ROYAL BANK OF SCOTLAND GROUP PLC
Form 6-K
August 31, 2012

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

For August 31, 2012

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 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-________

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

The Royal Bank of Scotland N.V.
Abbreviated Interim Financial Report for the half year ended
30 June 2012

Amsterdam, 31 August 2012

The Royal Bank of Scotland N.V.
Abbreviated interim financial report for the half year ended 30 June 2012

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Management's report on the abbreviated interim financial statements

The Managing Board declares that, to the best of its knowledge, the abbreviated interim financial statements give a true and fair view, in all material respects, of the financial position and the results of The Royal Bank of Scotland N.V. (RBS N.V.) as at 30 June 2012 and for the period then ended.

Amsterdam,
30 August 2012

Jan de Ruiter
Chairman of the Managing Board

Pieter van der Harst
Chief Financial Officer

Abbreviated interim financial statements

Basis of presentation

On the basis of article 403 of part 9 of Book 2 of the Netherlands Civil Code, The Royal Bank of Scotland N.V. (RBS N.V.) is not required to publish annual financial statements. Only abbreviated financial statements need to be drawn up and approved by the company directors. The shareholder of RBS N.V. has agreed to this in a declaration of consent, dated 16 March 2012 and filed with the Chamber of Commerce in Amsterdam.

Furthermore a statement of liability by the parent company (RBS Holdings N.V.) is filed with the Chamber of Commerce in Amsterdam. In accordance with the AFM Transparency Directive, which is effective as of 1 January 2009, the interim financial statements of an Issuer which is not required to prepare and file consolidated financial statements, should include in the abbreviated balance sheet and in the abbreviated income statement the same items as were included in the latest published financial statements. The assets and liabilities and the income statement of RBS N.V. are fully consolidated in the interim condensed consolidated financial statements for the half year ended 30 June 2012 of RBS Holdings N.V., dated 30 August 2012.

The income statement and balance sheet as presented on pages 5 and 6 of this report are derived from the presentation of the RBS N.V. income statement and balance sheet on pages 52 up to and including 54 of the RBS Holdings N.V. Interim Financial Results for the half year ended 30 June 2012, dated 30 August 2012, which is included as an appendix to this report.

Both the abbreviated interim financial statements of RBS N.V. and the interim condensed consolidated financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are unaudited.

The condensed consolidated interim financial statements of RBS Holdings N.V. for the half year ended 30 June 2012 are presented in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements for the half year ended 30 June 2012 of RBS Holdings N.V. do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with RBS Holdings N.V.'s audited Annual Report and Accounts for the year ended 31 December 2011, which was prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

RBS N.V.
Company income statement
for the half year ended 30 June 2012 (unaudited)

	First half 2012 €m	First half 2011 €m
Net interest income	260	254
Results from consolidated subsidiaries	(37)	130
Non-interest (loss)/income	(346)	268
Total Income	(123)	652
Operating expenses	(793)	(1,104)
Impairment losses	(97)	(1,090)
Operating loss before tax	(1,013)	(1,542)
Tax (charge)/credit	(14)	86
Profit from discontinued operations	11	22
Loss for the reporting period	(1,016)	(1,434)
Non-controlling interests	-	-
Loss attributable to controlling interests	(1,016)	(1,434)

RBS N.V.
Company balance sheet
at 30 June 2012 (unaudited)

	30 June 2012 €m	31 December 2011 €m
Assets		
Cash and balances at central banks	529	11,812
Loans and advances to banks	38,658	53,750
Loans and advances to customers	5,454	24,979
Debt securities	24,140	38,211
Equity shares	903	2,955
Settlement balances	359	2,576
Derivatives	12,696	18,606
Intangible assets	11	46

Property, plant and equipment	17	74
Deferred taxation	329	395
Investment in Group undertakings	2,649	2,863
Prepayments, accrued income and other assets	1,331	4,237
Assets of disposal groups	47,366	4,788
Total assets	134,442	165,292
Liabilities and equity		
Deposits by banks	56,341	76,911
Customer accounts	3,655	33,469
Debt securities in issue	8,027	17,473
Settlement balances and short positions	578	3,386
Derivatives	12,429	19,323
Accruals, deferred income and other liabilities	1,841	2,938
Retirement benefit liabilities	31	58
Deferred taxation	6	47
Subordinated liabilities	4,565	4,449
Liabilities of disposal groups	44,490	3,914
Controlling interests	2,479	3,324
Total liabilities and equity	134,442	165,292

Appendix

RBS Holdings N.V.
Interim Results for the half year ended 30 June 2012

RBS Holdings N.V.
Interim results for the half year ended 30 June 2012

RBS Holdings N.V. is the parent company of The Royal Bank of Scotland N.V. (RBS N.V.) consolidated group of companies and associated companies (RBSH Group). The Royal Bank of Scotland Group plc (RBSG), is the ultimate holding company of RBSH Group. RBSG Group refers to RBSG and its consolidated subsidiaries and associated companies.

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Highlights

RBS Holdings N.V. recorded a loss of €1,027 million from continuing operations for the first half of 2012, compared with a loss of €1,456 million in the first half of 2011.

Key points

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- In April 2011, RBSH Group announced its intention to transfer a substantial part of the business activities of RBS N.V. to The Royal Bank of Scotland plc (RBS plc), (the Transfers). As a result, €52.1 billion of assets and €49.6 billion of liabilities have been classified as assets and liabilities of disposal groups as at 30 June 2012, with a corresponding reduction in other captions in the balance sheet.

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- Income decreased by 72% to €236 million in the first half of 2012, principally reflecting lower fee and commission income across all the regions as a result of business divestitures as part of the downsizing of selected activities of the wholesale business and the fall in trading income due to the transfer of trading activities to RBS plc. In addition, the tightening of RBSH Group's credit spreads in the first half of 2012 led to an own credit charge of €583 million compared with a charge of €348 million in the first half of 2011.

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- Operating expenses decreased to €980 million from €1,371 million, largely due to a reduction in staff costs reflecting employees transferring to RBS plc in 2011 as part of the Transfers.

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- Total impairment losses were €118 million compared with €1,097 million in the first half of 2011. The impairment losses in 2012 related mainly to a small number of single name provisions. The impairment losses in 2011 related mainly to Greek sovereign available-for-sale (AFS) bonds and related interest rate hedge adjustments, as a result of Greece's fiscal difficulties.

Cautionary statement on forward-looking statements

Certain sections in, or incorporated by reference in, this document contain 'forward-looking statements', such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'believes', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'will', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on such expressions.

In particular, this document includes forward-looking statements relating, but not limited to: RBSH Group's restructuring plans, divestments, capitalisation, portfolios, net interest margin, capital ratios, liquidity, risk weighted assets, return on equity, cost: income ratios, leverage and loan: deposit ratios, funding and risk profile, certain ring-fencing proposals, sustainability targets, RBSH Group's future financial performance, the level and extent of future impairments and write-downs, including sovereign debt impairments, the protection provided by the Asset Protection Scheme (APS) back-to-back contracts with The Royal Bank of Scotland plc (RBS plc), and RBSH Group's potential exposures to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk. These statements are based on current plans, estimates and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. For example, certain of the market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: the financial condition of RBSG Group; the global economic and financial market conditions and other geopolitical risks and their impact on the financial industry in general and on RBSH Group in particular; the ability to access sufficient sources of liquidity and funding; the ability to implement strategic plans on a timely basis, or at all, including the disposal of certain Non-Core assets and assets and businesses required as part of the State Aid restructuring plan of RBSG Group; organisational restructuring;

including any adverse consequences of a failure to transfer, or delay in transferring, certain business assets and liabilities from RBS N.V. to RBS plc; deteriorations in borrower and counterparty credit quality; the extent of future write-downs and impairment charges caused by depressed asset valuations; unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices, equity prices and basis, volatility and correlation risks; changes in the credit ratings of RBSH Group; ineffective management of capital or changes to capital adequacy or liquidity requirements; litigation and regulatory investigations; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; the ability of RBSH Group to attract or retain senior management or other key employees; regulatory or legal changes (including those requiring any restructuring of RBSH Group's operations) in the Netherlands, the United States (US), the United Kingdom (UK), the rest of Europe and other countries in which RBSH Group operates or a change in policy of the government of the Netherlands; changes to regulatory requirements relating to capital and liquidity; changes to the monetary and interest rate policies of the central banks and other governmental and regulatory bodies; changes in Dutch and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; pension fund shortfalls; general operational risks; reputational risk; general geopolitical and economic conditions in the Netherlands and in other countries in which RBSH Group has significant business activities or investments; the protection provided to RBSH Group pursuant to the

APS back-to-back contracts and their effect on RBSH Group's financial and capital position; the cross liability resulting from the legal demerger of ABN AMRO Bank N.V. and the Dutch Scheme; limitations on, or additional requirements imposed on, RBSH Group's activities as a result of HM Treasury's investment in RBSG Group; and the success of RBSH Group in managing the risks involved in the foregoing.

The forward-looking statements contained in this document speak only as of the date of this announcement, and RBSH Group does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

For a further discussion of certain risks faced by RBSH Group, see Risk factors on pages 47 to 49.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Operating and financial review

General information

RBSH Group is an international banking group offering a wide range of banking products and financial services on a global basis.

In 2007, RFS Holdings B.V. (RFS Holdings), which was jointly owned by RBSG Group, the Dutch State (successor to Fortis N.V. and Fortis SA/N.V.) and Banco Santander S.A. (together the Consortium Members) completed the acquisition of RBS Holdings N.V. RFS Holdings is the sole shareholder of RBS Holdings N.V.

As at 31 December 2010, RBSG's shareholding in RFS Holdings was increased to 97.7%. RFS Holdings is controlled by RBSG, which is incorporated in the UK and registered at 36 St. Andrew Square, Edinburgh, Scotland. RBSG is the ultimate parent company of RBSH Group. The consolidated financial statements of RBSH Group are included in the consolidated financial statements of RBSG Group.

The interim financial statements contained in the interim results have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

Organisational structure

In January 2012, RBSG Group announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes resulted in the reorganisation of RBSG Group's wholesale businesses into 'Markets' and 'International Banking' and the exit and downsizing of selected activities. The changes ensure the wholesale businesses continue to deliver against RBSG Group's strategy.

The changes include an exit from cash equities, corporate brokering, equity capital markets and mergers and acquisitions businesses. Significant reductions in balance sheet, funding requirements and cost base in the remaining wholesale businesses will be implemented.

An inevitable consequence of these changes is the need for a smaller workforce. To return to sustainable profitability, the businesses within the core bank need to be improved against a backdrop of challenging market conditions and a tougher regulatory environment. In parallel with the reshaping of its wholesale banking business, RBSH Group has been looking at its support infrastructure in order to achieve an optimal operating set-up and cost base. This review has led to a decision to reduce the number of roles in the Netherlands by approximately 500 FTEs. RBSH Group will, of course, do everything it can to support redundant employees find new jobs, either within or outside RBSG Group. The implementation of these reductions will take place by the end of 2013.

Additionally, as part of the Transfers (described on pages 6 and 7), employees working for RBSH Group in the Netherlands will transfer with the businesses transferring to RBS plc Netherlands Branch. There will be no change in their terms and conditions of employment as a result of this transfer.

The restructure has no impact on RBSH Group's clients as it remains committed to the reshaped wholesale banking proposition, delivering market-leading debt financing, risk management, foreign exchange, rates and transaction services, supported by RBSH Group's extensive international network.

Operating and financial review (continued)

Organisational structure (continued)

Global Banking & Markets (GBM) and Global Transaction Services (GTS) divisions have been reorganised as follows:

- The 'Markets' business will maintain its focus on fixed income, with strong positions in debt capital raising, securitisation, risk management, foreign exchange and rates. It serves the corporate and institutional clients of all RBSG Group businesses.
- GBM's corporate banking business combines with the international businesses of the GTS arm into a new 'International Banking' unit and provides clients with a 'one-stop shop' access to RBSG Group's debt financing, risk management and payments services. This international corporate business is self-funded through its stable corporate deposit base.

In consequence, RBSH Group now comprises the following segments:

- Markets
- International Banking
- Central Items

· Non-Core

Comparative data has been restated to reflect the new segments.

In addition, as a consequence of the Transfers (as described below) and the reduced size of RBSH Group's balance sheet the following previously disclosed geographical segments: 'Other Europe', 'Americas' & 'Asia/Pacific' have been combined into a new region 'Rest of World'. Comparative data has been restated accordingly.

Transfers of a substantial part of the business activities of RBS N.V. to RBS plc
On 19 April 2011, the Boards of RBSG, RBS plc, RBS Holdings N.V. and RBS N.V. announced their intention to transfer a substantial part of the business activities of RBS N.V. to RBS plc (the Transfers), subject, amongst other matters, to regulatory and other approvals, and employee consultation procedures. The Transfers are consistent with RBSG Group's efforts to simplify its structure, thereby reducing risk, cost and complexity. It will streamline the manner in which the businesses within RBSH Group's Markets & International Banking (M&IB) Divisions interact with clients but will not result in any change to the current business strategy for any of the transferred RBS N.V. businesses and the way in which RBSH Group commercially operates will remain unchanged. It is expected that the Transfers will be implemented on a phased basis over a period ending 31 December 2013.

The transfer of eligible business carried out in the UK, including certain securities issued by RBS N.V. was completed during the last quarter of 2011 (the UK Transfer). A large portion of the transfer was conducted through a banking business transfer scheme under Part VII of the UK Financial Services and Markets Act 2000 on 17 October 2011. Other eligible business that could not be included in the scheme was transferred via novations or market mechanisms and UK subsidiaries of RBS N.V. were sold to RBS plc.

Since the 2011 year end, assets and liabilities largely relating to businesses in Singapore, Hong Kong and Kazakhstan were transferred to RBS plc by a combination of local schemes of arrangement, novations and subsidiary share sales.

Transfers of a substantial part of the business activities of RBS N.V. to RBS plc (continued)
The transfers described below are classified as assets and liabilities of disposal groups as at 30 June 2012, collectively named (June 2012 Transfers). They are expected to take place within a year of the balance sheet date.

On 8 August 2012 the Court of Session in Scotland approved the planned transfer of eligible RBS N.V. businesses in the Netherlands and certain EMEA countries to RBS plc on 10 September 2012. The transfer remains subject to further regulatory approvals. The transfers will be executed by way of a Dutch statutory demerger (the Demerger) from RBS N.V. into RBS II B.V. (the acquiring company); then onto RBS plc by way of a cross-border merger from RBS II B.V. into RBS plc (the Merger, and together with the Demerger, the Dutch Scheme), after which RBS II B.V. will cease to exist.

Other eligible businesses in the Netherlands and certain EMEA countries, as well as businesses in North America, are expected to be transferred via novations or market mechanisms and subsidiary share sales.

Also included in the June 2012 Transfers, are transfers of the Chinese, Korean, Malaysian, Indonesian and Russian subsidiaries of RBS N.V. These subsidiary transfers will be by way of share sales, subject to regulatory and other approvals and further analysis.

For further details of the assets and liabilities held for disposal as at 30 June 2012 see Note 8 on pages 29 to 30.

As announced on 19 April 2011, RBSG Group is committed to providing the necessary support to ensure that RBS N.V. continues to meet its commitments during and after the Transfers.

EC remedy

On 26 November 2009, RBSG entered into a State Aid Commitment Deed with HM Treasury of the UK Government, containing commitments and undertakings given by RBSG to HM Treasury that are designed to ensure that HM Treasury is able to comply with the commitments given by it to the European Commission for the purpose of obtaining approval for the State aid provided to RBSG. As part of these commitments, RBSG agreed that RBS Holdings N.V. will not pay investors any coupons on, or exercise any call rights in relation to, the hybrid capital instruments issued by RBS N.V. listed below, unless in any such case there is a legal obligation to do so, for an effective period of two years. RBSH Group is also subject to restrictions on the exercise of call rights in relation to its other hybrid capital instruments.

- 5.90% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust V (formerly ABN AMRO Capital Funding Trust V) (US74928K2087)
- 6.25% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VI (formerly ABN AMRO Capital Funding Trust VI) (US74928M2044)
- 6.08% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VII (formerly ABN AMRO Capital Funding Trust VII) (US74928P2074)

The two-year distribution restriction period in relation to the hybrid capital instruments started on 1 April 2011.

Operating and financial review (continued)

Results of operations
for the half year ended 30 June 2012

Set out below are summarised income statements for the half years ended 30 June 2012 and 2011.

	First half 2012 €m	First half 2011 €m
Net interest income	368	321
Non-interest (loss)/income	(132)	508
Total income	236	829
Operating expenses	(980)	(1,371)
Loss before impairment losses	(744)	(542)
Impairment losses	(118)	(1,097)
Operating loss before tax	(862)	(1,639)
Tax (charge)/credit	(165)	183
Loss from continuing operations	(1,027)	(1,456)
Profit from discontinued operations, net of tax	11	22

(Loss) for the period	(1,016)	(1,434)
Attributable to:		
Non-controlling interests	-	-
Controlling interests	(1,016)	(1,434)

Operating loss

Operating loss before tax was €862 million compared with a loss of €1,639 million in the first half of 2011. Operating loss before tax, excluding the own credit charge of €583 million was €279 million compared with a loss of €1,291 million in the first half of 2011, excluding the own credit charge of €348 million.

Total income

Total income decreased by 72% to €236 million from €829 million in the first half of 2011.

Net interest income increased by 15% to €368 million from €321 million in the first half of 2011. This was mainly due to reduced funding costs following business transfers to RBS plc. This was partially offset by the impact of the current low interest rate environment across the regions and as a result of business divestitures in Asia as part of the downsizing of selected activities of the wholesale business.

Non-interest (loss)/income decreased to a loss of €132 million from a gain of €508 million in the first half of 2011. This was largely related to a fall in fee and commission income across all regions with the major decrease in Asia as a result of business divestitures as part of the downsizing of selected activities of the wholesale business. Non-interest income was also impacted by lower income from trading activities in the UK due to the transfer of trading activities to RBS plc. The tightening of credit spreads in the first half of 2012 led to an own credit charge of €583 million compared with a charge of €348 million in the first half of 2011.

Operating expenses decreased by 29% to €980 million from €1,371 million in the first half of 2011. This decrease was largely due to a reduction in staff costs resulting from employees transferring to RBS plc and business divestitures.

Impairment losses

Impairment losses were €118 million compared with €1,097 million in the first half of 2011. Impairment losses in 2012 related mainly to a small number of specific provisions. Impairment losses in 2011 related mainly to Greek sovereign AFS bonds and related interest rate hedge adjustments, reflecting Greece's fiscal difficulties.

Profit from discontinued operations

Profit from discontinued operations was €11 million compared with €22 million in the first half of 2011. This profit relates to the remaining Dutch State acquired businesses held within RBS Holdings N.V.

Capital and capital ratios

Capital ratios at 30 June 2012 were 8.5% (Core Tier 1), 11.7% (Tier 1) and 17.3% (Total).

Operating and financial review (continued)

Results of operations for the half year ended 30 June 2012 by segment

The following table sets out the operating (loss)/profit before tax, relating to the Core segments (Markets, International Banking, Central Items) and the Non-Core segment for the half years ended 30 June 2012 and 2011.

	First half 2012 €m	First half 2011 €m
Operating (loss)/profit before tax		
Markets	(544)	(357)
International Banking	28	(39)
Central Items	(231)	(1,092)
Total Core	(747)	(1,488)
Non-Core	(115)	(151)
Total	(862)	(1,639)

The following table sets out the operating (loss)/profit before tax, relating to the Core segments (Markets, International Banking, Central Items) and the Non-Core segment for the half years ended 30 June 2012 and 2011, excluding the
own credit charge of €583 million (€348 million in the first half of 2011).

	First half 2012 €m	First half 2011 €m
Operating (loss)/profit before tax excluding own credit adjustments		
Markets	(145)	55
International Banking	28	(39)
Central Items	(47)	(1,156)
Total Core	(164)	(1,140)
Non-Core	(115)	(151)
Total	(279)	(1,291)

Results of operations for the half year ended 30 June 2012 by segment (continued)

Markets	First half 2012 €m	First half 2011 €m
Net interest income	94	28
Non-interest income	(138)	328
Total income	(44)	356
Operating expenses	(465)	(710)
Impairment losses	(35)	(3)
Operating loss before tax	(544)	(357)

Key points

- Operating loss before tax was €544 million compared with a loss of €357 million in the first half of 2011. Operating loss before tax, excluding the own credit charge of €399 million was €145 million compared with a profit of €55 million in the first half of 2011, excluding the own credit charge of €412 million.
- Net interest income increased to €94 million from €28 million in the first half of 2011 reflecting reduced funding costs following business transfers to RBS plc. This was partly offset by a decrease in net interest income in Asia as a result of business divestitures as part of the downsizing of selected activities of the wholesale business.
- Non-interest income in aggregate was a loss of €138 million compared with income of €328 million in the first half of 2011. This largely relates to lower fee and commission income earned in Asia as a result of business divestitures and lower trading income due to the transfer of trading activities to RBS plc.
- Operating expenses decreased by 35% to €465 million from €710 million in the first half of 2011 reflecting a reduction in staff costs resulting mainly from employees transferring to RBS plc and business divestitures in Asia.
- Impairment losses, which related to a small number of specific provisions, were €35 million compared with €3 million in the first half of 2011.

Results of operations for the half year ended 30 June 2012 by segment (continued)

International Banking	First half 2012 €m	First half 2011 €m
Net interest income	185	230
Non-interest income	242	228
Total income	427	458
Operating expenses	(372)	(347)
Impairment losses	(27)	(150)
Operating profit/(loss) before tax	28	(39)

Key points

- Operating profit before tax was €28 million compared with a loss of €39 million in the first half of 2011.
- Net interest income decreased by 20% to €185 million from €230 million in the first half of 2011 reflecting business transfers to RBS plc and the impact of the current low interest rate environment.
- Non-interest income increased by 6% to €242 million from €228 million in the first half of 2011. This was due to higher transactional exchange rate trading income which was partially offset by lower fees and commissions across all regions and specifically in the UK as a result of business transfers to RBS plc.
- Operating expenses increased by 7% to €372 million from €347 million in the first half of 2011 reflecting investment in client-facing staff, business improvement initiatives and technology and support infrastructure.
- Impairment losses were €27 million compared with €150 million in the first half of 2011.
  Impairment losses in 2011 were largely driven by a single name provision.

Operating and financial review (continued)

Results of operations for the half year ended 30 June 2012 by segment (continued)

Central Items	First half 2012 €m	First half 2011 €m

Net interest expense	(18)	(84)
Non-interest (loss)/income	(141)	43
Total loss	(159)	(41)
Operating expenses	(37)	(81)
Impairment losses	(35)	(970)
Operating loss before tax	(231)	(1,092)

Key points

- Operating loss before tax was €231 million compared with a loss of €1,092 million in the first half of 2011. Operating loss before tax, excluding the own credit charge of €184 million was €47 million compared with a loss of €1,156 million in the first half of 2011, excluding the own credit gain of €64 million.
- Net interest expense decreased by 79% to €18 million from €84 million in the first half of 2011. This is due to reduced funding costs following the business transfers to RBS plc in 2011. Third party funding was replaced by RBSG Group internal funding at more favourable rates.
- Non-interest income in aggregate was a loss of €141 million compared with income of €43 million in the first half of 2011 mainly due to the tightening of credit spreads in the first half of 2012 which led to an own credit charge of €184 million compared with a gain of €64 million in the first half of 2011.
- Operating expenses decreased by 54% to €37 million from €81 million in the first half of 2011. This decrease is largely due to a one-off gain related to a litigation settlement as well as lower staff costs reflecting a decrease in full time equivalent number of employees.
- Impairment losses were €35 million compared with €970 million in the first half of 2011. The impairment losses for both half years relate to Greek sovereign AFS bonds and related interest rate hedge adjustments, reflecting Greece's fiscal difficulties. In the first half of 2012, as part of Private Sector Involvement in the Greek government bail-out, the vast majority of this portfolio was exchanged for Greek sovereign debt and European Financial Stability Facility notes; the Greek sovereign debt received in the exchange was sold.

Operating and financial review (continued)

Results of operations for the half year ended 30 June 2012 by segment (continued)

Non-Core	First half 2012 €m	First half 2011

		€m
Net interest income	107	147
Non-interest loss	(95)	(91)
Total income	12	56
Operating expenses	(106)	(233)
Impairment (losses)/ recoveries	(21)	26
Operating loss before tax	(115)	(151)

Key points

- Operating loss before tax was €115 million compared with a loss of €151 million in the first half of 2011.
- Net interest income decreased by 27% to €107 million from €147 million in the first half of 2011. This is mainly due to loans maturing and disposals of Non-Core assets and businesses.
- Non-interest loss was in line with the first half of 2011.
- Operating expenses decreased by 55% to €106 million from €233 million in the first half of 2011 reflecting a reduction in staff costs resulting from employees transferring to RBS plc and business divestitures in Asia.
- Impairment losses amounted to €21 million compared with a recovery of €26 million in the first half of 2011. Loan impairments for the first half of 2012 comprise a charge of €65 million partly offset by compensation under the APS back-to-back agreement with RBS plc of €27 million and a release of €17 million of latent loss provision.

Operating and financial review (continued)

Key metrics

	30 June 2012 €m	31 December 2011 €m
Balance sheet		
Funded balance sheet1	101,140	127,534
Total assets	113,848	146,672
Total risk elements in lending2	648	2,097
Risk elements in lending as a % of gross lending to customers excluding reverse repos	7.2%	6.8%

Closing provisions for impairment as a % of total risk elements in lending2	92.9%	75.0%

Notes:
(1) Funded balance sheet represents total assets less derivatives.
(2) Risk elements in lending (REIL) comprises impaired loans and accruing loans past due 90 days or more as to principal or interest. Impaired loans comprise all loans for which an impairment provision has been established; for collectively assessed loans, impairment loss provisions are not allocated to individual loans and the entire portfolio is included in impaired loans. Loans are classified as accruing loans past due 90 days or more where they are past due 90 days but where no impairment provision is recognised. This category is used for fully collateralised non-revolving credit facilities.

Key points
· The funded balance sheet decreased by €26.4 billion to €101.1 billion at 30 June 2012, largely as a result of a decrease in debt securities reflecting sales and maturing of government securities, lower loans and advances to customers and transfers of businesses to RBS plc as part of the Transfers in the first half of the year.
· Risk elements in lending as a percentage of gross lending to customers excluding reverse repos increased from 6.8% at 31 December 2011 to 7.2% at 30 June 2012.

Capital ratios	30 June 2012	31 December 2011
Risk-weighted assets	€51,508 m	€58,711 m
Core Tier 1 ratio	8.5%	8.4%
Tier 1 ratio	11.7%	12.0%
Total capital ratio	17.3%	17.5%

Key point
· The decrease in the Tier 1 ratio reflects the impact on regulatory capital of a revised interpretation of the tax treatment of certain adjustments.

Operating and financial review (continued)

Participation in UK Government's Asset Protection Scheme
On 22 December 2009, RBS N.V. and RBS plc entered into two APS back-to-back contracts, a financial guarantee and a credit default swap arrangement, in relation to the RBS N.V. Covered Assets (the Contracts) to de-risk future earnings. These agreements provide RBS N.V. with 100% protection over a portfolio of covered assets.

The APS back-to-back covered portfolio for the year ended 30 June 2012 was €7.9 billion (31 December 2011 - €10.9 billion), with an average remaining maturity of four years. At 30 June 2012 the carrying value of the prepaid fee for the financial guarantee contract was €259 million (31 December 2011 - €323 million). The net carrying value of the credit derivative was €13 million (liability), (31 December 2011 - €8 million (liability)), which consists of the fair value of the credit derivative of €208 million against collateral of €221 million placed by RBS plc (31 December 2011 - €213 million against €221 million, respectively).

Assets are being transferred from RBS N.V. to RBS plc as a part of the Transfers. Unamortised fees on the APS back-to-back agreement covered assets, which are transferred, will be reimbursed by RBS plc to RBS N.V.; consequently there will be no accelerated amortisation or future profit or loss impact of the APS back-to-back agreement fees paid on transferred assets. The total unamortised fees on related covered assets included in the UK Transfers during the last quarter of 2011 amounted to approximately €99 million. Unamortised fees on covered assets due to transfer under the Dutch Scheme amount to approximately €80 million.

Condensed Consolidated Financial Statements

Condensed consolidated income statement
for the half year ended 30 June 2012 (unaudited)

Interest receivable	
Interest payable	
Net interest income	
Fees and commissions receivable	
Fees and commissions payable	
Income from trading activities	
Other operating (loss)/income	
Non-interest (loss)/income	
Total income	
Operating expenses	
(Loss)/profit before impairment losses	
Impairment losses	3
Operating loss before tax	
Tax (charge)/credit	
Loss from continuing operations	
Profit from discontinued operations, net of tax	

Loss for the period

Loss attributable to:
Controlling interests

The accompanying notes on pages 24 to 35 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income
for the half year ended 30 June 2012 (unaudited)

	First half 2012 €m	First half 2011 €m	Full year 2011 €m
Loss for the period	(1,016)	(1,434)	(656)
Other comprehensive income			
Available-for-sale financial assets	172	982	274
Cash flow hedges	3	16	9
Currency translation account	21	(138)	(476)
Other comprehensive income/(loss) before tax	196	860	(193)
Tax charge	(10)	(262)	(776)
Other comprehensive income/(loss) after tax	186	598	(969)
Total comprehensive loss for the reporting period	(830)	(836)	(1,625)
Attributable to:			
Non-controlling interests	-	(2)	(3)
Controlling interests	(830)	(834)	(1,622)
	(830)	(836)	(1,625)

The accompanying notes on pages 24 to 35 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet
at 30 June 2012 (unaudited)

	Note	30 June 2012	31 December

		€m	2011 €m
Assets			
Cash and balances at central banks		718	12,609
Loans and advances to banks		9,374	27,053
Loans and advances to customers		8,397	29,578
Debt securities		24,605	39,645
Equity shares		1,033	3,093
Settlement balances		359	2,608
Derivatives		12,708	19,138
Intangible assets		67	115
Property, plant and equipment		55	152
Deferred tax		339	444
Prepayments, accrued income and other assets		1,886	5,018
Assets of disposal groups 8		54,307	7,219
Total assets		113,848	146,672
Liabilities			
Deposits by banks		25,422	46,520
Customer accounts		4,637	39,601
Debt securities in issue		7,642	17,714
Settlement balances and short positions		578	3,409
Derivatives		12,450	19,868
Accruals, deferred income and other liabilities		2,382	3,835
Retirement benefit liabilities		31	60
Deferred tax		19	116
Subordinated liabilities		7,046	6,859
Liabilities of disposal groups	8	51,157	5,351
Total liabilities		111,364	143,333
Equity			
Equity attributable to non-controlling interests		1	21
Equity attributable to controlling interests		2,483	3,318
Total equity		2,484	3,339
Total liabilities and equity		113,848	146,672

The accompanying notes on pages 24 to 35 form an integral part of these condensed consolidated interim financial statements.

Commentary on condensed consolidated balance sheet

Total assets amounted to €113.8 billion at 30 June 2012, a decrease of €32.8 billion since 31 December 2011. The June 2012 Transfers, as discussed on pages 6 and 7, are classified as a disposal group as at 30 June 2012, increasing both asset and liabilities of disposal groups significantly with a corresponding decrease in other balance sheet captions.

Cash and balances at central banks decreased by €11.9 billion compared with 31 December 2011. The decrease is due to the June 2012 Transfers being classified as assets of disposal groups (€16.7 billion). This was partially offset by an increase in cash held at central banks for liquidity purposes.

Loans and advances to banks decreased by €17.7 billion compared with 31 December 2011, largely as a result of a decline in bank placings and as a result of the June 2012 Transfers being classified as assets of disposal groups (€5.6 billion).

Loans and advances to customers decreased by €21.2 billion compared with 31 December 2011, due to the June 2012 Transfers being classified as assets of disposal groups (€17.5 billion) and the sale of businesses in Singapore and Hong Kong to RBS plc.

Debt securities decreased by €15.0 billion compared with 31 December 2011 driven by a reduction in holdings of Eurozone government and financial institution bonds (€9.8 billion), the June 2012 Transfers being classified as assets of disposal groups (€4.3 billion) and the sale of businesses in Singapore and Hong Kong to RBS plc (€1.0 billion).

Equity shares decreased by €2.0 billion compared with 31 December 2011 due to the June 2012 Transfers being classified as assets of disposal groups (€2.1 billion).

Derivative assets and liabilities decreased by €6.4 billion and €7.4 billion respectively, compared with 31 December 2011, largely as a result of the June 2012 Transfers being classified as assets (€3.6 billion) and liabilities (€4.1 billion) of disposal groups.

Deposits by banks decreased by €21.1 billion to €25.4 billion at 30 June 2012, mainly due to the June 2012 Transfers being classified as liabilities of disposal groups (€8.6 billion). In addition the decrease is due to the downsizing of the fiduciary business in Markets and planned reductions in funding from RBS plc. This was partially offset by an increase in funding provided by the European Central Bank's Long Term Refinancing Operation (LTRO).

Customer accounts decreased by €35.0 billion compared with 31 December 2011, mainly due to the June 2012 Transfers being classified as liabilities of disposal groups (€26.2 billion) and the transfer of balances to RBS plc in relation to the sale of businesses in Singapore and Hong Kong, in the first half of the year.

Debt securities in issue fell by €10.1 billion to €7.6 billion at 30 June 2012, largely as a result of the June 2012 Transfers being classified as assets of disposal groups (€8.1 billion) and a decrease in notes and commercial paper outstanding reflecting positions maturing.

Settlement balances and short positions decreased by €2.8 billion to €0.6 billion compared with 31 December 2011 largely reflecting the transfer of balances to RBS plc.

Condensed consolidated statement of changes in equity
for the half year ended 30 June 2012 (unaudited)

	Note	First half 2012 €m	First half 2011 €m	Full year 2011 €m
Called-up share capital				
At beginning of period		1,852	1,852	1,852
Transfer to share premium	6	(1,852)	-	-
At end of period		0	1,852	1,852
Share premium account				
At beginning of period		2,187	2,187	2,187
Transfer from shared capital	6	1,852	-	-
At end of period		4,039	2,187	2,187
Available-for-sale reserve				
At beginning of period		(2,918)	(2,419)	(2,419)
Unrealised gains/(losses) in the year		103	31	(1,155)
Realised losses/(gains) in the year		69	951	1,429
Taxation		(5)	(246)	(773)
At end of period		(2,751)	(1,683)	(2,918)
Cash flow hedging reserve				
At beginning of period		(22)	(28)	(28)
Other comprehensive income for the period		3	16	9
Taxation		(5)	(6)	(3)
At end of period		(24)	(18)	(22)
Foreign exchange reserve				
At beginning of period		(49)	427	427
Other comprehensive (loss)/income for the period		21	(136)	(476)
Taxation		-	(10)	-
At end of period		(28)	281	(49)
Retained earnings				
At beginning of period		2,268	2,929	2,929
Loss attributable to controlling interests		(1,016)	(1,434)	(656)
Other changes		(5)	(9)	(5)
At end of period		1,247	1,486	2,268
Equity attributable to controlling interests		2,483	4,105	3,318

Non-controlling interests			
At beginning of period	21	24	24
Comprehensive loss in the year	-	(2)	(3)
Disposal	(20)	-	-
At end of period	1	22	21
Total equity at end of period	2,484	4,127	3,339

The accompanying notes on pages 24 to 35 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement
for the half year ended 30 June 2012 (unaudited)

	First half 2012 €m	First half 2011 €m	Full year 2011 €m
Operating activities			
Operating loss before tax	(1,016)	(1,609)	(210)
Adjustments for non-cash items	(128)	1,547	2,620
Net cash (outflow)/inflow from trading activities	(1,144)	(62)	2,410
Changes in operating assets and liabilities	(1,688)	6,042	(5,343)
Net cash flows from operating activities before tax	(2,832)	5,980	(2,933)
Income taxes received/(paid)	89	(38)	(11)
Net cash flows from operating activities	(2,743)	5,942	(2,944)
Net cash flows from investing activities	10,325	(569)	9,349
Net cash flows from financing activities	(144)	(901)	(340)
Effects of exchange rate changes on cash and cash equivalents	106	(613)	125
Net increase in cash and cash equivalents	7,544	3,859	6,190
Cash and cash equivalents at beginning of period	9,744	3,554	3,554
Cash and cash equivalents at end of period	17,288	7,413	9,744

The accompanying notes on pages 24 to 35 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated financial statements

1. Basis of preparation

RBS Holdings N.V.'s condensed consolidated financial statements for the half year ended 30 June 2012 are prepared in accordance with International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the RBS Holdings N.V.'s audited financial statements, as part of the 2011 Annual Report and Accounts.

The condensed consolidated financial statements are unaudited. In the opinion of management, all relevant disclosures necessary for an understanding of the changes in financial position and performance of RBS Holdings N.V. since the end of the last annual reporting period have been made.

The condensed consolidated financial statements are presented in euros, which is the functional and presentation currency of RBS Holdings N.V., rounded to the nearest million.

2. Accounting policies

The annual accounts are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the European Union (EU) (together IFRS). There have been no significant changes to RBSH Group's principal accounting policies as set out on pages 113 to 124 of the 2011 Annual Report and Accounts.

Recent developments in IFRS

In May 2012, the IASB issued Annual Improvements 2009-2011 Cycle which clarified:

· the requirements for comparative information in IAS 1 Presentation of Financial Statements and IAS 34 Interim Financial Reporting;

· the classification of servicing equipment in IAS 16 Property, Plant and Equipment

· the accounting for the tax effect of distributions to holders of equity instruments in IAS 32 Financial Instruments: Presentation;

· and the requirement to disclose segmental net assets in IAS 34.

None of the amendments are effective before 1 January 2013. Earlier application is permitted. RBSH Group is reviewing the amendments to determine their effect, if any, on RBSH Group's financial reporting.

Notes to the condensed consolidated financial statements (continued)

3.Loan impairment provisions

Operating loss is stated after charging loan impairment losses of €104 million (year ended 31 December 2011- €360 million). The balance sheet loan impairment provisions decreased in the half year ended 30 June 2012 from €1,572 million to €602 million and the movements thereon were:

	First half 2012 €m	Full year 2011 €m
At beginning of period	1,572	1,572
Transfer to disposal groups	(749)	-
Currency translation and other adjustments	38	68
Disposals	(75)	(45)
Amounts written-off	(290)	(397)
Recoveries of amounts previously written-off	5	22
Charge to the income statement	104	360
Unwind of discount	(3)	(8)
At end of period	602	1,572

The provision for impairment losses at 30 June 2012 includes nil (31 December 2011 - €45 million) relating to loans and advances to banks.

Impairment losses charged to the income statement comprise:

	First half 2012 €m	First half 2011 €m
Loan impairment losses	(104)	(161)
Recoveries under APS back-to-back agreement	21	34
Impairment losses on securities	(35)	(970)
Impairment losses	(118)	(1,097)

Impairment losses on securities
The impairment losses on securities relate to Greek sovereign AFS bonds and related interest rate hedge adjustments, reflecting Greece's fiscal difficulties. Cumulative unrealised losses within the AFS reserve related to these bonds are recycled to profit and loss as an impairment charge. See page 41 for additional information on the AFS positions within RBSH Group.

Notes to the condensed consolidated financial statements (continued)

4. Taxation
The actual tax (charge)/credit differs from the expected tax (charge)/credit computed by applying the standard Dutch corporation tax rate of 25% as follows:

	First half 2012 €m	First half 2011 €m

Loss before tax	(862)	(1,639)
Expected tax credit	191	410
Non-deductible items (1)	(14)	(3)
Non-taxable items	13	6
Foreign profits taxed at other rates	(2)	9
Reduction in deferred tax assets following change in the rate of UK corporation tax	-	(21)
Derecognition of deferred tax asset in respect of losses from prior periods	(193)	-
Losses in period where no deferred tax asset recognised	(119)	(301)
Losses brought forward and utilised	10	13
Adjustments in respect of prior periods	(51)	70
Actual tax (charge)/credit	(165)	183

Note:
(1) Largely relating to the derecognition of deferred tax assets in respect of losses in Australia.

5. Segmental analysis
In January 2012, RBSG Group announced the reorganisation of its wholesale businesses into 'Markets' and 'International Banking'. RBSH group divisional results have been presented based on the new organisational structure. Refer to 'Organisational structure' on pages 5 and 6 for further details. Comparatives have been restated accordingly. Total revenue, operating (loss)/profit before tax and total assets by division are shown in the tables below.

	First half 2012			First half 2011		
	External	Inter segment	Total	External	Inter segment	Total
Total income	€m	€m	€m	€m	€m	€m
Markets (1)	(173)	129	(44)	363	(7)	356
International Banking	469	(42)	427	517	(59)	