

RBS Holdings N.V.
Form 20-F
April 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-14624

RBS Holdings N.V.

(Exact name of Registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation)

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Gustav Mahlerlaan 350, 1082 ME Amsterdam, The Netherlands

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Guarantee of 5.90% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust V	New York Stock Exchange*
Guarantee of 6.25% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VI	New York Stock Exchange**
Guarantee of 6.08% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VII	New York Stock Exchange***
5.90% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust V	New York Stock Exchange
6.25% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VI	New York Stock Exchange
6.08% Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VII	New York Stock Exchange
4.65% Subordinated Notes due 2018	Euronext Amsterdam

* The guarantee is not listed for trading, but is listed only in connection with the registration of the corresponding Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust V.

** The guarantee is not listed for trading, but is listed only in connection with the registration of the corresponding Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VI.

*** The guarantee is not listed for trading, but is listed only in connection with the registration of the corresponding Non-cumulative Guaranteed Trust Preferred Securities of RBS Capital Funding Trust VII.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each class of common stock of the close of the period covered by the annual report

(Title of each class)	(Number of outstanding shares)
Ordinary shares, par value €0.56 per share	89,287

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-Accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Form 20-F

SEC Form 20-F cross reference		2
Managing Board Report		
	Chairman's statement	4
	Business review	8
	Corporate governance	72
Financial Statements		
	Consolidated income statement	87
	Consolidated statement of comprehensive income	88
	Consolidated balance sheet	89
	Consolidated statement of changes in equity	90
	Consolidated cash flow statement	91
	Accounting policies	92
	Notes on the consolidated accounts	103
1	Net interest income	103
2	Non-interest income	103
3	Operating expenses	104
4	Pensions	105
5	Auditor's remuneration	107
6	Tax	107
7	Dividends	107
8	Financial instruments - classification	108
9	Financial instruments - valuation	111
10	Financial instruments - maturity analysis	121
11	Financial assets - impairments	124
12	Derivatives	125
13	Debt securities	127
14	Equity shares	128
15	Interests in associates	129
16	Prepayments, accrued income and other assets	129
17	Discontinued operations and assets and liabilities of disposal groups	130
18	Settlement balances and short positions	131
19	Provisions, accruals and other liabilities	131
20	Deferred taxation	132
21	Subordinated liabilities	133
22	Share capital	135
23	Reserves	135

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	24	Structured entities and asset transfers	135
	25	Capital resources	137
	26	Memorandum items	138
	27	Changes in operating assets and liabilities	144
	28	Interest received and paid	144
	29	Analysis of cash and cash equivalents	144
	30	Segmental analysis	145
	31	Remuneration of the Managing Board and Supervisory Board of RBS Holdings N.V.	146
	32	Related parties	147
	33	Post balance sheet events	148
	34	Condensed consolidating financial information	148
		Other information	155
		Additional information	159

RBS Holdings N.V.**1**

SEC Form 20-F cross reference

Form 20-F Item	Item caption	Page
PART I		
1	Identity of Directors, Senior Management and Advisors	
1	Identity of Directors, Senior Management and Advisors *	Not applicable to annual reports
2	Offer Statistics and Expected Timetable *	Not applicable to annual reports
3	Key Information	
	Selected financial data	10-14, 161-172
	Capitalisation and indebtedness *	Not applicable to annual reports
	Reason for the offer and use of proceeds *	Not applicable to annual reports
	Risk factors	171-193
4	Information on the Company	
	History and development of the Company	4, 8, 100, 159, 177, 205
	Business overview	4, 8, 26-30, 31, 74, 84-86 140-144, 146, 173-178
	Organisational structure	4, 8, 16-20, 130
	Property, plant and equipment *	Not applicable
4A	Unresolved Staff Comments *	Not applicable
5	Operating and Financial Review and Prospects	
	Operating results	10-14, 26, 32-37, 53-54, 61-72, 74, 84-86, 105, 140-144, 149-155, 161-178
	Liquidity and capital resources	10-14, 16-72, 109-129, 138, 173-178
	Research and Development, Patent and Licenses, etc. *	Not applicable
	Trend information	26-30, 171-193
	Off-balance sheet arrangements	136-139, 178
	Tabular disclosure of contractual obligations	31, 109-129, 139, 171-172
6	Directors, Senior Management and Employees	
	Directors and senior management	75-82
	Compensation	21-24, 75-82, 86, 147
	Board practices	16-20, 74-87
	Employees	4, 10-11, 82-84, 88, 105

	Share ownership	86, 147
7	Major Shareholders and Related Party Transactions	
	Major shareholders	177
	Related party transactions	148-149
	Interest of experts and counsel *	Not applicable
8	Financial Information	
	Consolidated statements and other financial information	88-155, 157, 177
	Significant changes	149
9	The offer and listing	
	Offer and listing details *	Not applicable
	Plan of distributions *	Not applicable to annual reports
	Markets	74, 177
	Selling shareholders *	Not applicable to annual reports
	Dilution *	Not applicable to annual reports
	Expense of the issue *	Not applicable to annual reports
10	Additional Information	
	Share capital *	Not applicable to annual reports
	Memorandum and Articles of Association	158-159
	Material contracts	177
	Exchange controls *	Not applicable
	Taxation *	Not applicable
	Dividends and paying agents *	Not applicable to annual reports
	Statements by experts *	Not applicable to annual reports
	Documents on display	195
	Subsidiary information *	Not applicable
11	Quantitative and Qualitative Disclosures about Market Risk	16-72
12	Description of Securities other than Equity Securities *	Not applicable

SEC Form 20-F cross reference

Form 20 F Item	Item caption	Page
PART II		
13	Defaults, Dividends, Arrearages and Delinquencies	
13	Defaults, Dividends, Arrearages and Delinquencies *	Not applicable
14	Material Modifications to the Rights of Security Holders and use of * Proceeds	Not applicable
15	Controls and Procedures	87
16	[Reserved]	
16A	Audit Committee Financial Expert	76-78
16B	Code of Ethics	81, 159
16C	Principal Accountant Fees and Services	76, 81, 108
16D	Exemptions from the Listing Standards for Audit Committees *	Not applicable
16E	Purchases of Equity Securities by the Issuer and Affiliated purchases *	Not applicable
16F	Change in Registrant's Certifying Accountant	76, 193
16G	Corporate Governance	16-20, 74-87
16H	Mine Safety Disclosure *	Not applicable
PART III		
17	Financial statements	Not applicable
17	Financial statements *	Not applicable
18	Financial statements	88-155
19	Exhibits	207

RBS Holdings N.V.

3

Chairman's statement

In 2015 the Group continued to de-risk its balance sheet. Total assets reduced to €16.0 billion at the end of 2015 compared with €23.6 billion at the end of 2014. Plans for the further wind-down of the business were presented to the European Central Bank (ECB) and De Nederlandsche Bank (DNB), our regulators.

On 26 February 2015 RBS Group announced the restructuring of Corporate & Institutional Banking (CIB) to build a strong, safe and more sustainable business. Subsequently CIB is in the process of reducing its geographical footprint to approximately 13 countries, compared with 38 at the end of 2014.

This business restructuring is managed by RBS's Capital Resolution. The impacted countries for the Group are China, India and Indonesia. In 2015 we started the wind-down of our businesses in Indonesia and China. At the beginning of 2016 it was decided to also wind-down the retail and corporate business in India as well.

The scope of Capital Resolution's work includes the Group as most of the assets on the Group's balance sheet were already managed by Capital Resolution. As a result, the reorganisation agenda of RBS Group and the Group are fully aligned with each other.

Results of operations in 2015

Operating loss before tax was €48 million compared with a loss of €57 million in 2014. This was largely due to lower expenses as a result of lower staff and non-staff costs, and was offset by higher impairment losses. Net interest income decreased as a result of the wind-down. Total equity as at 31 December 2015, was €3.7 billion, an increase of €0.2 billion compared with 31 December 2014.

Capital and RWAs

The Group continues to be well capitalised. At 31 December 2015, the Group's Total capital ratio was 42.5%, the Tier 1 capital ratio was 30.1% and the Common Equity Tier 1 capital ratio was 21.1%. Within risk-weighted assets €9,350 million is included as a consequence of the proportional consolidation of a 40% interest in Saudi Hollandi Bank. This amount is comprised of €9,324 million in credit risk and €26 million in market risk.

Outlook

It is envisaged that in 2016 commercial activities will cease and that we will continue to execute the plans for the further de-risking of RBS N.V.. Ultimately, the objective is that RBS N.V. can relinquish its banking licence in the Netherlands.

On behalf of my fellow Managing Board members, I would like to thank all our employees and customers for their continued commitment and loyalty during 2015.

Idzard van Eeghen

Chairman of the Managing Board of RBS Holdings N.V.

Amsterdam, 28 April 2016

RBS Holdings N.V.

4

Financial review

		Page
	Presentation of information	6
	Forward-looking statements	7
	Description of business	8
	Competition	9
	Summary consolidated income statement	10
	Analysis of results	12
	Consolidated balance sheet	13

RBS Holdings N.V.

Presentation of information

In the Report and unless specified otherwise, the terms 'company' and 'RBS Holdings' mean RBS Holdings N.V.. 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' or 'the Group'). The Royal Bank of Scotland Group plc (RBSG) is the ultimate holding company of RBSH Group. RBS Group refers to RBSG and its consolidated subsidiaries and associated companies. RBS plc refers to The Royal Bank of Scotland plc. The terms 'Consortium' and 'Consortium Members' refer to RBSG, Stichting Administratiekantoor Beheer Financiële Instellingen (the Dutch State, successor to Fortis) and Banco Santander S.A. (Santander) who jointly acquired RBS Holdings on 17 October 2007 through RFS Holdings B.V. (RFS Holdings).

The company publishes its financial statements in 'euro', the European single currency. The abbreviations '€m' and '€bn' represent millions and thousands of millions of euros, respectively. Reference to '£' is to pounds sterling. The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds, respectively. Reference to '\$' is to United States of America (US) dollars. The abbreviations '\$m' and '\$bn' represent millions and thousands of millions of dollars, respectively.

Certain information in this report is presented separately for domestic and foreign activities. Domestic activities consist of transactions within the Netherlands. Geographic analysis has been compiled on the basis of location of office.

The results, assets and liabilities of individual business units are classified as trading or non-trading based on their predominant activity. Although this method may result in some non-trading activity being classified as trading, and vice versa, any resulting misclassification is not material.

All annual averages in this report are based on month-end figures. Management does not believe that these month-end averages present trends materially different from those that would be presented by daily averages.

International Financial Reporting Standards

Unless otherwise indicated, the financial information contained in this Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and IFRS as issued by the International Accounting Standard Board (IASB).

Glossary

A glossary of terms is included on pages 197 to 203.

RBS Holdings N.V.

6

Forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions.

In particular, this document includes forward-looking statements relating, but not limited to: the winding-down of the RBSH Group's operations and the transfer and sale of a substantial part of its business activities to RBS plc; the RBS Group's restructuring, including the implementation of the UK ring-fencing regime and the potential impact thereof on the RBSH Group; divestments; capitalisation; portfolios; net interest margin; capital and leverage ratios and requirements; liquidity; risk-weighted assets (RWAs); minimum requirements for eligible liabilities (MREL); return on equity (ROE); profitability; cost:income ratios; loan:deposit ratios; funding and credit risk profile; discretionary coupon and dividend payments; litigation, regulatory and governmental investigations; RBS Group's and RBSH Group's future financial performance; the level and extent of future impairments and write-downs; RBS Group's and RBSH Group's exposure to credit rating risk and to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk; RBS Group's and RBSH Group's exposure to political risks, operational risk and conduct risk. These statements are based on current plans, estimates, targets 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 market risk disclosures are dependent on choices relying on 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 adversely affect RBSH Group's results and the accuracy of forward-looking statements in this document include the risk factors and other uncertainties discussed in this document. These include those relating to: the winding-down of the RBSH Group's operations and transfers or sales of assets to RBS plc; the RBSH Group's reliance on the RBS Group; operational risks that are inherent in RBSH Group's business and increased as a result of the implementation by the RBS Group of its strategic programme and the UK ring-fencing regime as well as the winding-down of the RBSH Group's operations; the potential adverse impact on the RBSH Group resulting from the major ongoing restructuring carried out by the RBS Group through 2019; the potential adverse impact on the RBSH Group resulting from the implementation by the RBS Group of the UK ring-fencing regime; the political risks to which the RBS Group is exposed; the potential negative impact on RBSH Group's business of actual or perceived global economic and financial market conditions and other global risks; uncertainties regarding RBSH Group's exposure to any weakening of economies within the EU or emerging economies; changes to the monetary and interest rate policies of central banks and other governmental and regulatory bodies; the impact of unanticipated volatility or adverse movements in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices or equity prices; the extent of future write-downs and

impairment charges caused by depressed asset valuations; deteriorations in customer and counterparty credit quality as a result of prevailing economic and market conditions; RBSH Group's ability to achieve its capital targets; the achievement of capital and cost reduction targets; ineffective management of capital or changes to regulatory requirements relating to capital adequacy and liquidity; the RBSH Group's ability to satisfy stress tests imposed by its regulators; the ability to access sufficient sources of capital, liquidity and funding when required; changes in the credit ratings of RBSG, RBS NV or other entities of the RBS Group and RBSH Group; uncertainties and adverse outcomes relating to legal, regulatory and governmental actions and investigations that RBS Group and RBSH Group are subject to and any resulting material adverse effect on RBSH Group of unfavourable outcomes; heightened regulatory and governmental scrutiny and the increasingly regulated environment in which RBSH Group operates; RBSH Group's ability to attract and retain qualified personnel; changes in laws, regulations, accounting standards and taxes; the high dependence of RBSH Group's operations on its information technology systems and its increasing exposure to cyber security threats; the reputational and conduct risks inherent in RBSH Group's operations and the RBSH Group's ability to implement and maintain an effective risk management culture; the risk that RBSH Group may suffer losses due to employee misconduct; the reliance on valuation, capital and stress test models which may be inaccurate; changes in accounting rules, policies, assumptions and estimates and changes to the valuation of financial instruments recorded at fair value; potential liabilities resulting from the legal demerger of ABN Amro Bank NV; 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 the 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.

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.

RBS Holdings N.V.

7

Financial review

Description of business

Introduction

RBS Holdings offers a range of banking products and financial services, principally in Europe and Asia.

In 2007, RFS Holdings, which was jointly owned by RBSG, Fortis (succeeded by the Dutch State in 2008) and Santander (together, the 'Consortium Members') completed the acquisition of RBS Holdings.

RBS Holdings has one direct subsidiary, RBS N.V., a fully operational bank within RBSH Group. RBS N.V. is independently rated and regulated, effective from 4 November 2014 the Dutch Central Bank was replaced as the main regulator by the European Central Bank (ECB) in conjunction with the Dutch Central Bank.

The Group is regulated in the Netherlands by the European Central Bank (ECB) under the Single Supervisory Mechanism (SSM). As part thereof, a Joint Supervisory Team comprising of ECB and De Nederlandsche Bank (DNB) staff has been set up to conduct the day to day prudential supervision oversight. The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten (AFM) is responsible for the conduct supervision.

The Group's regulatory system in the Netherlands is a comprehensive system based on the provisions of the Financial Supervision Act which came into effect on 1 January 2007 and in combination with applicable European legislation. The Financial Supervision Act has replaced, amongst others, the Act on the Supervision of the Credit System 1992 without affecting the existing supervisory system.

The Financial Supervision Act sets out rules regarding prudential supervision and supervision of conduct.

Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

Since 31 December 2010, RBSG's shareholding in RFS Holdings has been 97.72%. 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 RBS Group.

***interest is held by Stichting Administratiekantoor Beheer Financiële Instellingen**

Financial review

The Group had total assets of €16.0 billion and owners' equity of €3.7 billion at 31 December 2015. The Group's capital ratios were a Total capital ratio of 42.5%, a Tier 1 capital ratio of 30.1% and a Common Equity Tier 1 capital ratio of 21.1% as at 31 December 2015.

The Group total assets have reduced further from €23.6 billion to €16.0 billion in line with the Group's wind down strategy. The Group's main activities are limited to a small number of countries, including the UK, the Netherlands, China, India and Indonesia, and the Group has one significant associate, Saudi Hollandi Bank. Certain assets within RBS N.V. continue to be shared by the Consortium Members.

The Group has submitted a plan, the so-called target end state plan, to its regulators with the ultimate objective that RBS N.V. can relinquish its banking licence in the Netherlands.

RBS N.V. US branches

The RBS N.V. US branches were closed during 2015 as the remaining tail assets have been transferred and applicable regulatory approval has been received.

Competition

The Group faces strong competition in all the markets it serves.

Competition for corporate and institutional customers in the Netherlands and abroad is from Dutch banks and from foreign banks that offer investment and corporate banking services. In addition, the Group's Corporate and Institutional Banking business faces competition from dedicated investment banks and from

The Group had total assets of €16.0 billion and owners' equity of €3.7 billion at 31 December 2015. The Group's ca

non-bank institutions via disintermediation in credit and financing products. In European and Asian corporate and institutional banking markets the Group also competes with the large domestic banks active in these markets and with the major international banks.

RBS Holdings N.V.

9

Financial review

Summary consolidated income statement			
	2015	2014	2013
	€m	€m	€m
Net interest income	(22)	187	238
Fees and commissions receivable	17	158	119
Fees and commissions payable	(9)	(16)	(49)
Other non-interest income	294	(56)	129
Non-interest income	302	86	199
Total income	280	273	437
Operating expenses	(225)	(319)	(537)
Profit/(loss) before impairment losses	55	(46)	(100)
Impairment losses	(103)	(11)	(42)
Operating loss before tax	(48)	(57)	(142)
Tax credit/(charge)	20	(58)	(12)
Loss from continuing operations	(28)	(115)	(154)
Profit from discontinued operations, net of tax	22	15	19
Loss for the year	(6)	(100)	(135)

RBS Holdings N.V.

10

Financial review

2015 compared with 2014

Operating loss before tax was €48 million compared with a loss of €57 million in 2014. This improvement was due to higher income and lower operating expenses partially offset by higher impairment losses.

Total income increased by €7 million to €280 million. This was mainly due to higher non-interest income offset by a decrease in net interest income.

Net interest income decreased to a loss of €22 million compared with income of €187 million in 2014 reflecting a reduction in interest receivable following the repayment of a loan to a fellow subsidiary in December 2014, the sale of a substantial portion of the legacy debt securities portfolio in Treasury and the overall run-down of banking book assets outpacing the reduction in liabilities.

Non-interest income increased by €216 million to €302 million compared with €86 million in 2014. Other operating income increased by €323 million. This included an increase in the fair value of financial instruments designated at fair value through profit and loss of €109 million (2015 - €175 million; 2014 - €66 million), a lower loss on the sale of available-for-sale securities in Treasury of €273 million, (2015 - €49 million; 2014 - €322 million) and higher profits from interests in associates of €38 million, (2015 - €155 million; 2014 - €117 million). This was offset by a decline in other income of €136 million (2015 - €49 loss; 2014 - €87 million) and a decrease in net fees and commissions of €134 million to €8 million compared with €142 million in 2014, reflecting a fee in relation to business transfers in 2014.

Operating expenses decreased by €94 million to €225 million mainly due to reductions in staff costs of €12 million resulting from planned business reduction and non-staff costs of €82 million largely driven by a non-repeat of a litigation settlement in 2014.

Impairment losses increased by €92 million to €103 million driven by a small number of large exposures.

Tax credit for 2015 was €20 million compared with a tax charge of €58 million in 2014.

2014 compared with 2013

Operating loss before tax was €57 million compared with a loss of €142 million in 2013. This decrease was due to lower operating expenses partially offset by lower income, reflecting the transfers of businesses to RBS plc.

Total income decreased by €164 million to €273 million. This is mainly due to lower non-interest income.

Net interest income decreased by €51 million to €187 million, mainly reflecting business transfers and the continued low interest rate environment.

Non-interest income decreased by €113 million to €86 million compared with €199 million in 2013. This included higher losses on the sale of available-for-sale securities in Treasury partially offset by higher profits from interests in associates and an increase in the value of own credit adjustments.

Operating expenses decreased by €218 million to €319 million mainly due to reductions in both staff and non-staff costs as a result of business transfers to RBS plc.

Impairment losses decreased by €31 million to €11 million driven by a smaller number of individual cases.

Tax charge for 2014 was €58 million compared with €12 million in 2013.

RBS Holdings N.V.

Financial review

Analysis of results		
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