle of Man	82	57	2	497	493
Jersey	173	35	8	801	754
UK Region	12,181	3,805	366	50,085	47,989
Finland	5	4	2	5	4
France	1	1	–	17	13
Germany <sup>(1)</sup>	(94)	(93)	2	9	7
Gibraltar	55	56	2	82	79
Greece	–	(1)	(9)	1	1
Ireland	644	97	–	2,502	2,456
Italy	(9)	(10)	2	9	8
Luxembourg	10	(1)	8	51	52
Netherlands	67	45	–	35	42
Norway	4	4	1	2	2
Poland	–	1	2	1,386	1,368
Spain	–	–	1	15	16
Sweden	58	54	4	27	26
Switzerland	61	(4)	3	259	260
Turkey	1	(3)	–	15	13
Europe Region	803	150	18	4,415	4,347
USA	255	(718)	39	491	457
US Region	255	(718)	39	491	457

## RBSG Country by country tax breakdown 2018 continued

Country	Income	Profit/(loss) before tax	Tax paid/ (received)	Headcount	
				Average FTE including temporary staff	FTE including temporary staff as at the year end 31.12.2018
	£m	£m	£m		
Hong kong	–	(14)	1	22	22
India	39	72	41	13,894	13,944
Japan	24	6	2	46	46
Malaysia	–	–	(1)	–	–
Singapore	37	(6)	–	180	171
Taiwan	1	3	–	–	–
Asia Pacific Region	101	61	43	14,142	14,183
Saudi Arabia <sup>(2)</sup>	62	62	–	–	–
United Arab Emirates	–	(1)	–	3	3
Middle East Region	62	61	–	3	3
UK Region	12,181	3,805	366	50,085	47,989
Europe Region	803	150	18	4,415	4,347
US Region	255	(718)	39	491	457
Rest of World Region	163	122	43	14,145	14,186
<b>Global Total</b>	<b>13,402</b>	<b>3,359</b>	<b>466</b>	<b>69,136</b>	<b>66,979</b>

### Notes:

- (1) Income and PBT numbers reflect current negative rates of interest on overnight deposits placed with Deutsche Bundesbank via German branches on behalf of the Group.
- (2) Represents post tax profit of an associate, reported in other income as required by IFRS. Shareholders in this associate paid £23m of tax in Saudi Arabia in 2018.
- (3) A full list of RBSG's subsidiaries' names, nature of activities and geographical locations is available at note 10 of the RBSG parent company accounts at <https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/annual-report-2018.pdf> from page 246.
- (4) A list of the principal subsidiaries in each jurisdiction and the nature of their activities is available at note 6 of the RBSG parent company accounts at <https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/annual-report-2018.pdf> on page 244.
- (5) 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 MEMBERS OF THE ROYAL BANK OF SCOTLAND GROUP**

### **Opinion**

We have audited the country-by-country schedule and notes 1 to 5 to the schedule (together 'the Schedule') of The Royal Bank of Scotland Group (the 'Company') for the year ended 31 December 2018.

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 25 April 2019. 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  
25 April 2019

#### 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.