



NatWest
Group

NatWest Markets N.V.

Financial review

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Presentation of information

NatWest Markets N.V. (NWM N.V.) is a wholly owned subsidiary of RBS Holdings N.V. (RBSH N.V.). 'NWM N.V. Group' or 'we' refers to NWM N.V. and its subsidiary and associated undertakings. The term 'RBSH N.V. Group' refers to RBSH N.V. and its subsidiaries, NWM N.V. and RBS International Depository Services S.A. RBSH N.V. is a wholly owned subsidiary of NatWest Markets Plc (NWM Plc). The term 'NWM Group' refers to NWM Plc and its subsidiary and associated undertakings. The term 'NatWest Group' refers to NatWest Group plc and its subsidiaries. NatWest Group plc (the ultimate holding company) is registered at 36 St Andrew Square, Edinburgh, Scotland.

NWM N.V. publishes its financial statements in 'euro', the European single currency. The abbreviation '€' represents the 'euro', and the abbreviations '€m' and '€bn' represent millions and thousands of millions of euros, respectively. The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling (GBP), respectively, and references to 'pence' where amounts are denominated in pounds sterling. Reference to 'dollars' or '\$' are to United States of America (US) dollars. The abbreviations '\$m' and '\$bn' represent millions and thousands of millions of dollars, respectively. The term 'EEA' refers to European Economic Area.

Description of business

NWM N.V., a licensed bank, operates as an investment banking firm serving corporates and financial institutions in the European Economic Area. NWM N.V. helps corporate and institutional customers manage their financial risks and achieve their short and long-term financial goals while navigating changing markets and regulation. NWM N.V. does this by providing global market access, financing, risk management and trading solutions. NWM N.V. provides expertise and access to public and private markets, funding and capital, leveraging market leading structuring and risk distribution capabilities through the following customer-facing businesses: Trading & Customer Sales and Capital Markets. NWM N.V. is based in Amsterdam with branches authorised in Frankfurt, Milan, Paris and Stockholm.

NWM N.V. Group is part of the NatWest Group Commercial & Institutional (C&I) segment and its Corporate and Institutional Banking (CIB) franchise.

The European Central Bank (ECB) is tasked with the prudential supervision of RBSH N.V. Group. The Netherlands Authority for the Financial Markets, Autoriteit Financiële Markten (AFM), is responsible for market conduct supervision.

Business developments

- In 2025, global markets were influenced by escalating geopolitical and trade tensions, reversing export gains under tariffs and contributing to a more fragmented political landscape.
- In June 2025, Isabelle Girolami was appointed as the Head of the CIB franchise established in 2024 to unlock value for our institutional and large corporate customers.
- Following the December 2024 decision to designate NWM N.V. as NatWest Group's primary European corporate and institutional customer-facing entity, a significant portion of the assets of NatWest Bank Europe GmbH (NWBE) were successfully transferred to the NWM N.V. Group during 2025. This transition was delivered under the European Operating Model Simplification programme to ensure a safe and secure delivery.
- On 25 June 2025, Fitch Ratings upgraded NatWest Markets N.V. to 'AA-' from 'A+' and its Short-Term IDRs to 'F1+' from 'F1'.
- Aligned with the strategic priority to support disciplined growth, NatWest Group has announced a new target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030. NWM N.V. Group provided €4.9 billion towards this new target between 1 July 2025 and the end of 2025.

Performance highlights

NWM N.V. Group reported an attributable profit of €133 million for 2025, down from €159 million in 2024, mainly due to a €45 million decrease in net interest income and a €33 million increase in operating expenses. This was partially offset by a €47 million increase in non-interest income. Tax was a net credit of €45 million, up from €34 million in 2024, primarily reflecting additional recognition of deferred tax assets of €51 million in 2025 compared with €40 million in the prior year.

Income and balance sheet

- Total income was €303 million compared with €301 million in 2024, mainly reflecting an improvement in other operating income, which was a loss of €26 million (2024 - €47 million loss), higher income from trading activities of €40 million (2024 - €21 million), and a €7 million increase in net fees and commissions. These were partially offset by lower net interest income of €75 million compared with €120 million in 2024.
- Total assets decreased to €28.5 billion from €30.2 billion in 2024, mainly due to lower derivative assets, partly offset by higher cash and balances at central banks. Total liabilities decreased to €26.4 billion compared with €28.2 billion in 2024, primarily reflecting a reduction in derivative liabilities, partially offset by an increase in customer deposits.

Capital, liquidity and funding

- NWM N.V. Group RWAs decreased to €7.9 billion from €8.6 billion at 31 December 2024, largely driven by a reduction in credit and counterparty credit risk RWAs following Basel III-related implementations, partially offset by an increase in RWAs related to assets transferred to NWM N.V. Group from NWBE.
- NWM N.V. Group remained well-capitalised, with a NWM N.V. Group CET1 ratio of 18.5%, above guidance of ~14%.
- The liquidity and funding positions also remained strong, with a LCR of 181% and a NSFR of 145%.
- Capital, funding and liquidity remained closely monitored, with continued tracking and scenario analysis to ensure balance sheet strength.
- Throughout 2025, NWM N.V. Group ensured a stable funding base through various sources of funding, including the customer deposit book, issuances of commercial paper, certificates of deposit, structured deposits, issuance of term notes and capital instruments. In addition, NWM N.V. Group diversified its funding base further with a syndicated loan, providing €0.5 billion of funding. During 2025, NWM N.V. Group issued €0.5 billion in senior unsecured notes through private placements under its Euro Medium Term Note (EMTN) programme (2024 - €0.5 billion).
- NWM N.V. Group maintains an active EMTN programme and may need to utilise it to raise funding, based on its current and anticipated business activities. NWM N.V. Group therefore may be reliant on frequent access to the capital markets for funding, at a cost that can be passed through to its customers.

Financial highlights

	2025	2024
Performance		
Operating profit before tax (€m)	88	125
Capital and liquidity		
Common Equity Tier (CET1) ratio (%) (1)	18.5	19.0
CRR leverage ratio (%)	6.2	7.2
Total capital ratio (%) (1)	23.2	23.7
Liquidity Coverage Ratio (LCR) (%)	181	244
Net Stable Funding Ratio (NSFR) (%)	145	142
Risk-weighted assets (RWAs) (€bn) (1)	7.9	8.6

(1) Comparative capital ratios and RWAs as at 31 December 2024 (based on Basel III regulations applicable before the 2025 changes) have been restated to correct a prior period error in the calculation of Counterparty Credit Risk RWAs. Total RWAs increased by €608 million, reducing the CET1 ratio from 20.4% to 19.0% and the Total Capital ratio from 25.5% to 23.7%.

Non-financial highlights

	2025	2024
Climate		
Climate and sustainable funding and financing (1)	€6.9bn	€12.2bn
Climate and transition finance (2)	€4.9bn	na
Facilitated emissions (MtCO ₂ e) (3)	0.18	0.48

- (1) During H1 2025, NatWest Group exceeded the climate and sustainable funding and financing target to provide €100 billion between 1 July 2021 and the end of 2025. The number disclosed above relates to NWM N.V. Group's contribution to the target for the 6-month period up to 30 June 2025. The NatWest Group Climate and Sustainable Funding and Financing Inclusion (CSFFI) criteria, which underpinned the previous €100 billion target, has been retired. The CSFFI framework is available on natwestgroup.com.
- (2) In July 2025, Natwest Group announced a new target to provide €200 billion in climate and transition finance between 1 July 2025 and the end of 2030. The CTF framework has been developed to expand the support provided to customers to achieve their climate and/or transition ambitions and is used to determine the assets, activities, acquisition targets and companies that are eligible to be included towards the new €200 billion CTF target. The CTF framework is available on natwestgroup.com.
- (3) In 2025, NatWest Group continued to refine the methodology for estimating facilitated emissions and updated the scope for syndicated lending to exclude passive best-efforts roles, ensuring only active facilitation is reflected.

Capital guidance ^(1,2)

Metric	Estimate
CET1 ratio	~14%
Leverage ratio	>4%

- (1) This supersedes all prior guidance.
- (2) The guidance, targets, expectations and trends discussed in this section represent management's current medium-term expectations and are subject to change, including as a result of the factors described in the Risk Factors section in this document. These statements constitute forward-looking statements. Refer to Forward-looking statements in this document.

Chief Executive's statement

In 2025, we delivered a resilient operating performance while continuing to support our customers with financing, risk solutions and advisory services. Despite a year marked by geopolitical tensions, unpredictable trade policies and broader macroeconomic volatility, we maintained strong engagement with our customers and remained dedicated to supporting their progress. Leveraging the strengths of our connected Commercial & Institutional (C&I) segment, we stayed focused on what mattered most to our customers, colleagues and key stakeholders, ensuring they received the support needed throughout a challenging environment.

Financial Performance

We reported an attributable profit of €133 million for 2025, compared with €159 million in 2024. This decrease was primarily driven by a €45 million reduction in net interest income and a €33 million increase in operating expenses, partially offset by a €47 million increase in non-interest income. Tax was a net credit of €45 million, up from €34 million in 2024, reflecting additional recognition of deferred tax assets of €51 million in 2025, compared with €40 million in the prior year

Total assets decreased to €28.5 billion as at 31 December 2025 compared with €30.2 billion as at 31 December 2024.

We continue to be well capitalised. Total equity as at 31 December 2025 was €2,113 million, an increase of €70 million compared with 31 December 2024. At 31 December 2025, our total capital ratio was 23.2% with a CET1 ratio of 18.5% and Tier 1 ratio of 21.7%.

Corporate governance

2025 was marked with changes to the Supervisory Board members of NWM N.V. and RBSH N.V. Mr Maarten Klessens took over Mr Frank Dangeard's responsibilities as Interim Chair of the Supervisory Board, in addition to his role as Chair of the Board Risk and Audit Committees on 25 March 2025. Subsequently, on 23 April 2025, Mr Frank Dangeard resigned from the Supervisory Board⁽¹⁾.

During 2025 the NWM N.V. and RBSH N.V. Supervisory Board welcomed three new members with Mr Julio Alvaro, Ms Sylvie Billion and Ms Carola von Schmettow, joining on 23 September, 15 October and 2 December 2025 respectively. Mr Alvaro was also appointed Chair of the Audit Committee, succeeding Mr Klessens.

Building a leading presence across Europe

I'm delighted with our progress as we, within the NatWest Group Commercial & Institutional segment, continue to strategically align our top-tier products and services to create value for our customers in these turbulent economic times.

In the European region, commercial performance has been strong throughout the year, especially from our Trading and Private Financing business.

Following the decision in December 2024 that NWM N.V. will become NatWest Group's primary European corporate and institutional customer-facing entity, 2025 was focused on delivering the measured transition of NatWest Bank Europe GmbH (NWBE) assets to NWM N.V. Group. As a result, most colleagues supporting customers with Structured Finance in NWBE have transitioned to NWM N.V. on 1 January 2026.

Delivering strategic progress

Our strategic cornerstone is the development of robust, long-lasting customer relationships. This philosophy aligns our mission of converting possibilities into tangible progress with our goal of mutual success, structured around three key strategic focuses. Three core behaviours guide this, helping us achieve it: we start with customers, we raise the bar and we own our impact.

On 1 July 2025, NatWest Group launched its new climate and transition finance (CTF) framework, supporting both climate-aligned and transition-enabling activities. Between July and December 2025, we provided €4.9 billion under the CTF framework, leading to a total blended contribution €11.8 billion across climate and sustainable funding and financing and CTF.

Enhancing our licence to grow and operate

Being supervised by the European Central Bank (ECB) from 1 January 2024, NWM N.V. Group has undergone four ECB on-site inspections in 2025. In November 2025, the ECB granted the same score as 2024 to NWM N.V. Group's overall Supervisory Review and Evaluation Process score.

Throughout 2025, two main ratings agencies – Moody's and S&P – have maintained the same 2024 score for NWM N.V. whilst on 25 June 2025, Fitch Ratings upgraded NatWest Markets N.V. to 'AA-' from 'A+' and its Short-Term IDRs to 'F1+' from 'F1' recognizing the stability of our business.

Elevating our colleagues

Our strategy centres on developing talent, fostering innovation, and promoting cross-functional collaboration to empower and engage our workforce, driving our growth objectives.

Our ongoing focus is on nurturing a diverse, equitable, and inclusive workplace, supported by a highly engaged, customer-focused team with deep financial markets expertise.

Looking towards 2026, I am optimistic that we have substantially reinforced our ability to underpin the C&I segment. This strengthened foundation will empower us to provide tailored solutions to our customers across Europe, reinforcing our commitment to excellence and customer-centric service.

Vincent Goedegebuure
Chairman and CEO, NatWest Markets N.V.
17 February 2026

(1) The search for a permanent Chair is at an advanced stage. Further details regarding the proposed appointment will be provided in due course.

Summary consolidated income statement

	2025	2024	Variance	
	€m	€m	€m	%
Interest receivable	331	502	(171)	(34%)
Interest payable	(256)	(382)	126	(33%)
Net interest income	75	120	(45)	(38%)
Fees and commissions receivable	242	236	6	3%
Fees and commissions payable	(28)	(29)	1	(3%)
Income from trading activities	40	21	19	90%
Other operating income	(26)	(47)	21	(45%)
Non-interest income	228	181	47	26%
Total income	303	301	2	1%
Staff costs	(94)	(84)	(10)	12%
Premises and equipment	(6)	(6)	-	-
Other administrative expenses	(108)	(85)	(23)	27%
Depreciation and amortisation	(2)	(2)	-	-
Operating expenses	(210)	(177)	(33)	19%
Profit before impairment losses/releases	93	124	(31)	(25%)
Impairment (losses)/releases	(5)	1	(6)	nm
Operating profit before tax	88	125	(37)	(30%)
Tax credit	45	34	11	32%
Profit for the year	133	159	(26)	(16%)
Attributable to:				
Ordinary shareholders	117	135	(18)	(13%)
Paid-in equity holders	16	24	(8)	(33%)
	133	159	(26)	(16%)

nm = not meaningful

Operating profit before tax was €88 million compared with €125 million in 2024. The decrease was mainly due to a €45 million decrease in net interest income and a €33 million increase in operating expenses. This was partially offset by a €47 million increase in non-interest income.

Profit for the year was €133 million compared with €159 million in 2024.

Net interest income was €75 million compared with €120 million in 2024, primarily driven by changes in interest rates, as well as shifts in the lending portfolio and funding book. Interest receivable decreased by €171 million to €331 million (2024 - €502 million). This reduction mainly reflected lower interest receivable on balances held at central banks and loans to banks, as well as on other financial assets. Interest payable decreased by €126 million to €256 million (2024 - €382 million), primarily due to lower interest payable on customer deposits and other financial liabilities.

Non-interest income increased by €47 million to €228 million compared with €181 million in 2024. Net fees and commissions were an income of €214 million (2024 - €207 million income). The increase in net fees and commission was mainly due to an increase in transfer pricing income from NWM Plc to €156 million (2024 - €153 million) and an increase in underwriting fees to €66 million (2024 - €60 million). Guarantee fees paid to NWM Plc for risk sharing agreements decreased by €4 million to €1 million.

Income from trading activities was €40 million, compared with €21 million in 2024. Other operating income was a loss of €26 million, compared with a loss of €47 million in 2024. This was mainly driven by fair value changes of structured deposits.

Operating expenses increased by €33 million to €210 million (2024 - €177 million). The increase was primarily driven by higher other administrative expenses, which rose by €23 million to €108 million, mainly reflecting increased cost recharges from NatWest Group companies of €13 million. Staff costs increased by €10 million to €94 million, largely due to higher non-recurring personnel-related costs. Premises and equipment costs remained stable at €6 million (2024 - €6 million). Depreciation and amortisation were unchanged at €2 million (2024 - €2 million).

Impairments were a loss of €5 million, compared with a release of €1 million in 2024.

Tax credit for 2025 was €45 million, compared with a tax credit of €34 million in 2024. This was primarily driven by additional recognition of deferred tax assets of €51 million in 2025 compared with €40 million in the prior year. Refer to Note 6 to the consolidated financial statements for further details.

Consolidated balance sheet as at 31 December 2025

	2025	2024	Variance	
	€m	€m	€m	%
Assets				
Cash and balances at central banks	7,608	6,187	1,421	23%
Trading assets	6,509	6,688	(179)	(3%)
Derivatives	8,791	11,860	(3,069)	(26%)
Settlement balances	111	866	(755)	(87%)
Loans to banks - amortised cost	613	225	388	172%
Loans to customers - amortised cost	1,422	935	487	52%
Amounts due from holding companies and fellow subsidiaries	1,293	1,203	90	7%
Other financial assets	1,959	2,111	(152)	(7%)
Other assets	175	119	56	47%
Total assets	28,481	30,194	(1,713)	(6%)
Liabilities				
Bank deposits	975	597	378	63%
Customer deposits	4,968	2,999	1,969	66%
Amounts due to holding companies and fellow subsidiaries	2,111	2,558	(447)	(17%)
Settlement balances	182	685	(503)	(73%)
Trading liabilities	6,751	7,061	(310)	(4%)
Derivatives	7,331	10,510	(3,179)	(30%)
Other financial liabilities	3,679	3,368	311	9%
Subordinated liabilities	290	303	(13)	(4%)
Other liabilities	81	70	11	16%
Total liabilities	26,368	28,151	(1,783)	(6%)
Total equity	2,113	2,043	70	3%
Total liabilities and equity	28,481	30,194	(1,713)	(6%)

Total assets were €28,481 million at 31 December 2025, a decrease of €1,713 million, or 6%, compared with €30,194 million at 31 December 2024, mainly driven by a decrease in derivatives to €8,791 million (31 December 2024 - €11,860 million). This was partially offset by an increase in cash and balances at central banks to €7,608 million (31 December 2024 - €6,187 million).

Cash and balances at central banks increased by €1,421 million to €7,608 million at 31 December 2025. The full balance is placed with the Dutch Central Bank, and it is the key component of the NWM N.V. liquid asset buffer.

Trading assets decreased by €179 million, or 3%, to €6,509 million. The 2025 balance mainly pertains to loans subject to reverse repurchase agreements amounting to €4,630 million (2024 - €4,489 million) and cash collateral posted to derivative counterparties amounting to €1,867 million (2024 - €2,079 million).

Loans to customers - amortised cost increased by €487 million to €1,422 million, primarily driven by the transfer of structured finance loans from NWBE to NWM N.V. The loan portfolio includes loans to corporates and financial institutions. The majority has a residual maturity of more than twelve months.

Amounts due from holding companies and fellow subsidiaries increased by €90 million to €1,293 million, mainly driven by an increase in loans to banks of €224 million to €267 million and an increase in settlement balances of €153 million to €165 million. This was partially offset by a decrease in trading assets of €290 million to €821 million.

Other financial assets decreased by €152 million to €1,959 million, mainly driven by a decrease in debt securities of €151 million.

Other assets increased by €56 million to €175 million at 31 December 2025. This was primarily driven by additional recognition of deferred tax assets in 2025.

Derivative assets and liabilities amounted to €8,791 million (2024 - €11,860 million) and €7,331 million (2024 - €10,510 million), respectively. The derivative balances primarily relate to foreign exchange and interest rate contracts. Of these balances, €2,994 million (2024 - €4,061 million) of derivative assets and €2,218 million (2024 - €4,004 million) of derivative liabilities represent exposures to holding companies and fellow subsidiaries.

Customer deposits increased by €1,969 million, or 66%, to €4,968 million. The growth in the customer deposit portfolio was primarily driven by higher deposits from non-bank financial institutions.

Amounts due to holding companies and fellow subsidiaries decreased by €447 million to €2,111 million, primarily driven by a reduction in bank deposits of €325 million to €685 million and a decrease in settlement balances of €72 million to €75 million.

Trading liabilities decreased by €310 million, or 4%, to €6,751 million. The 2025 balance mainly pertains to deposits subject to repurchase agreements amounting to €4,424 million (2024 - €4,272 million) and cash collateral received from derivative counterparties amounting to €2,325 million (2024 - €2,787 million).

Other financial liabilities increased by €311 million to €3,679 million, driven by an increase in debt securities in issue to €3,009 million (2024 - €2,897 million) and an increase in customer deposits measured at fair value through profit or loss to €670 million (2024 - €471 million).

Total equity increased by €70 million, or 3%, to €2,113 million, mainly driven by the profit for the period of €133 million. This was partially offset by cash flow hedging movements of €22 million, a reduction in own credit adjustments of €21 million, paid-in equity dividends of €16 million and currency translation adjustments of €4 million.

Top and emerging risks

Top and emerging risks are future scenarios that could have a significantly negative impact on our ability to operate or deliver our strategy and are managed through the EWRMF toolkit. They usually combine elements of several principal risks and require a coordinated management response. Top risks could occur or require management action within two years, while emerging risks are evolving and/or could occur over a longer time horizon but have the potential to become a top risk. In 2025, the Executive Risk Committee, the Board Risk Committee and the Board received regular reporting on top and emerging risks. The top and emerging risks scenarios that follow are shown in alphabetical order.

Top risk scenarios in focus in 2025	Description	Risk management actions
Artificial intelligence	Innovations in artificial intelligence (AI), including generative AI, may rapidly transform and disrupt customer interactions, the industry and the economy. NWM N.V. Group's ability to continue to deploy AI solutions and integrate AI in systems and controls will become increasingly important to retaining and growing business. There can be no certainty that NatWest Group's innovation strategy will be successful, and competitors may be more successful in implementing AI technologies, in turn, affecting industry competitive dynamics. Developments in AI may also result in increased model risk and rising levels of fraud.	NWM N.V. Group closely monitors developments in disruptive technologies, including AI. Strategy is developed as appropriate to leverage AI across NWM N.V. Group with a focus on helping improve customer journeys, personalisation, colleague effectiveness and improved risk and capital management. Using AI safely and ethically is a key area of focus, alongside compliance with evolving AI regulation. This includes developing a robust set of controls for the use of AI models and tools across NWM N.V. Group. AI risk management is being developed proactively to reflect technological and systems advances.
Climate ambitions	NatWest Group's ⁽¹⁾ strategy in relation to climate – including ambitions, targets, and implementing a transition plan – carries significant financial and non-financial risks. Achieving these goals depends on timely and appropriate government policy, technology developments, and on suppliers, customers and society supporting the transition.	NatWest Group retains its ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, having achieved a 39% reduction between 2019 and 2024, primarily through strategic decisions and methodology and data enhancements.
Cyberattack	There is a constantly evolving threat from cyberattacks which are increasing in terms of frequency, sophistication, impact and severity. This includes hostile attempts to gain access to and exploit potential vulnerabilities of IT systems including via malware. Any failure in NWM N.V. Group's cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, loss of data and associated reputational damage.	NWM N.V. Group continues to invest in additional capability to defend against threats including developing and evolving cybersecurity policies, procedures and controls that are designed to minimise the possibility of, and the potential effect of such attacks. The focus is to manage the impact of the attacks and maintain services for NWM N.V. Group's customers. This includes proving cyber resilience capabilities via stress testing of NWM N.V. Group's important business services. In addition, NWM N.V. Group utilises threat intelligence to inform its approach to identifying and responding to potential cyber risks.
Digital currency	NWM N.V. Group operates in markets which would be exposed to any developments in digital currency and/or assets, including tokenised deposits and stablecoins. The introduction of new digital currencies could result in deposit outflows, higher funding costs, and/or other implications for banks including NWM N.V. Group.	NatWest Group is focused on delivery of its digital asset strategy which includes participation in tokenised deposit pilots, and close engagement with regulators on future regulatory regimes for digital assets and monitoring of industry developments. This approach ensures alignment with emerging market practices and regulatory expectations. NatWest Group maintains an Executive Steering Group on digital assets which oversees developments and engagement on digital currencies. It also coordinates engagement with the regulators on digital currency developments and financial market infrastructures such as proposals on regulatory treatment of stablecoins.
Economic and interest rate volatility	Economic conditions could deteriorate, depending on factors including weak economic activity, fiscal policies, volatility in interest rates, liquidity pressures, sharp falls in asset prices, escalating geopolitical tensions and concerns regarding sovereign debt or sovereign credit ratings. Any of these may have a materially adverse effect on NWM N.V. Group's future financial prospects.	A range of complementary approaches is used to mitigate the risks, such as targeted scenario analysis, stress tests, targeted customer reviews and reviews of risk appetite. Stress tests in 2025 included completion of regulatory stress tests as well as a range of internal scenarios.
Evolving regulation	NWM N.V. Group's businesses are subject to substantial regulation and oversight, both of which are constantly evolving and may have an adverse impact on NWM N.V. Group. Areas of ongoing regulatory focus include Basel 3.1 standards implementation, including the resulting effect on RWAs and models, as well as the effective management of financial crime.	NWM N.V. Group constantly monitors regulatory change. It engages closely with regulators in the shaping of regulation that materially impacts NWM N.V. Group, responding when necessary, either bilaterally or in partnership with one of the affiliated industry bodies. NWM N.V. Group implements new responses to regulatory requirements where applicable and uses frequent engagement meetings with regulators to discuss key priorities.
Increased competition	Competitive pressures could intensify, impeding NWM N.V. Group's ability to grow or retain market share, impacting revenues and profitability. Drivers of competition mainly relate to developments in technology, evolving incumbents, challengers, new entrants to the market, shifts in customer behaviour and changes in regulation. For example, increased competition from technology conglomerates, who may have competitive advantages in scale, technology and customer engagement (including brand recognition).	NWM N.V. Group closely monitors the competitive environment and adopts its strategy as appropriate. This includes using scenario analysis and assessing how mega-trends will impact industry competitive dynamics. Strategic responses are focused on the delivery of innovative and compelling propositions for customers and effectively leveraging acquisitions and partnerships.

(1) All references to NatWest Group in this table includes NWM N.V. Group.

Operational risk scenarios	Operational risks are inherent in NWM N.V. Group's businesses and a broad range of scenarios are considered. NWM N.V. Group could be adversely impacted by scenarios including a failure to access current, complete, and accurate data, or disruption to services if a third-party service provider experienced any interruptions. These scenarios could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations.	NWM N.V. Group maintains a robust approach to operational resilience through comprehensive, Group-wide processes and regular scenario tests to ensure effective management of interconnected operational risks. NWM N.V. Group devotes significant resources to third-party risk management. Focus areas include identifying critical-service suppliers, developing robust exit and contingency plans in the event of supply chain disruption, and ensuring appropriate monitoring and oversight of third-party performance. Effective and ethical use of data is critical to NWM N.V. Group's goals, with continued focus on delivering our long-term data strategy alongside enhancing control and policy frameworks governing data usage.
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Emerging risk scenarios in focus in 2025	Description	Risk management action
Geopolitical risk	NWM N.V. Group is exposed to risks arising from geopolitical events or political developments. Geopolitical tensions remain elevated and a range of potential scenarios and impacts are considered. This includes the potential impact of armed conflict, global trade and supply chain disruption, volatility in commodity prices, protectionist policies or trade barriers and state-sponsored cyberattacks.	NWM N.V. Group closely monitors the geopolitical risk outlook and undertakes regular scenario analysis to understand the potential impacts and takes mitigating actions as required. This includes second and third-order analysis of impacts, for example, through customers' supply chain disruption or disruption to third-party providers.
Market-based finance (MBF)	NatWest Group is exposed to vulnerabilities within shadow banking or MBF, given the interlinkages between banks and MBF. This includes the potential for stress events or shocks to financial markets.	NatWest Group closely monitors exposure to MBF. An internal framework for the identification, management, control and mitigation of the risks associated with exposure to MBF is maintained. This includes effective reporting and governance in respect of such exposure.
Physical climate risk	Intensifying physical climate-related risks, including climate events, materially increasing in frequency and/or severity, results in direct impacts on property, infrastructure, supply chains, geopolitics and economic activity. This could lead to significant credit, operational (for example, business continuity), market, liquidity, pension risks and/or non-financial risks and, if those risks are not mitigated, losses.	NatWest Group leverages scenario analysis to explore the potential impact of physical climate risks and ensure appropriate mitigation. NatWest Group includes a scenario exploring quantifiable impacts of chronic physical climate effects, such as a drag on labour and land productivity, and acute physical shocks such as droughts, heatwaves, wildfires and floods within its suite of stress testing scenarios. In addition, a qualitative scenario is used to explore cascading and complex risks, including potential earth system tipping points, that are currently challenging for quantitative scenarios and models to capture.

Sustainability reporting approach

Following recent regulatory changes under the EU Omnibus simplification process, NWM N.V. Group does not expect to fall within the scope of mandatory entity-level Corporate Sustainability Reporting Directive disclosures in the coming years. Given this development, NWM N.V. Group has taken the decision to integrate its sustainability-related information into existing sections of its Annual Report and Accounts, such as climate and nature risk, credit risk, financial review and corporate governance. This integrated approach ensures that our entity-level disclosures remain proportionate, guided by materiality and transparency principles, and complementary to sustainability disclosures made by our ultimate parent NatWest Group.

Risk and capital management

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Presentation of information

Where marked as audited in the section header, certain information in the Risk and capital management section (pages 9 to 48) is within the scope of the Independent auditor's report.

Risk management framework

Introduction

NWM N.V. Group operates under NatWest Group's enterprise-wide risk management framework (EWRMF), which is centred on the embedding of a strong risk culture. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision-making across the organisation.

The framework ensures that NWM N.V. Group's principal risks – which are detailed in this section – are appropriately controlled and managed. It sets out the standards and objectives for risk management as well as defining the division of roles and responsibilities.

This seeks to ensure a consistent approach to risk management across NWM N.V. Group. It aligns risk management with NWM N.V. Group's overall strategic priorities of growth through better understanding of customers, leveraging simplification and better management of resources.

The framework, which is designed and maintained by NatWest Group's independent Risk function, is owned by the NatWest Group Chief Risk Officer. It is reviewed and approved annually by the NatWest Group Board. The framework incorporates risk governance, NatWest Group's three lines of defence operating model and the Risk function's mandate. NWM N.V. Group Board reviews and approves the adoption of the framework.

Risk appetite, supported by a robust set of principles, policies and practices, defines the levels of tolerance for a variety of risks and provides a structured approach to risk-taking within agreed boundaries.

While all NWM N.V. Group colleagues are responsible for managing risk, the Risk function provides oversight and monitoring of risk management activities, including the implementation of the framework and adherence to its supporting policies, standards and operational procedures. The Chief Risk Officer plays an integral role in providing the Board with advice on NWM N.V. Group's risk profile, the performance of its controls and in providing challenge where a proposed business strategy may exceed risk tolerance.

In addition, there is a centralised process in NWM Group to identify and manage top and emerging risks, which are those that could have a significant negative impact on its ability to meet its strategic objectives. Both top and emerging risks may incorporate aspects of – or correlate to – a number of principal risks. NWM N.V. Group identifies and manages specific legal entity threats, as part of NWM Group's process, and are monitored by the NWM N.V. Group Board.

Risk management framework continued

Culture

The approach to risk culture, under the banner of intelligent risk-taking, ensures a focus on robust risk management behaviours and practices. This underpins the strategy across all three lines of defence, enables NWM N.V. Group to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base.

NWM N.V. Group expects leaders to act as role models for strong risk behaviours and practices building clarity, developing capability and motivating employees to reach the required standards set out in the intelligent risk-taking approach. Colleagues are expected to:

- Consistently role-model the behaviours in Our Code, based on strong ethical standards.
- Empower others to take risks aligned to NWM N.V. Group's strategy, explore issues from a fresh perspective, and tackle challenges in new and better ways across organisational boundaries.
- Manage risk in line with appropriate risk appetite.
- Ensure each decision made keeps NWM N.V. Group, colleagues, customers, communities and shareholders safe and secure.
- Understand their role in managing risk, remaining clear and capable, grounded in knowledge of regulatory obligations.
- Consider risk in all actions and decisions.
- Escalate risks and issues early; taking action to mitigate risks and learning from mistakes and near-misses, reporting and communicating these transparently.
- Challenge others' attitudes, ideas and actions.

Target intelligent risk-taking outcomes are embedded in NatWest Group's behaviours framework, forming a core foundation of the risk culture and guiding recruitment and selection across the organisation.

Training

Enabling employees to have the capabilities and confidence to manage risk is core to NatWest Group's learning strategy. NatWest Group offers a wide range of learning, both technical and behavioural, across the risk disciplines. This training may be mandatory, role-specific or for personal development. Mandatory learning for all staff is focused on keeping employees, customers and NatWest Group safe. This is easily accessed online and is assigned to each person according to their role and business area. The system allows monitoring at all levels to ensure completion.

Our Code

NatWest Group's conduct guidance, Our Code, provides direction on expected behaviour and sets out the standards of conduct that support the values. The code explains the effect of decisions that are taken and describes the principles that must be followed.

These principles cover conduct-related issues as well as wider business activities. They focus on desired outcomes, with practical guidelines to align the values with commercial strategy and actions. The embedding of these principles facilitates sound decision-making and a clear focus on good customer outcomes.

Any employee falling short of the expected standards will be subject to internal disciplinary policies and procedures and where appropriate, the relevant authorities will be notified. Variable pay for eligible colleagues will reflect overall performance, including the impact of any conduct issues. Adjustments may be made through the performance management process, or where necessary, via the accountability review process for the individuals concerned. The NatWest Group remuneration policy ensures that the remuneration arrangements for all employees reflect the principles and standards prescribed by the PRA, the ECB, the FCA, DNB and the AFM.

Risk management framework continued

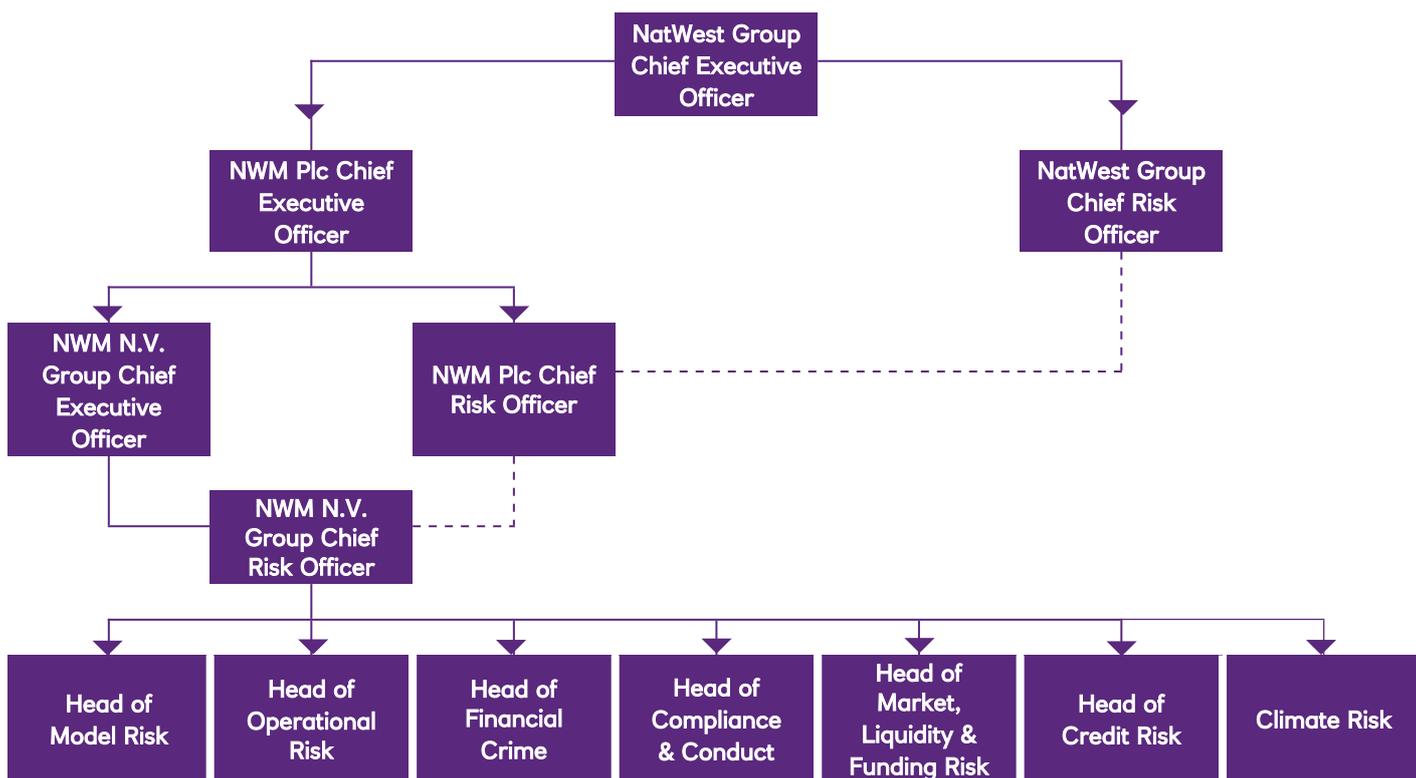
Governance

Risk management structure

While NWM N.V. Group is part of NatWest Group – and operates within NatWest Group’s risk framework – the NWM N.V. Group Supervisory Board is responsible for approving and overseeing the implementation of NWM N.V. Group’s business strategy (within the parameters set by the NatWest Group Board). The NWM N.V. Group Board Risk Committee provides oversight and advice on risk related matters. Operational policies and compliance activities may be adapted in order to comply with local legal or regulatory requirements.

Service level agreements are in place between NWM N.V. Group and NatWest Group entities (primarily NWM Plc) to accommodate integrated risk management oversight.

The diagram shows NWM N.V. Group’s risk management structure in 2025.



- (1) NWM N.V. Group is a wholly owned (indirect) subsidiary of NatWest Markets Group Plc.
- (2) The NWM N.V. Group Chief Risk Officer has a functional reporting line to the NWM Plc Chief Risk Officer.
- (3) The NWM N.V. Group Risk function is independent and provides oversight of risk management activities to ensure risks are adequately monitored and controlled.
- (4) The NWH Risk function provides risk management services across NatWest Group, including – where agreed – to the NWM N.V. Group Chief Risk Officer. These services are managed, as appropriate, through service level agreements.
- (5) Risk management in NWM N.V. Group focuses on all material risks including credit, market, liquidity, operational, regulatory, financial crime, climate, model and conduct risk and business activities which are managed through the Management Risk Committee. The day-to-day management of capital, liquidity, funding and non-traded market risk is the overall responsibility of the Managing Board and further delegated to the Asset & Liability Management Committee.

Risk management framework continued

The following table details NWM N.V. Group's main boards and committees together with an overview of their responsibilities.

Board/Committee	Responsibilities
Supervisory Board Membership: Consisted of six members as at 31 December 2025.	The Supervisory Board is responsible for supervising NWM N.V. Group's management, its general affairs, and the business connected with it, as well as advising the Managing Board. The Supervisory Board is responsible for the review of all matters relative to accounting policies, internal control, financial reporting functions, internal audit, external audit, risk management, regulatory compliance and the product approval process. There are separate Risk and Audit Committees. Their memberships are composed of members of the Supervisory Board.
Board Risk Committee (BRC) Membership: Current membership consists of an independent member as Chair and three further independent Supervisory Board members as formal members.	The BRC provides oversight and advice on current and future risk exposures, the effectiveness of the risk management framework, future risk strategy and (with the Audit Committee) internal controls required to manage risk.
Board Audit Committee Membership: Current membership consists of an independent member as Chair and three further independent Supervisory Board members as formal members. The members must have thorough knowledge of the financial aspects of risk management or the necessary experience to permit a thorough assessment of risks as well as thorough knowledge of financial reporting, internal control systems, audits and accounting (relating to financial institutions or other large companies).	The Board Audit Committee: <ul style="list-style-type: none"> • Reviews and monitors all matters relating to accounting policies, internal control, financial reporting functions, Internal Audit, external auditor risk assessment, regulatory compliance and the product approval process. • Establishes a procedure for the selection of an external auditor. • Assesses the monitoring of the external auditor and the statutory audit of the annual accounts.
Performance & Remuneration Committee Membership: Current membership consists of an independent member as Chair and two further independent Supervisory Board members as formal members.	The Performance & Remuneration Committee is responsible for providing oversight to, and supporting the remuneration decision making of, the Supervisory Board, including the establishment and implementation of the NWM N.V. Remuneration Policy.
Nomination Committee Membership: Current membership consists of an independent member as Chair and all of Supervisory Board as formal members.	The Nomination Committee has a key role in assessing the suitability, diversity and composition of the Managing Board and Supervisory Board.
Managing Board Membership: Consists of four members at 31 December 2025: the NWM N.V. Group Chairman and Chief Executive Officer (CEO), the NWM N.V. Group Chief Financial Officer (CFO), the NWM N.V. Group Chief Risk Officer (CRO) and the NWM N.V. Group Chief Operating Officer (COO).	The Managing Board reports to the Supervisory Board. It is the principal decision-making corporate body for NWM N.V. Group and is responsible for the day-to-day activities of NWM N.V. Group. The Managing Board is, among others, responsible for setting policy framework, operating structure and yearly plan (including objectives and budgets). In addition to their overall corporate responsibilities, the members of the Managing Board manage one or more units, for which they have primary responsibility.

Risk management framework continued

Board/Committee	Responsibilities
<p>Management Risk Committee (MRC)</p> <p>Membership: Chaired by the NWM N.V. Group CRO. Members include the NWM N.V. Group CEO, the NWM N.V. Group CFO, the NWM N.V. Group COO, the NWM N.V. Group General Counsel, the NWM N.V. Group Treasurer, the NWM N.V. Group Head of Trading, the NWM N.V. Group Head of Corporate Coverage, Debt & Financing Solutions, NWM N.V. Group Head of Customer Sales, NWM N.V. Head of Private Financing and NWM N.V. Head of Compliance & Conduct.</p>	<p>The responsibilities of the MRC include:</p> <ul style="list-style-type: none"> • Advising on and recommending the Risk Appetite Statement via the BRC to the Supervisory Board (which approves), overseeing embedding and responses to breaches, and keeping the Managing Board informed as required. • Providing input to NWM N.V. Group’s risk appetite setting process in the context of NWM N.V. Group’s overall risk appetite. • Overseeing the risk framework within NWM N.V. Group and reporting directly to the BRC on the performance of the framework and on issues arising from it, and reporting to the managing board as required. • Monitoring the actual risk profile of NWM N.V. Group, ensuring that this remains within the boundaries of the agreed risk appetite and escalating excesses to the BRC. Prior to escalation, the MRC can ask the appropriate owner who normally monitors and controls the risk item, to address any excess. • The remit of the Committee also includes monitoring of capital, liquidity, credit, market, conduct, financial crime, climate, operational, model, and regulatory risks within NWM N.V. Group. • Changes to the Terms of Reference of the MRC must be approved by the Managing Board.
<p>Executive Disclosure Committee (EDC)</p> <p>Membership: Chaired by the NWM N.V. Group CFO. Members include the NWM N.V. Group CEO, the NWM N.V. Group CRO, the NWM N.V. Group Treasurer, the NWM N.V. Group General Counsel, Head of NatWest Group Accounting Policy and NWM Financial Controller.</p>	<p>The responsibilities of the EDC include:</p> <ul style="list-style-type: none"> • Monitoring, evaluation and enhancing disclosure controls and procedures; and internal controls over financial reporting. • Overseeing, evaluating, and approving all significant disclosures made by NWM N.V. Group including: • The Annual Report and Accounts and corresponding interim disclosures. • Public filings to be made in connection with the announcement of financial results, excluding filings with regulators. <p>Furthermore, the responsibilities of the EDC include overseeing, evaluating and reviewing accounting issues and developments and recommendations on key accounting judgments, including risk and capital disclosures, prior to presentation to the NWM N.V. Group Managing and Supervisory Board. The EDC will make recommendations to the NWM N.V. Group Managing and Supervisory Board in relation to its review of these items.</p>

Risk management framework continued

Three lines of defence

NatWest Group uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. This supports the embedding of effective risk management throughout the organisation.

First line of defence

The first line of defence incorporates most roles in NatWest Group, including those in the customer-facing businesses, Technology and Services as well as support functions such as People, Legal and Finance.

The first line of defence is empowered to take risks within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWM N.V. Group Managing and Supervisory Boards.

The first line of defence is responsible for managing its direct risks, and with the support of specialist functions, it is also responsible for managing its consequential risks, by identifying, assessing, mitigating, monitoring and reporting risks.

Second line of defence

The second line of defence comprises the Risk function and is independent of the first line.

The second line of defence is empowered to design and maintain the risk management framework and its components. It undertakes proactive risk oversight and continuous monitoring activities to confirm that NWM N.V. Group engages in permissible and sustainable risk-taking activities.

The second line of defence advises on, monitors, challenges, approves and escalates where required and reports on the risk-taking activities of the first line of defence, ensuring that these are within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWM N.V. Group Managing and Supervisory Boards.

Third line of defence

The third line of defence is the Internal Audit function and is independent of the first and second lines.

The third line of defence is responsible for providing independent assurance to the NatWest Group Board, its subsidiary legal entity boards and executive management on the overall design and operating effectiveness of the risk management framework and its components. This includes the adequacy and effectiveness of key internal controls, governance and the risk management in place to monitor, manage and mitigate the principal risks to NatWest Group and its subsidiary companies.

The third line of defence executes its duties freely and objectively in accordance with the Chartered Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity.

Risk appetite

Risk appetite defines the type and aggregate level of risk NWM N.V. Group is willing to accept in pursuit of its strategic objectives and business plans. Risk appetite supports sound risk-taking, the promotion of robust risk practices and risk behaviours, and is calibrated annually.

For certain principal risks, risk capacity defines the maximum level of risk NWM N.V. Group can assume before breaching constraints determined by regulatory capital and liquidity requirements, the operational environment, and from a conduct perspective.

Establishing risk capacity helps determine where risk appetite should be set, ensuring there is a buffer between internal risk appetite and NWM N.V. Group's ultimate capacity to absorb losses.

Risk appetite framework

The risk appetite framework supports effective risk management by promoting sound risk-taking through a structured approach, within agreed boundaries. It also ensures emerging risks and risk-taking activities that might be out of appetite are identified, assessed, escalated and addressed in a timely manner.

To facilitate this, a detailed review of the framework is carried out annually which is approved by the Board. The review includes:

- Assessing the adequacy of the framework compared to internal and external expectations.
- Ensuring the framework remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation.

The NWM N.V. Group Supervisory Board reviews and approves the risk appetite framework.

Establishing risk appetite

In line with the risk appetite framework, risk appetite is maintained across NWM N.V. Group through risk appetite statements. These are in place for all principal risks and describe the extent and type of activities that can be undertaken.

The financial and non-financial risks that NWM N.V. Group faces are detailed in the NatWest Group risk directory. This provides a common risk language to ensure consistent terminology is used across NWM N.V. Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that NWM N.V. Group faces.

Risk appetite statements consist of qualitative statements of appetite supported by risk limits and triggers that operate as a defence against excessive risk-taking. Risk measures and their associated limits are an integral part of the risk appetite approach and a key part of embedding risk appetite in day-to-day risk management decisions. A clear tolerance for each principal risk is set in alignment with business activities.

NWM N.V. Group operates within risk appetite set at NatWest Group and NWM Plc level unless specific entity level considerations need to prevail, for example, specific capital structure considerations.

In addition to operating within NatWest Group and NWM Plc risk appetite, NWM N.V. Group sets additional risk appetite limits for its own strategic and most material risks where necessary. NWM N.V. Group's risk profile is continually monitored and frequently reviewed and management focus is concentrated on all strategic risks, material risks and emerging risks. Risk profile relative to risk appetite is reported regularly to NWM N.V. Group Board and senior management.

Risk appetite is approved at least annually by the Management Risk Committee, the Managing Board and the Supervisory Board to ensure it remains appropriate and aligned to strategy.

Risk controls and their associated limits are an integral part of the risk appetite approach and a key part of embedding risk appetite in day-to-day risk management decisions. A clear tolerance for material risk types is set in alignment with business activities.

Risk management framework continued

NatWest Group's key risk policies define at a high level the qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk taking. They form part of the qualitative expression of risk appetite and are consistently applied across NatWest Group and its subsidiaries. Key risk policies are reviewed and approved by the BRC at least annually.

Identification and measurement

Identification and measurement within the risk management process comprises:

- Regular assessment of the overall risk profile, incorporating market developments and trends, as well as external and internal factors.
- Monitoring of the risks associated with lending and credit exposures.
- Assessment of trading and non-trading portfolios.
- Review of potential risks in new business activities and processes.
- Analysis of potential risks in any complex and unusual business transactions.

Mitigation

Mitigation is a critical aspect of ensuring that risk profile remains within risk appetite. Risk mitigation strategies are discussed and agreed within NWM N.V. Group.

When evaluating possible strategies, costs and benefits, residual risks (risks that are retained) and secondary risks (those that arise from risk mitigation actions themselves) are also considered. Monitoring and review processes are in place to evaluate results. Early identification, and effective management of changes in legislation and regulation are critical to the successful mitigation of principal risks. The effects of all changes are managed to ensure the timely achievement of compliance. Those changes assessed as having a high or medium-high impact are managed more closely. Action is taken to mitigate potential risks as and when required. Further in-depth analysis, including the stress testing of exposures, is also carried out.

NWM N.V. Group's control framework is a vital system ensuring effective risk management, compliance, and operational efficiency. Central to this framework is the implementation of various control types, including preventive, detective, and directive controls, which address diverse risks.

Control recording is essential, involving detailed documentation of control activities to evaluate their adequacy and effectiveness. This serves as valuable evidence during audits and regulatory reviews.

The risk and control self-assessment (RCSA) process enhances the framework by enabling teams to identify potential risks and assess the adequacy of controls.

Regular independent adequacy and effectiveness testing of controls within the first line of defence and internal audits conducted by Internal Audit ensure controls function as intended. Continuous monitoring and reporting provide real-time insights into control effectiveness, fostering accountability and responsiveness to evolving risks. By emphasising control recording, RCSA, and testing, NatWest Group can maintain a resilient control environment that supports operational integrity and regulatory compliance.

Monitoring

The primary tool used to provide regular monitoring of the risk and control environment across NatWest Group is the risk and control performance assessment (RCPA). Each business area self-assesses using a set of consistent indicators and providing qualitative context to arrive at an RCPA outcome of met, partially met or not met. The assessment is completed annually and the indicators are regularly monitored. The indicators support an understanding of: the strength of the control environment to manage risk exposure within appetite; adequacy and effectiveness of the day-to-day management of risk and control; adherence with applicable components of the EWRMF; and a culture of intelligent risk-taking.

Emerging risks that could affect future results and performance are also closely monitored.

Targeted risk processes and controls are subject to independent testing and monitoring.

This activity is carried out to confirm to both internal and external stakeholders – including the Board, senior management, Internal Audit and NWM N.V. Group's regulators – that such processes and controls are being correctly implemented and operate adequately and effectively.

Testing and monitoring activity focuses on processes and controls relating to credit risk, market risk, financial crime risk, operational risk, and compliance and conduct risk. However, a range of controls and processes relating to other risk types is also subject to testing and monitoring activity as deemed appropriate within the context of a robust control environment.

Traded market risk

Definition (audited)

Traded market risk is the risk of losses in trading book positions from fluctuations in market variables, such as interest rates, credit spreads, foreign exchange rates, equity prices, implied volatilities and asset correlations.

Sources of risk (audited)

NWM N.V. Group is exposed to traded market risk through trading activities that it enters into where such risk arises from market-making activity and by facilitating customer-facing business that cannot be immediately offset with other customers or market participants. From a market risk perspective, activities are focused on rates, capital markets, currencies and repos.

NWM N.V. Group undertakes transactions in financial instruments including debt securities, as well as securities financing and derivatives. The key categories of traded market risk are interest rate risk, credit spread risk and foreign currency price risk.

Trading activities may also give rise to counterparty credit risk. For further detail, refer to the Credit risk section.

Key developments in 2025

- The year was marked by decreases in key interest rates across key central banks: the European Central Bank main refinancing operations rate reached 2.15% in December 2025 (December 2024 – 3.15%).
- The year was marked by periods of increased market volatility reflecting US tariffs, UK political developments, easing inflationary concerns, the ongoing Russia-Ukraine conflict and geopolitical tensions in the Middle East.
- The eurozone year-on-year inflation rate decreased slightly towards the end of the year, approaching the targeted 2%. It had reached 1.9% in December 2025 (December 2024 – 2.4%).
- The eurozone interest rate market was significantly less volatile in the second half of 2025 than in the first half of the year.
- The financial markets exhibited flight-to-safety behaviour, with gold reaching an all-time high of US\$4,356 per ounce.
- The US dollar weakened against the euro from 1.03 to 1.18 towards the end of the year.
- The revised CRR3 capital requirements took effect on 1 January 2025, including a new standardised approach for CVA (SA-CVA). The market risk rules are due to be implemented on 1 January 2027, for which the European Commission has consulted on further targeted amendments.

Governance (audited)

Governance for traded market risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for traded market risk is in line with the approach outlined in the Risk management framework section.

Quantitative appetite for traded market risk is expressed in terms of exposure limits. The limits at NWM N.V. Group level comprise value-at-risk (VaR) and stressed value-at-risk (SVaR). More details on these are provided on the following pages.

Monitoring and mitigation

Traded market risk is identified and assessed by gathering, analysing, monitoring and reporting market risk information at desk, business and NWM N.V. Group-wide levels. Industry expertise, continued system developments and techniques such as stress testing are also used to enhance the effectiveness of the identification and assessment of all material market risks.

Traded market risk exposures are monitored against limits and analysed and signed off daily by the Market Risk function. A daily report summarising the position of exposures against limits at desk, business and NWM N.V. Group levels is provided to the trading desks. Limit reporting is supplemented with regulatory capital and stress testing information as well as ad-hoc reporting.

A risk review of trading businesses is undertaken weekly with senior risk and front office staff. This includes a review of profit and loss drivers, notable position concentrations and other positions of concern.

Business profit and loss performance is monitored automatically through loss triggers which, if breached, require a remedial action plan to be agreed between NWM N.V. Group's Market Risk function and the business. The loss triggers are set using both a fall-from-peak approach and an absolute loss level.

NWM N.V. Group mitigates market risk among others by hedging transactions with NWM Group.

Measurement

NWM Group uses a comprehensive set of methodologies and techniques to measure traded market risk. At NWM N.V. Group level, these chiefly comprise VaR and SVaR. In addition, stress testing is used to identify any vulnerabilities and potential losses in excess of VaR and SVaR. The incremental risk charge is not material at NWM N.V. Group level.

Value-at-risk

VaR is a statistical estimate of the potential change in the market value of a portfolio (and, thus, the impact on the income statement) over a specified time horizon at a given confidence level.

For internal risk management purposes, VaR assumes a time horizon of one trading day and a confidence level of 99%.

NWM N.V. Group's internal VaR model is based on a historical simulation, utilising market data from the previous 500 days on an equally weighted basis.

The model also captures the potential impact of interest rate risk, credit spread risk and foreign currency price risk.

The performance and adequacy of the VaR model are tested regularly through the following processes:

- **Back-testing** – Internal and regulatory back-testing is conducted on a daily basis. VaR model back-testing counts the number of days when a loss exceeds the corresponding daily VaR estimate, measured at a 99% confidence level.
- **Ongoing model validation** – VaR model performance is assessed both regularly, and on an ad-hoc basis, if market conditions or portfolio profile change significantly.
- **Model Risk Management review** – As part of the model lifecycle, all risk models (including the VaR model) are independently reviewed to ensure the model is still fit for purpose given current market conditions and portfolio profile. For further detail on the independent model validation carried out by Model Risk Management, refer to page 47. More information relating to pricing and market risk models is presented in the NatWest Group 2025 Pillar 3 Report.

Traded market risk continued

One-day 99% traded internal VaR (audited)

The table below analyses the internal VaR for NWM N.V. Group's trading portfolios segregated by type of market risk exposure.

	2025				2024			
	Average €m	Maximum €m	Minimum €m	Period end €m	Average €m	Maximum €m	Minimum €m	Period end €m
Interest rate	0.3	0.8	0.2	0.3	0.8	2.2	0.3	0.6
Credit spread	0.3	0.4	0.2	0.2	0.4	0.5	0.3	0.3
Currency	-	1.0	-	-	0.1	0.7	-	0.1
Diversification (1)	(0.2)			(0.2)	(0.4)			(0.4)
Total	0.4	1.2	-	0.3	0.9	2.1	0.1	0.6

(1) NWM N.V. Group benefits from diversification, which reflects the risk reduction achieved by allocating investments across various financial instrument types, industry counterparties, currencies and regions. The extent of the diversification benefit depends on the correlation between the assets and risk factors in the portfolio at a particular time.

- NWM N.V. Group maintained open risk at a moderate level and traded VaR remained within set appetite during 2025 despite the market volatility.
- Overall, average one-day VaR decreased year-on-year due to less volatile VaR scenarios and moderate risk taking by the trading desks. Interest rate risk was the most significant stand-alone risk driver of VaR during the year, as the volatility in interest rates was captured by the VaR model.

SVaR

As with VaR, the SVaR methodology produces estimates of the potential change in the market value of a portfolio, over a specified time horizon, at a given confidence level. SVaR is a VaR-based measure using historical data from a one-year period of stressed market conditions.

A simulation of 99% VaR is run on the current portfolio for each 250-day period from 2005 to the current VaR date, moving forward one day at a time. The SVaR is the worst VaR outcome of the simulated results.

The internal traded SVaR model captures all trading book positions.

The following table shows 10-day 99% internal SVaR for the trading portfolios of NWM N.V. Group.

	2025				2024			
	Average €m	Maximum €m	Minimum €m	Period end €m	Average €m	Maximum €m	Minimum €m	Period end €m
Total internal traded SVaR	5.6	13.8	2.2	3.3	4.6	11.3	2.7	3.9

Non-traded market risk

Definition (audited)

Non-traded market risk is the risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates.

Sources of risk (audited)

Non-traded market risk exists in all balance-sheet exposure that makes reference to market risk factors, when customer behaviour could impact the size and timing of the repricing or maturity of future cash flows, or when valuation of assets and liabilities is driven by market risk factors such as interest rates or foreign exchange rates.

The key sources of non-traded market risk for NWM N.V. Group are interest rate risk, foreign exchange risk and credit spread risk.

Interest rate risk

Non-traded interest rate risk in NWM N.V. Group mainly arises from gap risk and basis risk. These sensitivities can give rise to volatility in net interest income as interest rates vary.

Foreign exchange risk

Non-traded foreign exchange risk arises from two main sources:

- **Structural foreign exchange risk** – mainly arises from investments in foreign subsidiaries
- **Transactional foreign exchange rate risk** – arises from customer transactions and profits and losses that are in a currency other than the functional currency.

Credit spread risk

Non-traded credit spread risk in NWM N.V. Group arises from the bond portfolio maintained as a liquidity buffer in Treasury.

Key developments in 2025

- During the year, NWM N.V. continued to apply the structural hedging programme of its common equity and reserves. At 31 December 2025, the notional amount of the structural hedge in place was €1.5 billion. NWM N.V. policy is to align the notional of the hedge to its business strategy.
- Euro medium term notes (EMTNs) and short and medium term notes (SMTNs) were issued out of Treasury and the Investor Products desk to fund NWM N.V. Group.
- NWM N.V. Group's non-traded VaR remained moderate and stable year on year given the moderate open positions in interest rate, foreign exchange and credit spread risks.
- NWM N.V. continues to diversify the Treasury funding base.

Governance (audited)

Governance for non-traded market risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite is in line with the approach outlined in the Risk management framework section.

Quantitative appetite is expressed in terms of exposure limits. The limits at NWM N.V. Group comprise a VaR measure supplemented with SVaR, sensitivities, earnings-at-risk and economic-value-of-equity. Other limits monitored at executive governance level notably include a stress limit based on the foreign exchange sensitivity of NWM N.V. Group's CET1 ratio.

NWM N.V. Group aims to mitigate non-traded market risk, to the extent possible, by way of hedging transactions with NWM Group.

Interest rate risk

NWM N.V. Group policy is to manage interest rate sensitivity in banking book portfolios within defined risk limits which are monitored and approved by the NWM N.V. Group Management Risk Committee. Interest rate swaps are used to hedge some exposures externally.

Key measures used to evaluate non-traded interest rate risk are subject to approval granted by NWM Group model risk governance. Limits on non-traded interest rate risk are set according to the non-trading interest rate and foreign currency risk policy statement and are subject to NWM N.V. Group Management Risk Committee approval.

Non-traded interest rate risk is measured using a version of the same VaR methodology that is used by NWM Group. VaR metrics are based on interest rate repricing gap reports as at the reporting date.

Non-traded market risk continued

One-day 99% banking book VaR

One-day banking book VaR at a 99% confidence level for NWM N.V. Group was as follows:

	Average €m	Maximum €m	Minimum €m	Period end €m
2025	0.4	0.7	0.2	0.4
2024	0.4	0.6	0.2	0.5

Foreign exchange risk

Foreign exchange exposures arising from customer transactions are hedged by businesses on a regular basis in line with NatWest Group policy.

Structural foreign exchange rate risk positions are monitored by NWM N.V. Treasury, as part of an assessment of the overall sensitivity of NWM N.V.'s CET1 capital ratio to changes in exchange rates.

Gains or losses arising from the retranslation of net investments in overseas operations are recognised in equity reserves.

The table below sets out NWM N.V. Group's structural foreign currency exposures:

	Net investments in foreign operations €m	Structural foreign currency exposures €m
2025		
US dollar	8	8
Other non-euro	(1)	(1)
	7	7
2024		
US dollar	9	9
Other non-euro	(5)	(5)
	4	4

Overall, the foreign exchange risk position remained broadly unchanged year on year.

The pre-tax sensitivity of the foreign exchange reserves to changes in exchange rates is proportional to the nominal exposure. At 31 December 2025, a 1% strengthening in all foreign currencies against the euro would result in a €0.07 million increase in foreign exchange reserves before tax, while a 1% weakening in all foreign currencies against the euro would result in a €0.07 million reduction.

Capital, liquidity and funding risk

Definition

Regulatory capital consists of reserves and instruments issued that are available to NWM N.V. Group that have a degree of permanency and are capable of absorbing losses. A number of strict conditions set by regulators must be satisfied to be eligible to count as capital.

Capital adequacy risk is the risk that there is or will be insufficient capital and other loss absorbing debt instruments to operate effectively including meeting minimum regulatory requirements, operating within Board-approved risk appetite and supporting strategic goals.

Liquidity consists of assets that can be readily converted to cash within a short timeframe at a reliable value. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due.

Funding consists of on-balance sheet liabilities that are used to finance assets. Funding risk is the risk of not maintaining a diversified, stable and cost-effective funding base.

Liquidity and funding risks arise in a number of ways, including through the maturity transformation role that banks perform. The risks are dependent on factors such as:

- Maturity profile.
- Composition of sources and uses of funding.
- The quality and size of the liquidity portfolio.
- Wholesale market conditions.
- Depositor and investor behaviour.

For a description of sources of capital, liquidity and funding as utilised by NatWest Group, refer to page 234 of the NatWest Group plc 2025 Annual Report and Accounts.

Key developments in 2025

NWM N.V. Group diversified its funding sources by executing a new syndicated loan transaction which provides €475 million funding.

Regulatory framework

Capital requirements regulation and directive

The European Union (EU) has implemented the Basel III framework through the CRR and the Capital Requirements Directive (CRD). The initial package, known as CRD IV, was implemented on 1 January 2014 on a phased basis with full implementation completed on 1 January 2019.

On 7 June 2019, amendments to the CRR and CRD (known as CRR2 and CRD5 respectively) were published in the Official Journal of the European Union. The majority of these changes were implemented in June 2021.

The remaining changes relating to the Basel III standard have been implemented in EU by the new EU Banking Package (CRR III / CRD VI) for which the European Commission (EC) issued a proposal in October 2021, with final rules published in June 2024. The EU implementation date was 1 January 2025, except for Market Risk rules which will be implemented on 1 January 2027. In November 2025, the European Commission issued a consultation for targeted amendments to the FRTB framework for Market Risk.

The CRR III changes mainly impact capital requirements for STD and IRB (AIRB & FIRB) Credit Risk, Market Risk, Credit Valuation Adjustment (CVA) Risk, Counterparty Credit Risk (CCR) and Operational Risk.

An aggregate “output floor” was also being introduced to ensure that total RWAs for firms using advanced or internally modelled methods and subject to the floor cannot fall below 72.5% of RWAs under the standardised approach. The output floor requirement will apply at RBS Holdings N.V. level which is an approved intermediate parent undertaking (IPU), to the extent that internal models are being used within RBS Holdings N.V. Group.

Key elements of the CRR:

Higher and better capital requirements. Banks must have a total amount of capital that is determined by the following minimum requirements:

- The total capital ratio requirement is 11.7%, comprising the minimum capital requirement of 8%, supplemented with the capital conservation buffer of 2.5% and the institution specific countercyclical buffer (CCyB) of 1.2%. The minimum CET1 ratio is 8.2%, including the minimum capital requirement of 4.5%. The CCyB is based on the weighted average of NWM N.V. Group geographical exposures.
- In addition, NWM N.V. Group is subject to Pillar 2 requirements for CET1, AT1 and T2. Refer to the RBSH N.V. Pillar 3 report for further details on these additional capital requirements.
- The entity is not designated as an O-SII.

Liquidity measures. To ensure banks have sufficient liquidity, the regulation introduces two liquidity requirements:

- The Liquidity Coverage Ratio of 100%, which aims to ensure that banks have enough liquid assets (e.g. cash or other assets that can be quickly converted into cash with little or no loss of value) in the short term.
- The net stable funding requirement of 100%, which aims to ensure that banks do not rely too much on short-term funding to fund their medium- and long-term assets.

Limiting leverage. The regulation sets out a binding leverage ratio, which aims to limit banks from financing too large a portion of their activities with debt.

- Minimum Tier 1 leverage ratio of 3.0%.

NWM N.V. Group manages changes to capital requirements from new regulation (including model changes) and the resulting impact on the Common Equity Tier 1 ratio alongside its strategy of risk reduction and de-leveraging. For further information refer to Capital management on the following page.

Banking Union: Single Supervisory Mechanism

On 15 October 2013, the EU Council formally adopted the Regulation on the Single Supervisory Mechanism (SSM) which became operational on 4 November 2014. The SSM is a new framework for banking supervision in Europe with the aims of ensuring the safety and soundness of the European banking system and increasing financial integration and stability in Europe.

The ECB must ensure that credit institutions not only meet the minimum prudential capital requirements set by the CRD but also have an additional buffer reflecting risks or elements of risks not covered by the minimum requirements in CRD. This is organised through the framework of the SSM.

The SSM must ensure that credit institutions have sufficient capital to cover unexpected losses or survive severe stressed economic and market conditions. The capital joint decision is the key outcome of the Supervisory Review and Evaluation Process. In this process, the supervisor reviews the governance and internal control arrangements used by each individual bank to manage its risks (i.e., the Internal Capital Adequacy Assessment Process (ICAAP)).

Overall, this framework governs relations between the ECB, national supervisors and banks, and is an important step towards banking union in the EU.

Capital, liquidity and funding risk continued

Capital management

NWM N.V. Group aims to maintain an appropriate level of capital to meet its business needs (which include requirements of its ultimate parent company, NatWest Group plc) and regulatory requirements, whilst operating within an agreed risk appetite. Determination of appropriate capital levels involves regular Asset & Liability Management Committee (ALCo) capital monitoring, planning and forecasts, and ICAAP. Capital plans are subjected to internal governance reviews, eventually put through Managing Board oversight and approval, as well as review of the appropriate supervisory authority.

NWM N.V. Group operates a rigorous capital planning process via ALCo aimed at ensuring the capital position is controlled within the agreed parameters. This incorporates regular re-forecasts of the capital position of NWM N.V. Group. In the event that the projected position deteriorates below acceptable levels, NWM N.V. Group would revise business plans accordingly.

NWM N.V. Group manages changes to capital requirements from new regulation as well as model changes and the resulting impact on the Common Equity Tier 1 ratio, focusing on risk reduction and de-leveraging.

Through the ICAAP, NWM N.V. Group determines its desired capital levels based on three complementary perspectives: the normative baseline, normative adverse and economic internal perspective. The normative baseline perspective ensures NWM N.V.'s capital is managed to comply with current and known future changes in regulatory capital requirements. In the normative adverse perspective, NWM N.V. Group's capital levels are evaluated through the application of internally defined stress tests that quantify changes in capital ratios under a range of scenarios. In the economic internal perspective, NWM N.V. Group calculates the required capital from an economic point of view.

Liquidity and funding management

Liquidity and funding management follows a similar process to that outlined above for capital. Liquidity and funding risk tolerance forms part of NWM N.V. Group's risk appetite statement, which is reviewed and approved by the NWM N.V. Group Managing Board.

The risk appetite statement defines key metrics, risk trigger levels and capacity for liquidity and funding management within NWM N.V. Group. The Board also sets the appetite for funding risk to ensure that stable sources of funding are used to fund NWM N.V. Group's core assets. NWM N.V. Group monitors its liquidity position against this risk tolerance on a daily basis.

In setting risk limits the Board considers the nature of NWM N.V. Group's activities, overall risk appetite, market best practice and regulatory compliance.

In implementing NWM N.V. Group's liquidity risk management framework, a suite of tools is used to monitor, limit and stress test the risks within the balance sheet. Limits are established to manage the level of liquidity risk, and these include thresholds for the amount and composition of funding sources, asset and liability mismatches, and funding concentrations.

NWM N.V. Group maintained a strong liquidity position, with the Liquidity Coverage Ratio (LCR) at 181% as at 31 December 2025. The comparative LCR as at 31 December 2024 has been restated from 247% to 244%.

Liquidity portfolio management

The size of the portfolio is determined by referencing NatWest Group's liquidity risk appetite. NatWest Group retains a prudent approach to setting the composition of the liquidity portfolio, which is subject to internal policies and limits over quality of counterparty, maturity mix and currency mix.

Within the liquidity portfolio, NWM N.V. Group holds cash at central banks of €7.6 billion (2024 – €6.2 billion) and government and other high-quality securities of €1.1 billion (2024 – €1.3 billion).

Funding risk management

Funding is raised through deposits from the money market, the issuance of EMTN's, commercial papers, syndicated loans and capital instruments. During 2025, NWM N.V. Group issued €0.5 billion in senior unsecured notes through private placements under its Euro Medium Term Note (EMTN) programme (2024 - €0.5 billion).

Governance

The ALCo is responsible for ensuring NWM N.V. Group maintains adequate capital, liquidity and funding at all times. The ALCo manages and plans NWM N.V. Group's adequacy levels taking into account current and projected levels and provides input to and oversees levels established within the framework of the ICAAP and ILAAP.

ALCo also plans and manages capital, liquidity and funding interaction with NatWest Group. Such interaction would need to be capital neutral to NatWest Group and are required to be structured in such a way so as to satisfy the ECB and PRA regulatory requirements. The ALCo is in turn ultimately governed by NWM N.V. Group's Managing Board, which approves ALCo and ICAAP and ILAAP decisions.

Capital, liquidity and funding risk continued

Capital ratios and risk-weighted assets

NWM N.V. Group aims to maintain an appropriate level of capital to meet its business needs and regulatory requirements. NWM N.V. Group's capital ratios and RWAs on a CRR transitional basis are set out below. Refer to Note 21 to the consolidated financial statements for a more detailed breakdown of regulatory capital.

	2025	2024
Capital ratios	%	%
Common Equity Tier 1 (CET1) (1)	18.5	19.0
Tier 1 (1)	21.7	21.9
Total (1)	23.2	23.7
Risk-weighted assets	€m	€m
Credit risk (1)	6,535	6,953
Market risk (2)	740	1,107
Operational risk	592	489
Total RWAs (1)	7,867	8,549

(1) Comparative capital ratios and RWAs as at 31 December 2024 (based on Basel III regulations applicable before the 2025 changes) have been restated to correct a prior period error in the calculation of Counterparty Credit Risk RWAs. Total RWAs increased by €608 million, reducing the CET1 ratio from 20.4% to 19.0%, the Tier 1 ratio from 23.6% to 21.9%, and the Total Capital ratio from 25.5% to 23.7%.

(2) Market Risk risk-weighted assets include Credit Valuation Adjustment (CVA) risk-weighted assets.

- The CET1 ratio decreased from 19.0% to 18.5%, driven by reductions in both CET1 capital and RWAs.
- CET1 capital decreased by €164 million, primarily due to the proposed €53 million dividend distribution out of prior year earnings to RBSH N.V. and higher regulatory capital deductions. These deductions include an increased deferred tax asset deduction and an additional €74 million CET1 deduction arising from the ECB Prudential Valuation on-site inspection. As the current-year profit will be distributed as a dividend, it has no impact on CET1 capital.
- RWAs decreased from €8.5 billion to €7.9 billion, with the movement largely driven by a reduction in credit risk in and market risk, partially offset by higher operational risk. Credit risk and market risk RWAs both fell by €0.4 billion, mainly due to the Basel 3.1 implementation.

Funding sources (audited)

The table below shows NWM N.V. Group's primary funding sources.

	2025		2024	
	€m	%	€m	%
Bank deposits	975	5.2	597	3.6
Customer deposits	4,968	26.6	2,999	17.9
Trading liabilities (1)	6,751	36.2	7,061	42.3
Other financial liabilities	3,679	19.7	3,368	20.2
Subordinated liabilities	290	1.5	303	1.8
Amounts due to holding companies and fellow subsidiaries (2)	2,008	10.8	2,380	14.2
Total funding	18,671	100	16,708	100

(1) Trading liabilities excludes short positions of nil (2024 - nil).

(2) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of €28 million (2024 - €31 million) and settlement balances of €75 million (2024 - €147 million) have been excluded from the table.

Credit risk

Definition (audited)

Credit risk is the risk that customers, counterparties or issuers fail to meet a contractual obligation to settle outstanding amounts.

Sources of risk (audited)

NWM N.V. Group is exposed to credit risk through lending, derivatives and off-balance sheet products such as trade finance and guarantees. NWM N.V. Group is also exposed to credit risk as a result of debt securities held for liquidity management purposes.

Key developments in 2025 (audited)

- Despite a challenging macro-economic environment due to geopolitical volatility, trade tensions, moderate economic growth and rising government debt, the credit portfolio remained stable.
- The change in outlook was reflected in the probability weight for the macroeconomic scenarios in the IFRS 9 calculations with a slightly more downside skew and assuming moderate growth for the next five years.
- The current and potential credit exposure increased in the context of planned business growth and the asset transfer from NatWest Bank Europe.
- NWM N.V. Group implemented Basel 3.1 and moved to the Foundation Internal Ratings Based (FIRB) approach.

Governance (audited)

Risk governance for credit risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for credit risk is in line with the approach outlined in the Risk management framework section.

Identification and measurement

Risks are identified through relationship management and credit stewardship of customers and portfolios. Credit stewardship takes place throughout the customer relationship, beginning with the initial approval. It includes the application of credit assessment standards, credit risk mitigation, ensuring that credit documentation is complete and appropriate, carrying out regular portfolio or customer reviews and problem debt identification and management.

Assessment and monitoring

Customers, which includes businesses corporates, banks and other financial institutions, are typically managed on an individual basis. Customers are aggregated as a single risk when sufficiently interconnected to the extent that a failure of one could lead to the failure of another.

A risk-based credit assessment is carried out before taking credit risk. The assessment process depends on the complexity of the transaction. Higher-risk and larger transactions involve more analysis that can include on-site due diligence.

Credit quality and loss given default (LGD) are reviewed annually. The review process assesses borrower performance, the adequacy of security, compliance with terms and conditions, and refinancing risk.

Mitigation

Mitigation techniques outlined in the credit risk toolkits and transactional acceptance standards are applied in managing credit portfolios across NWM N.V. Group. These techniques mitigate credit concentrations related to individual customers, borrower groups or a collection of related borrowers. Where possible, customer credit balances are netted against obligations.

Mitigation tools may involve structuring security interests in physical or financial assets, using credit derivatives such as credit default swaps, credit-linked debt instruments and securitisation structures, and utilising guarantees or similar instruments (including credit insurance) from related and third parties.

Problem debt management

When stress or financial difficulties are identified, NWM N.V. Group collaborates closely with customers to support them.

NWM N.V. Group uses a range of early warning indicators to identify customers that may be exposed to emerging risks, including financial stress, allowing for increased monitoring where necessary. Early warning indicators may be internal, such as a customer's bank account activity, or external, such as the share price of a publicly listed customer. When these indicators suggest that a customer is experiencing potential or actual difficulty, or if relationship managers or credit officers observe other signs of financial difficulty, the customer may be classified within the Wholesale Problem Debt Management framework.

Wholesale Problem Debt Management framework

This framework is designed to provide early identification of credit deterioration, support intelligent risk-taking, ensure fair and consistent customer outcomes and provide key insights into customer lending portfolios.

Customer Lending Support

Customer Lending Support is a centre of expertise that provides support to customers in financial stress.

Forbearance (audited)

Forbearance occurs when a concession is made on the contractual terms of a debt in response to a customer's financial difficulties.

The aim of forbearance is to help the customer regain financial stability while reducing risk. To ensure that forbearance is appropriate for the customer, minimum standards are applied when assessing, recording, monitoring and reporting forbearance.

Forbearance may involve covenant waivers, amendments to margins, payment concessions and loan rescheduling (including extensions in contractual maturity), capitalisation of arrears, and debt forgiveness or debt-for-equity swaps.

Customer probability of default (PD) and LGD are reassessed prior to finalising any forbearance arrangement. The ultimate outcome of a forbearance strategy is highly dependent on the co-operation of the borrower and a viable business or repayment outcome. If forbearance becomes unsuitable or is unsuccessful, NWM N.V. Group may pursue repayment, enforcement of security or insolvency proceedings, although these are options of last resort.

Credit risk continued

IFRS 9 models

IFRS 9 models provide PD, exposure at default (EAD) and LGD for the purpose of calculating ECL.

Model build

Risk ranking is normally the same as for internal ratings based (IRB) models to maintain consistency in risk measurement. Economic drivers are incorporated, normally by using stress models. Term structures are used to assess the risk of loss beyond 12 months that will affect lifetime loss for exposures which have significantly deteriorated (Stage 2) or defaulted (Stage 3).

Model application

Model application involves selecting forward-looking economic scenarios and assigning appropriate probability weights.

Model design principles

The modelling of ECL under IFRS 9 adopts the standard approach of breaking down credit loss estimation into its component parts of PD, LGD and EAD. To comply with IFRS 9, these model parameters are designed with the following characteristics:

- Unbiased – provide a best estimate.
- Point-in-time – reflecting current economic conditions as opposed to through-the-cycle.
- Economic forecasts – IFRS 9 PD estimates and, where appropriate, EAD and LGD estimates reflecting economic forecasts.
- Lifetime measurement – parameters are provided as multi-period term structures up to behavioural lifetimes.

PD

PD models use a point-in-time/through-the-cycle framework to provide point-in-time estimates that reflect economic conditions at the reporting date. A key driver is the score from related IRB PD models, with economic forecasts incorporated through the stress models.

LGD

Economic forecasts are incorporated into LGD estimates using the existing point-in-time/through-the-cycle framework. However, for some portfolios, including low-default, sovereigns and banks, there is insufficient loss data to substantiate estimates that vary with economic conditions.

EAD

EAD values rely on product-specific credit conversion factors (CCFs), closely mirroring the product segmentation and approach of the respective IRB model, but without conservative or downturn assumptions. These CCFs are estimated over multi-year time horizons.

Economic drivers (audited)

Introduction

The portfolio segmentation and selection of economic drivers for IFRS 9 follows the approach used in stress testing. The stress models for each portfolio segment (defined by product or asset class and where relevant, industry sector and region) are based on a selected, small number of economic variables that best explain the movements in portfolio loss rates. The process to select economic drivers uses empirical analysis and expert judgement.

The key economic variables in NWM N.V. Group include national gross domestic product (GDP), unemployment rate and the central bank base rate.

Economic scenarios

At 31 December 2025, the range of anticipated future economic conditions was defined by a set of four internally developed scenarios and their respective probabilities. In addition to the base case, they comprised upside, downside and extreme downside scenarios.

For 31 December 2025, the four scenarios were deemed appropriate in capturing the uncertainty in economic forecasts and the non-linearity in outcomes under different scenarios. These four scenarios were developed to provide sufficient coverage to current risks faced by the economy and consider varying outcomes across the labour market, inflation, interest rate, asset price and economic growth, around which there remains pronounced levels of uncertainty.

Credit risk continued

High-level narrative – potential developments, vulnerabilities and risks

Growth	Outperformance sustained – above trend growth as consumer sentiment recovers	Upside
	Steady growth – staying close to trend pace	Base case
	Stalling – cautious consumer and policy uncertainty weighs on activity	Downside
	Extreme stress – extreme fall in GDP, with policy support to facilitate sharp recovery	Extreme downside
Inflation	Sticky – strong growth and/or wage policies keep services inflation above target in medium term	Upside
	Battle won – 2% target is met on a sustained basis	Base case
	Slow – above target inflation in 2026 but swiftly falls to lower levels	Downside
	Close to deflation – inflationary pressures diminish amidst pronounced weakness in demand	Extreme downside
Labour market	Recovery – job growth rebounds strongly	Upside
	Cooling continues – labour market remains resilient	Base case
	Job shedding – redundancies, reduced hours, building slack	Downside
	Depression – unemployment hits levels close to previous peaks amid severe stress	Extreme downside
Rates short-term	Steady – rate cutting cycle largely done	Upside/Base case
	Supportive – sharp declines to support recovery	Downside
	Sharp drop – drastic easing in policy to support a sharp deterioration in the economy	Extreme downside
Rates long-term	Middle – c.2%	Upside/Base case
	Low – c.1% and below	Downside/Extreme downside

Credit risk continued

Economic drivers (audited)

Main macroeconomic variables

The main macroeconomic variables for these scenarios are set out in the table below. The compound annual growth rate (CAGR) for GDP as well as the five-year average for unemployment and the European Central Bank main refinancing rate.

	2025					2024				
	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
Five-year summary										
GDP - CAGR	1.9	1.3	0.8	0.1	1.2	2.0	1.3	0.8	(0.3)	1.2
Unemployment rate - average	5.7	6.1	7.2	8.8	6.6	5.7	6.3	7.1	9.5	6.7
European Central Bank - main refinancing rate - average	2.2	2.2	1.5	0.7	1.9	3.4	2.6	2.3	0.7	2.5
Probability weight	22.4	45.0	19.5	13.1	-	23.2	45.0	19.1	12.7	-

(1) The five-year summary runs from 2025-2029 for 31 December 2025 and from 2024-2028 for 31 December 2024.

Probability weightings of scenarios

NWM N.V. Group applies a quantitative approach for IFRS 9 multiple economic scenarios by selecting specific discrete scenarios that represent the range of risks in the economic outlook and assigning appropriate probability weights.

The approach involves comparing GDP paths for NWM N.V. Group's scenarios against a set of 1,000 model simulations to determine the percentile in the distribution that aligns most closely with each scenario. The probability weight for the base case is determined first using judgement, while probability weights for the alternative scenarios are then assigned based on these percentiles scores.

The weights were broadly comparable to those used at 31 December 2024 but with slightly more downside skew. The assigned probability weights were judged to be aligned with the subjective assessment of balance of the risks in the economy. Given the balance of risks that the economies in which NWM N.V. Group operates are exposed to, NWM N.V. Group judges it appropriate that downside-biased scenarios have higher combined probability weights than the upside-biased scenario. It presents good coverage to the range of outcomes assumed in the scenarios, including the potential for a robust recovery on the upside and exceptionally challenging outcomes on the downside. A 22.4% weighting was applied to the upside scenario, a 45.0% weighting applied to the base case scenario, a 19.5% weighting applied to the downside scenario and a 13.1% weighting applied to the extreme downside scenario.

Credit risk continued

Economic drivers (audited)

Annual figures

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
Eurozone GDP - annual growth					
2025	1.4	1.4	1.4	1.4	1.4
2026	1.3	1.1	(0.2)	(3.4)	0.3
2027	3.1	1.5	0.3	(0.1)	1.4
2028	2.1	1.4	1.2	1.5	1.5
2029	1.5	1.4	1.1	1.3	1.3
2030	1.5	1.4	1.1	1.2	1.3

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
Eurozone - unemployment rate - annual average					
2025	6.3	6.3	6.3	6.3	6.3
2026	6.0	6.3	6.9	7.9	6.5
2027	5.5	6.1	7.6	10.3	6.8
2028	5.3	6.0	7.8	10.3	6.7
2029	5.3	5.9	7.2	9.1	6.5
2030	5.3	5.9	6.7	7.8	6.2

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
European Central Bank - main refinancing rate - annual average					
2025	2.4	2.4	2.4	2.4	2.4
2026	2.2	2.2	1.5	0.7	1.8
2027	2.2	2.2	1.2	-	1.7
2028	2.2	2.2	1.2	-	1.7
2029	2.2	2.2	1.2	0.2	1.7
2030	2.2	2.2	1.3	1.2	1.9

Worst points

	2025				2024			
	Downside %	Quarter	Extreme downside %	Quarter	Downside %	Quarter	Extreme downside %	Quarter
Eurozone								
GDP	-	Q4 2026	(3.5)	Q4 2026	-	Q1 2024	(4.0)	Q4 2025
Unemployment rate - peak (1)	7.9	Q1 2028	10.9	Q4 2027	7.7	Q4 2026	11.8	Q4 2026

(1) For the unemployment rate, the figures show the peak levels. For GDP, the figures show falls relative to the starting period. The calculations are performed over five years, with a starting point of Q4 2024 for 31 December 2025 scenarios and Q4 2023 for 31 December 2024 scenarios.

Credit risk continued

Impairment, provisioning and write-offs (audited)

In the overall assessment of credit risk, impairment provisioning and write-offs are used as key indicators of credit quality.

Significant increase in credit risk (SICR)

Defaulted exposures are classified in Stage 3 and subject to lifetime ECL measurement. Remaining exposures are assessed for SICR since initial recognition. Where exposures are identified with SICR, they are classified in Stage 2 and assessed using a lifetime ECL measurement. Exposures not considered deteriorated are assessed with a 12-month ECL. NWM N.V. Group applies a framework to identify deterioration, primarily based on changes in lifetime PD, supported by additional qualitative high-risk backstops.

- IFRS 9 lifetime PD assessment (the primary driver) – relies on measuring the relative deterioration in forward-looking lifetime PD and is assessed monthly. SICR is determined by comparing the residual lifetime PD at the balance sheet date with the lifetime PD at the date of initial recognition (DOIR). If the current lifetime PD exceeds the origination PD by more than a defined threshold, SICR is assumed to have occurred and the exposure moved into Stage 2 for a lifetime ECL assessment. For Non-Personal, a doubling of PD would indicate a SICR, subject to a minimum PD uplift of 0.1%.
- Qualitative high-risk backstop assessment – supplements the PD assessment to evaluate whether significant deterioration in lifetime risk of default occurred. This included the mandatory 30+ days past due backstop, as prescribed by IFRS 9 guidance, as well as other elements such as forbearance support and exposures managed within the Wholesale Problem Debt framework.

Lifetime

The definitions of initial recognition and asset lifetime are important considerations when determining the amount of lifetime losses to be applied.

- Initial recognition refers to the date that a transaction (or account) is first recognised on the balance sheet, with the PD at that point serving as the basis for subsequent determination of SICR, as detailed above.
- For asset lifetime, the approach is aligned with IFRS 9 requirements:
- Term lending – the contractual maturity date is used and adjusted for behavioural trends where applicable, such as expected prepayment and amortisation.
- Revolving facilities – asset duration is based on annual customer review schedules and would be set to the next review date.

Governance

The IFRS 9 PD, EAD and LGD models are subject to NatWest Group's model risk policy, which stipulates periodic model monitoring and re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments are applied where management deemed them necessary to ensure an adequate level of overall ECL provision. All post model adjustments undergo review, challenge and approval by the relevant model or provisioning committees.

Post model adjustments will remain a key focus area of NWM N.V. Group's ongoing ECL adequacy assessment process. A comprehensive framework has been established that incorporates analysis of diverse economic data, external benchmarks and portfolio performance trends with a particular focus on segments that may be more susceptible to specific risk factors.

There was €4 million of ECL post model adjustments in the year (2024 – €2 million).

Measurement uncertainty and ECL sensitivity analysis (audited)

The recognition and measurement of ECL is complex and requires significant judgement and estimation, especially during times of economic volatility and uncertainty. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objectives of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions used in the estimation.

Simulations were conducted to assess the impact of various economic scenarios, including base case, upside, downside and extreme downside scenarios. The potential ECL impacts reflected the simulated impact as at 31 December 2025.

In the simulations, NWM N.V. Group assumed that the economic macro variables associated with each scenario would replace the existing base case economic assumptions, giving them a 100% probability weighting and therefore serving as a single economic scenario.

These scenarios were applied to all modelled portfolios in the table, with the simulation affecting both PDs and LGDs. Post model adjustments included in the ECL estimates were adjusted in line with the modelled ECL movements. However, adjustments that were judgemental in nature, such as those for deferred model calibrations and economic uncertainty, were not automatically recalculated. Instead, they will be re-evaluated by management through ECL governance for any new economic scenario outlook.

As expected, the scenarios created varying impacts on ECL by portfolio, and these impacts were deemed reasonable.

The simulations assumed that existing modelled relationships between key economic variables and drivers would hold. However, in practice, other factors such as potential changes in customer behaviour and policy changes could also impact the wider availability of credit.

The focus of the simulations was on ECL provisioning requirements for performing exposures in Stage 1 and Stage 2. The simulations were run on a stand-alone basis and were independent of each other. Scenario impacts on SICR were considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios, the total exposure remained the same, but exposure by stage varied.

Stage 3 provisions are not subject to the same level of measurement uncertainty, as default is an observed event as at the balance sheet date and defaulted LGD is typically more impacted by borrower specific factors rather than economics. Therefore, Stage 3 provisions were not considered in this analysis. NWM N.V. Group's core criterion for identifying a SICR is based on PD deterioration. Under the simulations, changes in PDs resulted in exposures moving between Stage 1 and Stage 2, contributing to the ECL impact.

Credit risk continued

			Moderate upside scenario	Moderate downside scenario	Extreme downside scenario
2025	Actual	Base scenario			
Stage 1 modelled loans (€m)	1,825	1,876	1,876	1,824	1,708
Stage 1 modelled ECL (€m)	8	7	6	8	17
Stage 1 coverage (%)	0.44%	0.37%	0.32%	0.44%	1.00%
Stage 2 modelled loans (€m)	132	81	81	133	249
Stage 2 modelled ECL (€m)	4	4	4	5	11
Stage 2 coverage (%)	3.03%	4.94%	4.94%	3.76%	4.42%
Stage 1 and Stage 2 modelled loans (€m)	1,957	1,957	1,957	1,957	1,957
Stage 1 and Stage 2 modelled ECL (€m)	12	11	10	13	28
Stage 1 and Stage 2 coverage (%)	0.61%	0.56%	0.51%	0.66%	1.43%
Variance to actual total Stage 1 and Stage 2 ECL	-	(1)	(2)	1	16
Reconciliation to Stage 1 and Stage 2 flow exposures (€m)					
Modelled loans	1,957	1,957	1,957	1,957	1,957
Other asset classes	10,161	10,161	10,161	10,161	10,161

- (1) Reflects ECL for all modelled exposure in scope for IFRS 9. The analysis excludes non-modelled portfolios and exposure relating to bonds and cash.
- (2) All simulations are run on a stand-alone basis and are independent of each other, with the potential ECL impact reflecting the simulated impact as at 31 December 2025. The simulations change the composition of Stage 1 and Stage 2 exposure, but total exposure was unchanged under each scenario as the loan population was static.
- (3) Refer to the Economic drivers section for details of economic scenarios.
- (4) Refer to the NWM N.V. Group 2024 Annual Report and Accounts for 2024 comparatives.

Credit risk – Trading activities

This section details the credit risk profile of NWM N.V. Group's trading activities.

Derivatives (audited)

The table below shows third party derivatives by type of contract. The master netting agreements and collateral shown do not result in a net presentation on the balance sheet under IFRS.

	2025							2024		
	Notional				Total	Assets	Liabilities	Notional	Assets	Liabilities
	GBP	USD	EUR	Other						
Gross exposure						5,974	5,291		8,092	6,799
IFRS offset						(178)	(178)		(293)	(293)
Carrying value	28	95	1,204	45	1,372	5,796	5,113	1,127	7,799	6,506
Of which:										
Interest rate (1)	10	15	1,144	1	1,170	3,954	2,539	919	3,968	2,596
Exchange rate	18	80	60	44	202	1,840	2,567	208	3,831	3,903
Credit	-	-	-	-	-	2	7	-	-	7
Equity and commodity	-	-	-	-	-	-	-	-	-	-
Carrying value					1,372	5,796	5,113	1,127	7,799	6,506
Counterparty mark-to-market netting						(2,669)	(2,669)		(3,870)	(3,870)
Cash collateral						(2,217)	(1,698)		(2,550)	(1,947)
Securities collateral						(621)	(352)		(886)	(117)
Net exposure						289	394		493	572
Banks (2)						18	54		87	13
Other financial institutions (3)						183	139		193	263
Corporate (4)						88	195		213	271
Government (5)						-	6		-	25
Net exposure						289	394		493	572
UK						2	2		1	2
Europe						284	391		486	565
US						-	1		1	5
RoW						3	-		5	-
Net exposure						289	394		493	572
Asset quality of uncollateralised derivative assets										
AQ1-AQ4						252			409	
AQ5-AQ10						37			84	
Net exposure						289			493	

- (1) The notional amount of interest rate derivatives includes €1,036 billion (2024 – €795 billion) in respect of contracts cleared through central clearing counterparties.
- (2) Transactions with certain counterparties with which NWM N.V. Group has netting arrangements but collateral is not posted on a daily basis; certain transactions with specific terms that may not fall within netting and collateral arrangements; derivative positions in certain jurisdictions where the collateral agreements are not deemed to be legally enforceable.
- (3) Includes transactions with securitisation vehicles and funds where collateral posting is contingent on NWM N.V. Group's external rating.
- (4) Mainly large corporates with which NWM N.V. Group may have netting arrangements in place with no collateral posting.
- (5) Sovereigns and supranational entities with no collateral arrangements, collateral arrangements that are not considered enforceable, or one-way collateral agreements in their favour.

Credit risk – Banking activities

Introduction

This section details the credit risk profile of NWM N.V. Group's banking activities.

Refer to Accounting policy 4.11 and Note 12 to the consolidated financial statements for policies and critical judgements relating to impairment loss determination.

Financial instruments within the scope of the IFRS 9 ECL framework (audited)

Refer to Note 9 to the consolidated financial statements for balance sheet analysis of financial assets that are classified as amortised cost or fair value through other comprehensive income (FVOCI), the starting point for IFRS 9 ECL framework assessment.

	31 December 2025			31 December 2024		
	Gross €bn	ECL €bn	Net €bn	Gross €bn	ECL €bn	Net €bn
Balance sheet total gross amortised cost and FVOCI	11.7			10.3		
In scope of IFRS 9 ECL framework	11.6			9.4		
% in scope	99%			91%		
Loans to customers - in scope - amortised cost	1.4	-	1.4	0.9	-	0.9
Loans to banks - in scope - amortised cost	0.6	-	0.6	0.2	-	0.2
Total loans - in scope	2.0	-	2.0	1.1	-	1.1
Stage 1	1.9	-	1.9	1.0	-	1.0
Stage 2	0.1	-	0.1	0.1	-	0.1
Other financial assets - in scope - amortised cost	8.9	-	8.9	7.7	-	7.7
Other financial assets - in scope - FVOCI	0.7	-	0.7	0.6	-	0.6
Total other financial assets - in scope	9.6	-	9.6	8.3	-	8.3
Stage 1	9.6	-	9.6	8.3	-	8.3
Out of scope of IFRS 9 ECL framework	0.1	na	0.1	0.9	na	0.9
Other financial assets - out of scope - amortised cost	0.1	na	0.1	0.9	na	0.9

na = not applicable

The assets outside the scope of IFRS 9 ECL framework were as follows:

- Settlement balances, items in the course of collection, cash balances and other non-credit risk assets of €129 million (2024 – €883 million). These were assessed as having no ECL unless there was evidence that they were defaulted.
- Equity shares of nil (2024 – nil million) as not within the IFRS 9 ECL framework by definition.

Contingent liabilities and commitments

Total contingent liabilities (including financial guarantees) and commitments within IFRS 9 ECL scope were €8,147 million (2024 – €7,470 million), comprised Stage 1 €7,940 million (2024 – €7,397 million); Stage 2 €207 million (2024 – €73 million); and Stage 3 nil (2024 – nil).

Credit risk – Banking activities continued

Portfolio summary (audited)

The table below shows gross loans and ECL, by stage, within the scope of the IFRS 9 ECL framework.

	2025	2024
	€m	€m
Loans - amortised cost and FVOCI		
Stage 1	1,901	996
Stage 2	121	118
Stage 3	-	34
Inter-Group (1)	284	64
Total	2,306	1,212
ECL provisions		
Stage 1	8	5
Stage 2	4	2
Stage 3	-	1
Total	12	8
ECL provisions coverage (2)		
Stage 1 (%)	0.42	0.50
Stage 2 (%)	3.31	1.69
Stage 3 (%)	-	2.94
Total	0.59	0.70
Other financial assets - gross exposure	9,569	8,297
Other financial assets - ECL provisions	2	1
Impairment charge/(releases)		
ECL charge/(release) - third party (3)	5	(1)
Amounts written-off	1	-

(1) The NWM N.V. intercompany assets were classified in Stage 1. The ECL for these loans was €0.1 million (2024 – nil).

(2) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful coverage ratio.

(3) Includes €0.5 million charge (2024 – €1.3 million release) related to other financial assets and nil release (2024 – €0.1 million) relating to contingent liabilities.

(4) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to page 31 for Financial instruments within the scope of the IFRS 9 ECL framework for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling €7.6 billion (2024 – €6.2 billion) and debt securities of €2.0 billion (2024 – €2.1 billion).

(5) NWM N.V. held collateral against third party loans in Stage 3 of €nil (2024 – €32.4 million) and against Stage 1 and Stage 2 third party loans of €462 million (2024 – €258 million). Inter-group loans were uncollateralised.

- The NatWest Bank Europe asset transfer was the main driver of portfolio growth.
- Active risk mitigation resulted in a relatively smaller increase in ECL versus the portfolio growth.
- The portfolio remains of good quality with the majority of assets remaining in Stage 1.
- The movements from Stage 1 into Stage 2 were largely offset by improvements in Stage 2 assets and corresponding movements from Stage 2 into Stage 1
- Stage 3 assets were fully cleared through disposals.
- The increase in inter-group assets was the result of risk transfers.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

The table below shows financial assets and off-balance sheet exposures gross of ECL and related ECL provisions, impairment by sector, asset quality and geographical region based on the country of operation of the customer. The tables below show only third-party exposures and related ECL provisions, charges and write-offs.

2025 (1)	Corporate &	Financial	Sovereign	Total
	other	institutions		
	€m	€m	€m	€m
Loans by geography	930	1,092	-	2,022
- The Netherlands	61	57	-	118
- Other Europe	719	720	-	1,439
- RoW	150	315	-	465
Loans by asset quality (1)	930	1,092	-	2,022
- AQ2	-	36	-	36
- AQ3	10	75	-	85
- AQ4	274	551	-	825
- AQ5	186	375	-	561
- AQ6	297	24	-	321
- AQ7	153	31	-	184
- AQ8	10	-	-	10
Loans by stage	930	1,092	-	2,022
- Stage 1	848	1,053	-	1,901
- Stage 2	82	39	-	121
Weighted average life (2) – ECL measurement (years)	4	5	-	4
Weighted average 12 months PDs (2)				
- IFRS 9 (%)	1.24	0.40	-	0.80
- Basel (%)	1.33	0.45	-	0.85
ECL provisions by geography	10	2	-	12
- The Netherlands	1	-	-	1
- Other Europe	8	2	-	10
- RoW	1	-	-	1
ECL provisions by stage	10	2	-	12
- Stage 1	6	2	-	8
- Stage 2	4	-	-	4
ECL provisions coverage (%)	1.08	0.18	-	0.59
- Stage 1 (%)	0.71	0.19	-	0.42
- Stage 2 (%)	4.88	-	-	3.31
ECL charge – third party	4	1	-	5
Amounts written-off	1	-	-	1
Other financial assets by asset quality (1)	273	1,173	8,123	9,569
- AQ1-AQ4	265	997	8,123	9,385
- AQ5-AQ8	8	176	-	184
Off-balance sheet	7,036	1,111	-	8,147
- Loan commitments	7,036	584	-	7,620
- Financial guarantees	-	527	-	527
Off-balance sheet by asset quality (1)	7,036	1,111	-	8,147
- AQ1-AQ4	6,329	1,062	-	7,391
- AQ5-AQ8	707	49	-	756

For the notes to this table refer to the following page.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

2024 (1)	Corporate & other €m	Financial institutions €m	Sovereign €m	Total €m
Loans by geography	483	665	-	1,148
- The Netherlands	36	45	-	81
- Other Europe	336	372	-	708
- RoW	111	248	-	359
Loans by asset quality (2)	483	665	-	1,148
- AQ1	-	38	-	38
- AQ2	-	184	-	184
- AQ3	13	3	-	16
- AQ4	192	437	-	629
- AQ5	22	-	-	22
- AQ6	107	-	-	107
- AQ7	110	3	-	113
- AQ8	5	-	-	5
- AQ10	34	-	-	34
Loans by stage	483	665	-	1,148
- Stage 1	384	612	-	996
- Stage 2	65	53	-	118
- Stage 3	34	-	-	34
Weighted average life (2) - ECL measurement (years)	4	2	-	3
Weighted average 12 months PDs (2)				
- IFRS 9 (%)	1.45	0.14	-	0.68
- Basel (%)	1.46	0.12	-	0.65
ECL provisions by geography	6	2	-	8
- Other Europe	5	2	-	7
- RoW	1	-	-	1
ECL provisions by stage	6	2	-	8
- Stage 1	3	2	-	5
- Stage 2	2	-	-	2
- Stage 3	1	-	-	1
ECL provisions coverage (%)	1.24	0.30	-	0.70
- Stage 1 (%)	0.78	0.33	-	0.50
- Stage 2 (%)	3.08	-	-	1.69
- Stage 3 (%)	2.94	-	-	2.94
ECL release - third party	-	(1)	-	(1)
Other financial assets by asset quality (1)	96	1,496	6,705	8,297
- AQ1-AQ4	93	1,421	6,705	8,219
- AQ5-AQ8	3	75	-	78
Off-balance sheet	6,349	1,121	-	7,470
- Loan commitments	6,349	609	-	6,958
- Financial guarantees	-	512	-	512
Off-balance sheet by asset quality (1)	6,349	1,121	-	7,470
- AQ1-AQ4	6,171	1,070	-	7,241
- AQ5-AQ8	178	51	-	229

(1) AQ bandings are based on Basel PDs and mapping is as follows:

Internal asset quality band	Probability of default range	Indicative S&P rating
AQ1	0% - 0.034%	AAA to AA
AQ2	0.034% - 0.048%	AA to AA-
AQ3	0.048% - 0.095%	A+ to A
AQ4	0.095% - 0.381%	BBB+ to BBB-
AQ5	0.381% - 1.076%	BB+ to BB
AQ6	1.076% - 2.153%	BB- to B+
AQ7	2.153% - 6.089%	B+ to B
AQ8	6.089% - 17.222%	B- to CCC+
AQ9	17.222% - 100%	CCC to C
AQ10	100%	D

(2) Not within the scope of the independent auditors' report.

- The increase in sub-investment grade credit exposure and resulting deterioration in average portfolio PD was driven by the NatWest Bank Europe transfer.
- The sub-investment grade rating is typical for structured finance assets.
- Stage 3 assets are managed down to nil through disposals and they related to a single assets.

Credit risk – Banking activities continued

Heightened climate-related sectors⁽¹⁾

The below table shows all sectors with exposure⁽²⁾ classified as being subject to heightened climate-related risk. Exposure is based on loans, loan commitments and contingent obligations which are in scope for IFRS 9. The amounts reported in the table include all NWM N.V. Group lending to customers including climate, sustainable and transition lending.

Total wholesale heightened climate-related risk exposure decreased by €0.4 billion during 2025, predominantly as a result of a decrease of the heightened exposure to the Land transport and logistics sector by €0.7 billion. This was related to the following sub-sectors not identified as heightened under the updated methodology in 2025: Land transport – rental, Other land transport and Storage and warehousing. In addition, the heightened exposure to the Food and consumer sector decreased by €0.2 billion as this sector was not identified as a heightened climate-related risk sector under the updated methodology in 2025. This was partly offset by an increase of the heightened exposure to other sectors by €0.5 billion, primarily due to an increase of exposure to Oil and gas and Industrials, which account for 1.7% and 3.0% of NWM N.V. Group total, respectively. Power utilities remains the largest heightened climate risk sector in NWM N.V. Group credit portfolio, which accounts for 31.9% of NWM N.V. Group total in 2025 compared to 36.8% reported as of 31 December 2024, hence its share in total portfolio decreased.

The exposures in this table were classified as heightened climate-related risk based on inherent risk, which reflects the risk associated with a particular sub-sector in the external market.

Sector/portfolio	31 December 2025					31 December 2024				
	Loans €m	Off-balance sheet exposure (2) €m	Total sector exposure €m	Of which: heightened	Heightened as a % of NWM N.V. Group Total %	Loans €m	Off-balance sheet exposure (2) €m	Total sector exposure €m	Of which: heightened €m	Heightened as a % of NWM N.V. Group Total %
Power utilities	70	3,170	3,240	3,240	31.9%	94	3,080	3,174	3,174	36.8%
Land transport and logistics	58	789	847	315	3.1%	95	881	976	977	11.3%
Automotive	-	652	652	652	6.4%	-	635	635	635	7.4%
Industrials	33	276	309	301	3.0%	29	196	225	210	2.4%
Building materials	-	196	196	196	1.9%	3	196	199	199	2.3%
Food and consumer (3)	10	137	147	-	-	11	139	150	150	1.7%
Commercial real estate	19	100	119	119	1.2%	21	100	121	121	1.4%
Chemicals	6	109	115	114	1.1%	9	74	83	83	1.0%
Water and waste	5	77	82	82	0.8%	4	38	42	42	0.5%
Airlines and aerospace	-	165	165	-	-	1	37	38	8	0.1%
Leisure	17	32	49	25	0.2%	5	-	5	3	-
Construction	2	-	2	2	0.0%	2	-	2	2	-
Shipping	2	-	2	-	-	2	-	2	2	-
Retail	88	226	314	2	-	13	280	293	2	-
Oil and gas	156	12	168	168	1.7%	-	-	-	-	-
Business services	-	-	-	-	-	50	-	50	-	-
Telecommunications	12	428	440	-	-	19	394	413	-	-
Health (4)	85	36	121	15	0.1%	-	-	-	-	-
Wholesale heightened climate-related risk sectors	563	6,405	6,968	5,231	51.4%	358	6,050	6,408	5,608	65.1%
NWM N.V. Group Total	2,022	8,147	10,169			1,148	7,470	8,618		

(1) Heightened climate-related risk sector assessment seeks to identify sectors that are likely to see increased credit risks for NWM N.V. Group because of climate-related factors, over a 10-to-15-year horizon. The assessment applies two lenses which consider transition (including liability risk) and physical risk. The heightened climate-related risk sector assessment within this disclosure provides an aggregate view at industry level; within each sector there will be a diverse mix of counterparties, and as such climate-related risk will vary from customer to customer.

(2) Off-balance sheet includes loan commitments and contingent liabilities.

(3) This sector was not identified as a heightened climate-related risk sector under the updated methodology in 2025.

(4) This sector was identified as heightened climate-related risk sectors under the updated methodology in 2025 for the first time.

Credit risk – Banking activities continued

Forbearance

The table below shows forbearance, Heightened Monitoring and Risk of Credit Loss by sector. This table show current exposure but reflects risk transfers where there is a guarantee by another customer.

	Corporate and other €m	Financial institutions €m	Sovereign €m	Total €m
2025				
Forbearance (flow)	-	-	-	-
Forbearance (stock)	-	-	-	-
Heightened Monitoring and Risk of Credit Loss	57	-	-	57
2024				
Forbearance (flow)	-	-	-	-
Forbearance (stock)	-	-	-	-
Heightened Monitoring and Risk of Credit Loss	19	-	-	19

Flow statement (audited)

The flow statement that follows shows the main ECL and related income statement movements. It also shows the changes in ECL as well as the changes in related financial assets used in determining ECL. Due to differences in scope, exposures may differ from those reported in other tables, principally in relation to exposures in Stage 1 and Stage 2. These differences do not have a material ECL impact as they relate to balances at central banks. Other points to note:

- Financial assets include treasury liquidity portfolios, comprising balances at central banks and debt securities, as well as loans. Both modelled and non-modelled portfolios are included.
- Stage transfers (for example, exposures moving from Stage 1 into Stage 2) are a key feature of the ECL movements, with the net re-measurement cost of transitioning to a worse stage being a primary driver of income statement charges. Similarly, there is an ECL benefit for accounts improving stage.
- Changes in risk parameters shows the reassessment of the ECL within a given stage, including any ECL overlays and residual income statement gains or losses at the point of write-off or accounting write-down.
- Amounts written-off represent the gross asset written-off against accounts with ECL, including the net asset written-off for any debt sale activity.

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets €m	ECL €m						
NWM N.V. Group								
At 1 January 2025	10,817	5	114	2	34	1	10,965	8
Currency translation and other adjustments	(38)	(1)	1	-	(1)	-	(38)	(1)
Transfers from Stage 1 to Stage 2	(214)	(1)	214	1	-	-	-	-
Transfers from Stage 2 to Stage 1	144	2	(144)	(2)	-	-	-	-
Net re-measurement of ECL on stage transfer		(1)		4		-		3
Changes in risk parameters		1		-		(1)		-
Other changes in net exposure	1,252	3	(28)	(1)	(32)	1	1,192	3
Income statement charges		3		2		-		5
Amounts written-off	-	-	-	-	(1)	(1)	(1)	(1)
At 31 December 2025	11,961	8	157	4	-	-	12,118	12
Net carrying amount	11,953		153		-		12,106	
At 1 January 2024	13,731	8	143	2	-	-	13,874	10
2024 movements	(2,914)	(3)	(29)	-	-	-	(2,943)	(3)
At 31 December 2024	10,817	5	114	2	34	1	10,965	8
Net carrying amount	10,812		112		33		10,957	

Credit risk – Banking activities continued

Stage 2 decomposition by a significant increase in credit risk trigger

The tables below show Stage 2 decomposition for the portfolio.

2025	Corporate & other		Financial institutions		Total	
	Loans	ECL	Loans	ECL	Loans	ECL
	€m	€m	€m	€m	€m	€m
Non-Personal						
Currently <=30 DPD	82	4	39	-	121	4
- PD deterioration	76	4	39	-	115	4
- Other driver (adverse credit, forbearance etc)	6	-	-	-	6	-
Total Stage 2	82	4	39	-	121	4

2024	Corporate & other		Financial institutions		Total	
	Loans	ECL	Loans	ECL	Loans	ECL
	€m	€m	€m	€m	€m	€m
Non-Personal						
Currently up-to-date	65	2	53	-	118	2
- PD deterioration	60	2	53	-	113	2
- Other driver (adverse credit, forbearance etc)	5	-	-	-	5	-
Total Stage 2	65	2	53	-	118	2

- Active risk mitigation resulted in a limited increase in ECL overall with the majority of assets remaining in Stage 1. Movements from Stage 1 into Stage 2 were largely offset by improvements in Stage 2 assets and corresponding movements from Stage 2 into Stage 1.
- Stage 3 assets were fully cleared through disposals and were related to a single asset.
- The days past due assets are technical in nature and are not expected to result in credit losses.

Climate and nature risk

Definition

Climate and nature risk⁽¹⁾ is the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss respectively and the political, economic and environmental responses to it.

Sources of risk

Physical risks may arise from climate events such as heatwaves, droughts, floods, storms and nature-related events such as land or air pollution. They can potentially result in financial losses, impairing asset values and the creditworthiness of borrowers. NWM N.V. Group could be exposed to physical risks directly by the effects on its operational infrastructure and, indirectly, by the impacts on the wider economy as well as on the property, business interests and supply chains of its customers.

Transition risks may arise from the process of adjustment towards a low-carbon, nature restored economy. Changes in policy, technology and sentiment could prompt reassessment of customers' financial risk and may lead to falls in the value of a large range of assets. NWM N.V. Group could be exposed to transition risks directly through the costs of adaptation of its own operations as well as supply chain disruption leading to financial impacts. Potential indirect effects include the impact on the wider economy, including on customers, which may erode NWM N.V. Group's competitiveness and profitability, as well as threaten reputational damage.

Liability risks may arise should stakeholders consider NWM N.V. Group's climate and nature risk management practices and disclosures insufficient, and responsible for or attributable to, stakeholders' losses.

On the other hand, liability risks may also arise where some jurisdictions believe financial institutions have taken their sustainability-related initiatives too far, with some imposing sanctions in these circumstances. This includes diverging regulatory and political expectations across jurisdictions in which NWM N.V. Group operates.

Climate risk has been included in the NatWest Group risk directory since 2021. In 2024, NatWest Group broadened the definition to climate and nature risk and updated its internal risk policy to reflect this. NatWest Group (including NWM N.V. Group) are in the early stages of embedding nature into its risk management processes.

Climate and nature risk is both a principal risk within NatWest Group's (including NWM N.V. Group's) EWRMF and a cross-cutting risk which impacts other principal risks. Accordingly, NWM Group (including NWM N.V. Group) periodically refreshes its assessment of the impact of climate-related risk factors to other principal risks, where NWM N.V. Group's exposure to a principal risk could be taken outside of appetite due to climate-related risk factors. In identifying climate-related risks and opportunities to NWM N.V. Group, the period in which each is likely to occur was assessed. Risks and opportunities deemed material to the five-year financial planning cycle were viewed as short-term. Long-term was defined as beyond 15 years, while medium-term was defined as within the next five to 15 years.

The outcome of the latest assessments of the impacts of climate-related risk factors to other principal risks is included in the table that follows. All principal risks in the table were identified as potentially the most impacted by climate risk, over short, medium and long-term horizons, noting these risks could amplify capital and liquidity risks themselves.

Risk type	Risks to NWM N.V. Group	Drivers	Identification, assessment and measurement
Credit risk	From the adverse impact on future credit worthiness of customers due to climate change risk factors impacting asset valuation, income and costs, for example, from water stress events. Mitigants include the inclusion of climate considerations in sector strategy within the various portfolios relevant to NWM N.V. Group.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis Portfolio level assessments Transaction level assessments
Traded market risk	Risk of losses on trading book positions driven by underlying climate risk factors affecting macro or company specific market prices. Mitigants include stress testing and portfolio reviews.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis
Operational risk	Due to the increased likelihood and potential impact of business disruption arising from new and changing policy standards. Mitigants include resilience and external reporting governance.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis Transaction level assessments
Compliance risk	NatWest Group (including NWM N.V. Group) is required to comply with all applicable climate-related legal and regulatory obligations. Mitigants include relevant horizon scanning.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Transaction level assessments
Conduct risk	Due to poor customer outcomes arising from the impacts of climate change. Mitigants include additional checks on sustainability claims and applying product flaw controls.	Transition: government policy and legislation, market, technology, reputation Liability: greenwashing	Scenario analysis Transaction level assessments
Reputational risk	Arising from NatWest Group's (including NWM N.V. Group's) actual or perceived contribution to climate change, or from the adequacy of our actions in response. Mitigants include the Environmental, Social & Ethical (ESE) risk framework ⁽²⁾ .	Transition: government policy and legislation, market, technology Liability: greenwashing	Portfolio level assessments Transaction level assessments

Climate and nature risk continued

Key developments in 2025

The effective management of climate and nature risk requires the integration of climate and nature-related risk drivers into strategic planning, transactions and decision-making. The approach has evolved since 2021 alongside NatWest Group's (including NWM N.V. Group's) ongoing, multi-year progressive pathway to mature climate risk management capabilities. NWM N.V. Group's capability to manage climate risks is more mature than its capability to manage nature-related risks.

- NatWest Group (including NWM N.V. Group) continued to enhance its in-house climate risk modelling capabilities, supporting the ongoing integration of climate risk within its capital adequacy (ICAAP), impairment (IFRS 9) and risk management processes. Insights from risk processes have been shared with sector and front-line teams to support the financial budget and climate transition plan processes. In particular, internal physical risk modelling capabilities have been developed during 2025 with further enhancements to come in 2026.
- NatWest Group (including NWM N.V. Group) continued its roll-out of Climate Decisioning Framework (CDF) tools. These comprise climate risk scorecards and climate transition plan assessment tools. The roll-out continues on a test-and-learn basis and initial use cases were introduced where we identify higher-risk transactions for enhanced oversight or escalated approval processes.
- Building on first-generation testing of the Environmental Decisioning Framework (EDF) in 2024, the 2025 testing scope was extended to include large corporate customers across the EU and UK, supporting further refinement of the framework.
- NWM N.V. Group completed its 2025 Climate and Environmental (C&E) risk materiality assessment, applying a structured framework across sector, counterparty, and sovereign exposures.
- In 2025 NWM N.V. Group continued to work on embedding environmental risks into its stress testing framework. A water scarcity stress test was conducted to assess its credit exposure to sectors identified as water-vulnerable.

Governance

Risk governance for climate and nature risk is in line with the approach outlined in the Risk management framework section.

- Board responsibilities – The NWM N.V. Supervisory Board oversees the delivery against the agreed strategy and objectives of NWM N.V. Group, including tracking progress against NatWest Group's ambitions and targets, and approves the risk appetite of NWM N.V. Group.
- Risk oversight – The NWM N.V. Board Risk Committee oversees NWM N.V. Group's risk management, including its progress towards meeting legal and regulatory expectations over climate and environmental matters. The NWM N.V. Managing Board and broader governance framework support the assessment and management of climate and environmental risks and opportunities across NWM N.V. Group.

Risk appetite

Risk appetite for climate and nature risk is in line with the approach outlined in the Risk management framework section on pages 14 to 15.

Work continued in 2025 to mature NWM N.V. Group's climate-related risk management capabilities, while building out nature-related awareness. NWM N.V. Group has an operational limit and a suite of key risk indicators. These measures provide management with information, including balance sheet exposure to heightened climate risk sectors, financed and facilitated emissions, and liquidity exposure to corporate sectors which are vulnerable to environmental and climate risk factors.

Identification, assessment and measurement

NatWest Group (including NWM N.V. Group) continues to enhance its processes to effectively measure the potential size and scope of climate-related risks, through the three approaches detailed below. The approach to nature-related risks is not as mature as the approach to climate-related risks. As methodologies, data and regulatory expectations for nature-related risks continue to evolve, management currently treats nature-related assessments as exploratory and directional, and they do not yet form a direct input into capital allocation or risk appetite calibration.

Scenario analysis

NatWest Group (including NWM N.V. Group) focused on continuing to develop the capabilities to use scenario analysis to identify the most material climate risks for its customers, seeking to harness insights to inform risk management practices and support decision making.

Scenario analysis allows NatWest Group (including NWM N.V. Group) to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present. The purpose of scenario analysis is not to forecast the future but to understand and prepare to manage risks that could arise.

NatWest Group (including NWM N.V. Group) recognises a number of potential key use cases for climate scenario analysis, including, but not restricted to, the following:

- Regulatory stress testing requirements.
- Portfolio management.
- Strategic decision-making, capital adequacy and provisioning.

Specific internal-run exercises in 2025 included:

- A credit-risk focused exercise covering both physical and transition risk scenarios for the Commercial & Institutional portfolio.
- A non-financial risk scenario for climate focused on external communications which could omit or contain incorrect information, resulting in an inaccurate representation of NatWest Group (including NWM N.V. Group) activities.
- A traded market risk scenario where stress testing applies delayed transition assumptions to shock credit spreads with macroeconomic overlays, impacting the trading book and monitored on a quarterly basis.
- An environmental water stress scenario to assess credit risk impacts under a severe drought in Western Europe, focusing on water-vulnerable sectors. The scenario was selected based on materiality and data availability. The analysis leveraged internal data and external benchmarks, supported by expert feedback to refine assumptions and improve accuracy.

Credit and non-financial risk scenario analysis exercises for climate were also run in 2024.

There are various challenges with quantitative climate scenario analysis. These risks and uncertainties, coupled with significantly long timeframes, make the outputs of climate-related risk modelling with respect to the potential use cases identified inherently more uncertain than outputs modelled for traditional financial planning cycles based on historical financial information. Recognising these challenges, qualitative work focused on the cascading and compounding consequences of climate and nature breakdown (for example, lower growth, higher inflation, societal and political uncertainty) continues to be developed and assessed under the emerging threats framework.

Climate and nature risk continued

Key limitations of the water stress scenario include limited availability of water consumption data, challenges with capturing corporate responses to water stress – such as facility drawdowns – as well as compounding environmental factors. While the approach was tactical and limited to a single time horizon, the exercise provided valuable insights that will inform methodological enhancements and support integration into broader risk management processes.

Portfolio level assessment

NatWest Group (including NWM N.V. Group) uses a number of tools to undertake portfolio level assessments including stress analysis in operational limits in credit risk, stress analysis in market risk and heightened climate-related risk sector assessment in credit risk. The latter refreshed annually seeks to identify sectors that are likely to see increased credit risks for NWM N.V. Group because of climate-related factors, over a 10 to 15-year horizon.

NWM N.V. Group completed its 2025 C&E risk materiality assessment, applying a structured framework across sector, counterparty, and sovereign exposures. The assessment integrated both physical and transition risk drivers and confirmed that C&E risks remain relevant for credit risk management, with high-materiality sectors identified for further targeted analysis.

Liquidity risk stress testing

Within NWM N.V. Group climate and environmental risk drivers are included in the 2025 Internal Liquidity Adequacy Assessment Process (ILAAP), including an internal liquidity scenario in the form of major environmental disruption in the UK and northern Europe. For 2025, the outputs from this scenario were not the most severe within the suite of scenarios, so although included in the framework, did not directly impact the internal stress testing results. Two climate-related internal reverse stress testing scenarios are also included in the ILAAP, one covering physical risks arising from flooding in the Netherlands and one covering transition risks arising from the earlier than planned adoption of stricter emission standards.

Transaction level assessment

Assessments are undertaken to consider any potential greenwashing risk within NWM Group's (including NWM N.V. Group's) marketing and communications.

The NatWest Group Supplier Code of Best Practice encourages NatWest Group (including NWM N.V. Group's) suppliers to undertake sustainability assessments to evaluate supplier sustainability performance.

NatWest Group (including NWM N.V. Group) continues to use its CDF tools to engage with its customers to understand their climate transition journeys and how they are managing the climate-related risk for their business. In 2025, NatWest Group (including NWM N.V. Group) continued to roll-out CDF on a test-and-learn basis adding coverage of insurance and other financial institutions' customers.

Enhancements were also made to the large corporates assessment to increase the granularity of sector and country-specific questions, for example, questions which assess how much of NatWest Group's (including NWM N.V. Group's) customer's business activities are EU taxonomy aligned. This phased test-and-learn approach continues to build internal capability among first and second-line colleagues, and foster a culture where climate risk is embedded into the existing credit journey.

Recognising the complexity of the energy transition, NatWest Group (including NWM N.V. Group) conducted an energy system review during 2025 to ensure the strategy reflects the interconnected risks and opportunities across the energy value chain as the economy transitions toward net zero. The energy system review considered the systemic nature of the energy transition which anticipates further growth in renewables, the important yet declining role of oil and gas, significant infrastructure investment and demand-side electrification. Reflecting the outcome of the energy system review, NatWest Group (including NWM N.V. Group) has established a new E&S Energy Supply Sector Risk Acceptance Criteria.

Within NWM N.V. Group, the EDF enables engagement with customers on physical and transition environmental-related (including nature-related) risks across the large corporate portfolio. Like CDF, EDF enables structured conversations with customers using quantitative information. Following first-generation testing on a small number of counterparties in 2024, testing scope was expanded in 2025 to include large corporate customers (both in the EU and UK) to inform further refinement of the framework.

Client onboarding process in NWM N.V. Group incorporates a C&E assessment, addressing risks not covered by existing frameworks such as CDF, EDF, or Environmental, Social and Ethical (ESE) risk framework. This assessment is performed at the outset of the client relationship to inform counterparty risk classification and is revisited as needed based on that classification.

Mitigation

NatWest Group (including NWM N.V. Group) manages and mitigates climate-related risk through:

- Top-down portfolio assessments, including incorporating climate factors in the overall sector strategy, updating the environmental, social and ethical risk acceptance criteria in response to potential climate-related risks and applying climate-enhanced transaction acceptance standards.
- Bottom-up customer assessments, including the use of the CDF tool to provide a consistent and structured approach for understanding customer-specific exposure to climate-related risks and identify higher risk transactions for enhanced oversight or escalated approval processes.

Impact of NWM N.V. Group business activities on climate change

NWM N.V. Group identified emissions resulting from its business activities to include:

- Emissions attributable to the trading book (Scope 3).
- Emissions related to financing activities – financed⁽³⁾ and facilitated emissions (Scope 3).
- Emissions from NWM N.V. Group's own operations, which is reported at the consolidated NatWest Group level (Scope 1, 2 and 3)⁽³⁾.

Trading book

At present, the scale of the carbon emissions associated with the trading book is uncertain given that trading book positions typically have shorter holding horizons and are more dynamic than those in the banking book. This continues to be an industry-wide challenge with no agreed approach on quantification of trading book related emissions.

Financing activities

Financed emissions – lending and investments⁽³⁾

Given the smaller size of the banking book relative to NWM N.V. Group's underwriting activities and trading book, financed emissions currently play a limited role within NWM N.V. Group. NatWest Group reports financed emissions at a consolidated group level including NWM N.V. Group.

Climate and nature risk continued

Estimate of facilitated emissions on bond underwriting and syndicated lending

Banks play a key role as facilitators between issuers and investors, and borrowers and lenders, by offering and conducting financial intermediation activities, critical to the functioning of capital markets.

Facilitation activities differ from on-balance sheet lending financed emissions in two respects. They are off-balance sheet (representing services rather than financing) and they can take the form of a flow activity (temporary association with transactions) rather than a stock activity (recorded on the balance sheet). NWM N.V. Group calculates facilitated emissions based on the annual transaction volume. This reflects the transactional nature of capital markets activities and the period in which banks generate revenue from them.

Facilitated emissions arising from capital markets activity, specifically bond underwriting and syndicated lending, are inherently volatile, being dependent on client mandates and deal flow, which can fluctuate significantly year on year. This limits the comparability of emissions over time and poses challenges for setting consistent, forward-looking targets. While NWM N.V. Group acknowledges the importance of these emissions in understanding our climate-related risks and opportunities, NWM N.V. Group has not set quantitative targets for this activity. The focus remains on succeeding with customers and supporting the real economy's transition towards net zero through the launch of the climate and transition finance framework⁽⁸⁾. Additionally, NWM Group (including NWM N.V. Group) is aiming to improve its data to enable more robust measurement and disclosure of facilitated emissions in line with evolving methodologies and applicable sustainability disclosure standards.

NWM Group (including NWM N.V. Group) followed the PCAF Part B Global Greenhouse Gas Accounting and Reporting Standard for Facilitated Emissions to define an issuer as an organisation that issues debt or equity capital markets instruments^(4,7,10). We also included green bond, green loan syndication^(6,8) and the role of co-manager⁽⁹⁾ in the estimation of facilitated emissions.

NWM N.V. Group absolute estimated customer Scope 1 and Scope 2 facilitated emissions for capital markets activities includes:

- Capital markets bond underwriting activities of €12.9 billion. This constituted 40% of NWM N.V. Group's capital markets bond underwriting. Securitisations, Sovereigns, Supranationals and Agencies, are out of scope for PCAF^(4,5).
- Capital markets syndicated lending activities^(10,11) of €0.2 billion.

NWM N.V. Group absolute Scope 1 and Scope 2 facilitated emissions weighted at 33%, were 0.18 MtCO₂e for 2025 (2024: 0.48 MtCO₂e).

It is important to note that the absolute amounts presented are estimates and may be subject to change given shifting baselines year-on-year and evolving PCAF guidance⁽¹³⁾.

The table below shows NWM N.V. Group's estimated facilitated emissions from bond underwriting and syndicated lending activities in 2025 and 2024, as attributed to NWM N.V. Group and split between conventional and green issuance or syndicated lending, where applicable^(6,8,14): Estimated facilitated emissions, captured within Financial Institutions, can include emissions associated with underlying company activity.

- For power utilities, NWM N.V. Group attributable bond underwriting and syndicated lending decreased by 20% between 2024 and 2025. Of the estimated facilitated emissions arising from attributable bond underwriting and syndicated lending, 89% was green^(6,8).
- Total attributable bond underwriting and syndicated lending for building materials increased in 2025, constituting 6% of estimated facilitated emissions.
- Estimated facilitated emissions for airlines and aerospace decreased between 2024 and 2025 by 100%.
- Oil and gas represented 1% of the total NWM N.V. Group attributable bond underwriting and syndicated lending and constitutes 6% of the facilitated emissions in 2025.

Sector	2025						2024		
	Attributable bond underwriting and syndicated lending		Facilitated emissions from bond underwriting and syndicated lending (33% weighting) MtCO ₂ e				Attributable bond underwriting and syndicated lending		Facilitated emissions
			MtCO ₂ e	Sector % of total emissions	Green % of sector emissions	PCAF data quality score			
	€m	%					€m	%	
Power utilities	2,334	18%	0.13	72%	89%	2.1	3,010	15%	0.35
Building materials	185	2%	0.01	6%	-	2.0	0	-	-
Airlines and aerospace	277	2%	-	-	-	3.4	580	3%	0.05
Chemicals	100	1%	-	-	-	2.0	422	2%	0.01
Leisure	99	1%	-	-	-	2.0	200	1%	-
Oil and gas	150	1%	0.01	6%	-	2.0	-	-	-
Land transport and logistics	640	5%	0.01	6%	11%	2.3	605	3%	0.02
Retail	284	2%	-	-	-	2.0	1,865	10%	0.01
Water and waste	114	1%	-	-	-	2.0	-	-	-
Manufacturing	83	1%	-	-	-	2.0	345	2%	-
Financial institutions	6,998	53%	-	-	-	2.6	9,422	48%	-
Automotive	638	5%	0.01	5%	-	2.0	1,093	6%	-
Commercial real estate	-	-	-	-	-	-	230	1%	-
Other ⁽¹²⁾	1,153	8%	0.01	5%	9%	3.1	1,835	9%	0.04
Total	13,055	100%	0.18	100%		2.5	19,607	100%	0.48

Climate and nature risk continued

NWM N.V. Group uses NWM Group's methodology for estimation:

- NWM Group shows the breakdown of conventional versus green bonds and loans to highlight the expected difference of facilitated emissions associated with the conventional versus green activities but does not distinguish these from conventional transactions or apply lower emissions^(6,8).
- For syndicated lending, NWM Group included the roles of active and passive underwriting and active best efforts, the role of coordination is not in scope by PCAF^(4,10,11).
- In 2025, NWM Group continued to review the methodology for estimating facilitated emissions and updated the scope for syndicated lending to exclude passive best-efforts roles, ensuring only active facilitation is reflected. This change represents scope refinements rather than changes in underlying performance or the source of data.
- In line with the PCAF Facilitated Emissions Standard⁽⁴⁾, NWM Group allocated transactions based on actual volume facilitated where available; for remaining positions transaction volume was apportioned equally among bookrunners/arrangers.
- In line with the PCAF published standard⁽⁴⁾, to estimate greenhouse gas emissions, NWM Group sourced customer-level emissions data, where possible. If customer-level data was unavailable, emissions estimates (PCAF 4) or emission sector averages (PCAF 5) were used for emission intensities from 2024 and applied against 2025 volumes⁽¹³⁾.
- PCAF recommends that Scope 3 emissions for all sectors are disclosed in climate reporting from the beginning of 2025. NWM Group continues to review Scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.
- PCAF scores are categorised between 1-5. PCAF scores of 1 or 2 are typically considered to have a higher degree of confidence in the estimation of facilitated emissions, as these are directly sourced from reports published by the customer. A PCAF score of 5 is typically considered to have a lower degree of confidence, as these are estimated by the reporting entity. The PCAF data quality score is based on the PCAF approach taken to estimate Scope 1 and Scope 2 emissions within a given sector. Where estimation methodologies differ between Scope 1 and Scope 2, NWM Group use the least favourable of a customers' PCAF scores in the weighted average calculation.

- (1) Nature elements apply to EU legal entities subject to ECB prudential regulation, i.e. NWM N.V. Group and will underpin the maturing approach to nature-related risks beyond climate change. NWM N.V. Group use the terms 'nature' and 'environment' interchangeably in recognition of both the NatWest Group climate and nature policy and also ECB terminology.
- (2) From 1 January 2026, NatWest Group updated the name of the ESE Risk Framework to the Environmental & Social Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements.
- (3) NatWest Group reports emissions at a consolidated group level. NWM Group own operations and financed emissions are therefore subsumed into NatWest Group's estimation of own operational footprint and estimated financed emissions for the consolidated group.
- (4) <https://carbonaccountingfinancials.com/files/PCAF-PartB-Facilitated-Emissions-Standard-Dec2023.pdf>.
- (5) NatWest Group's own bond issuances are not included within estimates of facilitated emissions.
- (6) Green bonds and loans are excluded in PCAF's facilitated emissions guidance⁽⁴⁾. While these instruments are expected to have lower emissions intensity, there is currently no agreed method to quantify their emissions. NWM Group treat Sustainability linked and sustainable bond and loan activities as conventional for the purpose of estimating and reporting on facilitated emissions
- (7) The PCAF standard⁽⁴⁾ does not currently outline an estimation approach for short-term assets (such as commercial papers), as such these products are currently excluded from the facilitated emissions estimation.
- (8) NatWest Group 2024 Climate and sustainable funding and financing inclusion criteria was used to determine the assets, activities and companies eligible for inclusion up to 30 June 2025. From 1 July 2025, the NatWest Group climate and transition finance framework was used. Both frameworks are available at Natwestgroup.com
- (9) Co-managers are not captured by the PCAF standard. Our inclusion aligns with NatWest Group's climate and sustainable funding and financing inclusion criteria⁽⁸⁾, and climate and transition finance framework⁽⁹⁾, as well as the PCAF Standard's guidance relating to greenhouse gas (GHG) accounting and its recommendations to adopt a 'follow the money' approach.
- (10) A syndicated loan transaction is defined as a loan made available by two or more providers under a common loan agreement and ranking credit is assigned upon signature of the loan documentation. Where a financial institution provides an underwriting facility that puts the institution's capital at risk, this should be treated separately from the role they provide in arranging and facilitating an issuance⁽⁴⁾.
- (11) The syndicated loan market is a private market with no requirement for banks to report collectively into third-party league tables. NWM Group identified relevant loan markets volumes based upon an internal scope and methodology with an aim to align to guidance from PCAF issued in December 2024⁽⁴⁾. The numbers reported are therefore presented on a best endeavours basis and are subject to change as guidance develops.
- (12) Other consists of technology, media & telecommunications of €755 million and emissions of 0.00 MtCO₂e (2024 €797 million and 0.00 MtCO₂e respectively).
- (13) NWM Group aims to estimate facilitated emissions using the latest data available, recognising there may be a lag between the availability of emissions data and the date of record for reporting. As a consequence of this lag, more recent changes in a counterparty's activities may not be reflected in the estimate of facilitated emissions. NWM Group continues to refine its estimates as NWM Group enhances its understanding, calculation methodologies and data. Also, methodologies to calculate emissions for certain sectors are still under development. Based on these limitations, NWM Group expects its estimates to change as NWM Group improves the granularity and coverage of customer climate data and develop methodologies further.
- (14) The table should be read in conjunction with the NWM Group Climate and sustainability risk factors included on pages 143 to 146 and Forward-looking statements on page 147.

Operational risk

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.

Sources of risk

Operational risk may arise from a failure to manage operations, systems, processes, transactions, and assets appropriately. This includes human error, an inability to deliver change adequately or on time, the non-availability of technology services, or the loss of customer data. It also includes systems failure, theft of NatWest Group property, information loss, the impact of natural or man-made disasters and the threat of cyberattacks. Operational risk can also arise from a failure to account for changes in law or regulations or to take appropriate measures to protect assets.

Key developments in 2025

- The enhanced risk and control self-assessment approach was refined further with a focus on material operational risks and controls across the key end-to-end processes.
- The use of automated data-led insights was embedded to oversee the operational risk profile and manage it within appetite.
- Improvements to technology end of life risk management were implemented to mitigate associated technology and cyber risks.
- AI tools have been introduced to support the articulation and adequacy of controls including generative AI chat bots to support the embedding of frameworks and to help with horizon scanning.
- Compliance with UK and EU operational resilience regulatory requirements continues to be maintained, with further embedding and improvements of EU Digital Operational Resilience Act requirements to support oversight on outsourced services and uplifting of third party contracts.
- Embedding and enhancement of operational resilience with increasingly severe, complex, and prolonged scenario tests for cyber, third-party, and significant IT failure risks as a benefit and outcome of the effective risk management of a wide range of interconnected operational risks.
- Threat horizon scanning and vulnerability management processes were enhanced to support risk identification, scenario testing and the prioritisation of risk mitigation activities.

Governance

Risk governance for operational risk is in line with the approach outlined in the Risk management framework section and are consistent with achieving safety, soundness and sustainable risk outcomes. Aligned to this, a strong operational risk management function is vital to support NWM N.V. Group's ambitions to serve its customers better. Improved management of operational risk against defined risk appetite is vital for stability and reputational integrity.

To support ongoing oversight of the management of the operational risk profile, a NatWest Group Executive Steering Committee is in place. This forum ensures all material operational risks are monitored and managed within appetite, across NWM N.V. Group.

Risk appetite

Risk appetite for operational risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for operational risk is in line with the approach outlined in the Risk management framework section.

Mitigation

Mitigation for operational risk is in line with the approach outlined in the Risk management framework section.

Operational risks are mitigated by applying preventative and detective controls which are assessed on adequacy and effectiveness through risk and control self-assessment process on a regular basis to determine risk exposure. Mitigation is prioritized using risk-based approach considering risk appetite.

Operational resilience and cybersecurity

NatWest Group maintains a robust approach to operational resilience through comprehensive, Group-wide processes. These include regular scenario tests that simulate increasingly severe and sophisticated disruption events. In 2025, as part of NatWest Group's operational resilience strategy, severe but plausible disruption scenario tests were undertaken and encompassed cyber threats, third-party risks, and significant IT failures confirming the preparedness and effectiveness of NatWest Group's operational resilience strategies, and plans including third party arrangements in the event of severe but plausible disruptions.

This rigorous approach was underpinned with the enhancement, ongoing monitoring, and transparent reporting of key risk indicators and performance metrics for important business services. In Q1 2025, the NatWest Group operational resilience annual self-assessment confirmed its approach to enhancing and strengthening operational resilience to meet the UK regulatory requirements for operational resilience, within defined timeframes. NWM N.V. Group continue to embed EU requirements, with its annual self-assessment scheduled for 2026.

By meeting the 2025 compliance deadlines for these critical regulatory frameworks, NWM N.V. Group demonstrated the strength and reliability of its systems and controls. This enables effective risk management, minimises potential disruptions, and safeguards both customers and the wider financial system. These efforts reinforce NWM N.V. Group commitment to building trust and stability within financial services.

NWM N.V. Group recognises and continues to prioritise operational resilience as an outcome and benefit of the effective management of a range of interconnected operational risks, ensuring NWM N.V. Group continues to meet regulatory expectations for its operational resilience with continued involvement in a number of industry-wide operational resilience forums.

This engagement provides valuable cross-sector perspective on the evolving operational resilience risk landscape and supports NatWest Group's ability to adapt to ongoing innovation and change, both internally and across the financial services sector.

Operational risk continued

NatWest Group operates layered security controls and its architecture is designed to provide inherent protection against threats. This approach avoids reliance on any one type or method of security control. Minimum security control requirements are set out in key risk policies, standards, processes and procedures.

Throughout 2025, NatWest Group continued to monitor and manage the threat landscape focusing on:

- Initial access brokers (cyber criminals who specialise in breaching organisations then selling the access to other threat actors), ransomware gangs and, in light of ongoing geopolitical tensions, nation states.
- Innovations in technology, assessing the inherent risk and developing appropriate responses to manage any associated risks. Artificial Intelligence, Quantum Computing and Cloud Adoption have been areas of focus in 2025.

As cyberattacks evolve, NatWest Group continues to invest in additional capability designed to defend against emerging risks.

NWM N.V. Group set out its appetite in respect of resilience through the Business Resilience, IT Resilience and Incident Management policy standards and associated controls. These policy standards have now been replaced by a single Operational Resilience Risk Standard, which details the current control requirements. These control requirements support compliance with regulatory policy and support the ongoing provision of the services to our customers during business as usual and at the time of a disruptive event.

Cybersecurity risk management processes

Our cybersecurity risk management forms an integral part of NatWest Group's overall EWRMF that is designed around a three lines of defence model. Specifically, management of cybersecurity risk is a subset of the NatWest Group's wider operational risk management. To support our cybersecurity risk management, NatWest Group has a cybersecurity Board level risk appetite measure and policies. These policies are reviewed at least annually and benchmarked against industry best practice standards, including the "Information Security Forum: Standard Of Good Practice" (ISF: SOGP), and relevant publications by competent authorities such as the National Cyber Security Centre, to help us identify and remediate any gaps in our controls and procedures. In addition, NWM N.V. Group has a number of legal entity specific cybersecurity operational limits which inform internal risk monitoring.

Our cybersecurity risk management framework is designed to mitigate the impact of cybersecurity threats and incidents. The framework also includes a structured approach for identifying and managing both internal cybersecurity incidents and external incidents impacting our third-party suppliers.

Cybersecurity threats for 2025

NatWest Group is continuously exposed to cybersecurity threats across its business and supply chain, which are closely monitored by NatWest Group. In the year ended 31 December 2025, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect NatWest Group. However, given the nature of cybersecurity threats, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. For more information about these risks, please see "Risk Factors – NatWest Group is subject to increasingly sophisticated and frequent cyberattacks." in this annual report.

Board cybersecurity risk oversight

The NatWest Group Board ensures there is a framework of prudent and effective controls which enables risks – including information and cybersecurity risk – to be assessed and managed.

NatWest Group's first line of defence is responsible for setting NatWest Group's information and cybersecurity risk management strategy, including: delivering effective and efficient cybersecurity products, policies and services and identifying, considering and assessing material cybersecurity threats on an ongoing basis.

Event and loss data management

The operational risk event and loss data management process ensures NWM N.V. Group captures and records operational risk financial and non-financial impacts that meet defined criteria. Loss data is used for regulatory and industry reporting and is included in capital modelling when calculating economic capital for operational risk. The most serious events are escalated in a simple, standardised process to all senior management, by way of an early event escalation process. NWM N.V. Group has not experienced a cybersecurity breach or associated material loss in the last three years.

All financial impacts and recoveries associated with an operational risk event are reported against the date they were recorded in NatWest Group's financial accounts. A single event can result in multiple losses (or recoveries) that may take time to crystallise. Losses and recoveries with a financial accounting date in 2025 may relate to events that occurred, or were identified in, prior years. NatWest Group purchases insurance, against specific losses, including cyberattacks, and to comply with statutory or contractual requirements.

Compliance and conduct risk

Definition

Compliance risk is the risk that NWM N.V. Group fails to observe the letter and spirit of all relevant laws, codes, rules, regulations and standards of good market practice.

Conduct risk is the risk of inappropriate behaviour towards customers, or in the markets in which NWM N.V. Group operates, which leads to poor or inappropriate customer outcomes, and/or undermines market integrity.

The consequences of failing to meet compliance and/or conduct responsibilities can be significant and could result, for example, in legal action, regulatory enforcement, material financial loss and/or reputational damage.

Sources of risk

Compliance and conduct risk exist across all stages of NWM N.V. Group's relationships with its customers and arise from a variety of activities including product design, marketing and sales, complaint handling, and handling of confidential and inside information.

Key developments in 2025

- As part of the Non-Financial Risk Enhancement Programme, NatWest Group reviewed the compliance and conduct framework against the Operational Riskdata eXchange Association (ORX) regulatory compliance and conduct risk taxonomy. This industry-standard taxonomy informed proposals for the annual risk directory refresh, including new level 2 risks and a consolidation of conduct and regulatory compliance risks into a single 'regulatory compliance risk' from 2026. These changes will enhance risk coverage, strengthen integration with the EWRMF, and align more closely with industry practice.
- NWM N.V. Group is also evaluating alternative rules mapping approaches, including a regulatory traceability model. This will simplify governance, reduce complexity, and improve consistency, while ensuring our framework remains resilient and future-ready.
- On 4 September 2025, the U.S. Court of Appeal approved an amendment of the plea agreement and formally terminated the Monitorship (extended oversight) of NatWest Markets Plc. This is a result of the notable progress made in strengthening our global compliance programme, improvements in internal controls and remediation, and the status of the implementation of the Monitor's recommendations. NWM Plc's obligations under the plea agreement and probation have been extended until December 2026. Going forward, NWM Plc will report progress on the compliance programme to the US Department of Justice (DoJ) directly.

Governance

NWM N.V. defines appropriate standards of compliance and conduct and ensures adherence to those standards through its risk management framework.

To support ongoing oversight of the management of the compliance and conduct risk profile there are a number of committees in place across both the first and second line of defence. Relevant compliance and conduct matters that have an impact on NWM N.V. Group are escalated to the Management Risk Committee and to the Managing Board.

Risk appetite

Risk appetite for compliance and conduct risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for compliance and conduct risks are in line with the approach outlined in the Risk management framework section.

Mitigation

Mitigation for compliance and conduct risk is in line with the approach outlined in the Risk management framework section.

Activity to mitigate the most material compliance and conduct risks is carried out across NWM N.V. Group with specific areas of focus in the customer-facing businesses and legal entities. Examples of mitigation include consideration of customer needs in business and product planning, targeted training, conflicts of interest management, market conduct surveillance, complaints management, mapping of priority regulatory requirements and independent monitoring activity. Internal policies help support a strong customer focus across NWM N.V. Group.

Financial crime risk

Definition

Financial crime risk is the risk that NWM N.V. Group's products, services, employees and/or third parties are intentionally or unintentionally used to facilitate financial crime in the form of money laundering, terrorist financing, bribery and corruption, sanctions and tax evasion, as well as external or internal fraud.

Sources of risk

Financial crime risk may be present if NWM N.V. Group's customers, employees or third parties undertake or facilitate financial crime, or if NWM N.V. Group's products or services are used intentionally or unintentionally to facilitate such crime. Financial crime risk is an inherent risk across all lines of business.

Key developments in 2025

- During 2025, a self-identified data issue impacting the Transaction Monitoring control continued to be assessed through four workstreams, that work continues to be conducted and will continue into 2026. Regulatory authorities, including the FCA and DNB have been advised of the issue and receive regular update reports.
- The European Union is advancing toward a harmonised framework for anti-money laundering and countering the financing of terrorism (AML/CFT) through the establishment of a Single Rulebook. This legislative package aims to eliminate fragmentation across Member States, enhance supervisory consistency, and strengthen the EU's resilience against financial crime. NWM N.V. Group is working on reviewing the regulatory changes and assessing how to implement into the policy framework.

Governance

Risk governance for financial crime risk is in line with the approach outlined in the Risk management framework section.

NWM N.V. Group is represented on the Financial Crime Risk Committee (FCRC), which is chaired by NWM Global Head of Financial Crime and is NWM Group's principal financial crime risk management forum. The committee reviews and, where appropriate, escalates material financial crime risks and issues across NWM Group to the NWM Executive Risk Committee and NWM Board Risk Committee.

Additionally, NWM Group – including NWM N.V. Group – is represented on NatWest Group's Financial Crime Executive Steering Group, which oversees financial crime risk management, operational performance, and transformation matters across NatWest Group. Financial Crime Risk is a fixed agenda item for the NWM N.V. Group Management Risk Committee and is regularly discussed by the NWM N.V. Group Managing Board, Board Risk Committee and Supervisory Board.

Risk appetite

Risk appetite for financial crime risk is in line with the approach outlined in the Risk management framework section.

There is no appetite to operate in an environment where systems and controls do not enable the effective identification, assessment, monitoring, management and mitigation of financial crime risk. NWM N.V. Group's subsidiary legal entities systems and controls must be comprehensive and proportionate to the nature, scale and complexity of its businesses

Measurement and monitoring

Measurement and monitoring for financial crime risk is in line with the approach outlined in the Risk management framework section.

Financial crime risks are identified and reported through continuous risk management and regular reporting to the Management Risk Committee and the Managing Board and to NatWest Group's senior risk committees and at Board level. Quantitative and qualitative data is reviewed and assessed to measure whether financial crime risk is within NWM N.V. Group's risk appetite.

Mitigation

Mitigation for financial crime risk is in line with the approach outlined in the Risk management framework section.

Through the financial crime framework, relevant policies, systems, processes and controls are used to mitigate and manage financial crime risk. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions and behaviours that may require further investigation or other actions. Centralised expertise within NatWest Group is available to detect and disrupt threats to NWM N.V. Group and its customers.

Intelligence is shared with law enforcement, regulators and government bodies to strengthen national and international defences against those who would misuse the financial system for criminal motives.

Model risk

Definition

Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial, accounting, mathematical or data science theories, techniques and assumptions to process input data into estimates.

Sources of risk

NWM N.V. Group uses a variety of models in the course of its business activities. Examples include the use of model outputs to support measuring and assessing risk exposures (including credit and market risk), valuation of positions, calculating regulatory capital and liquidity requirements and automation of operational processes. The models used for stress-testing purposes also play a key role in ensuring NWM N.V. Group holds sufficient capital, even in stressed market scenarios.

Key developments in 2025

- Continued with a programme of work to implement model risk management (MRM) framework changes that were introduced in 2024 in response to PRA's Supervisory Statement 1/23 across the model landscape.
- NatWest Group introduced further updates to the MRM framework to address feedback received from the PRA following their industry-wide thematic review of MRM and further improve model risk management practices, which NWM N.V. Group will continue to enhance against ECB requirements.
- The MRM framework brought into scope deterministic quantitative methods, which are complex and material calculators that although not technically models still present similar risks.
- Enhanced the framework for the independent validation of models.
- Delivered model inventory design changes to support implementation of MRM framework enhancements, including a focus on recording of model use, which has enabled better oversight and risk management of models.
- Continued focus on improving the completeness and accuracy of model risk data contained within the inventory through enhanced oversight metrics and targeted remediation work.

Governance

Risk governance for model risk is in line with the approach outlined in the Risk management framework section. A governance framework is in place in NWM Group in which NWM N.V. Group participates, to ensure policies and processes relating to models are appropriate and effective. Two roles are key to this – model risk owners and model validation leads. Model risk owners are responsible for model approval and ongoing performance monitoring. Model validation leads, in the second line of defence, are responsible for oversight, including ensuring that models are independently validated prior to use and on an ongoing basis aligned to the model's tier.

NWM N.V. Group does not own models, therefore the most relevant role is model user representative as it ensures the participation in the model life cycle. NWM N.V. Group has assigned model user representative role for each used model.

Model risk matters are governed and escalated to senior management through the NWM N.V. Group Model Risk Committee. The NWM N.V. Group Model Risk Committee's goal is to focus more on the model risk challenges in NWM N.V. Group. It is a sub-committee of the Management Risk Committee.

Additionally, model risk is discussed as required by the Managing Board, the Board Risk Committee and the Supervisory Board. Models used for regulatory reporting may additionally require regulatory approval before implementation.

Risk appetite

Risk appetite for model risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

The level of risk relating to an individual model is assessed through a model risk rating that is based on the model's materiality and validation rating. This approach provides the basis for model risk appetite measures and enables model risk to be robustly monitored and managed across NWM N.V. Group.

Policies, toolkits and model standards related to the development, validation, approval, implementation, use and ongoing monitoring of models are in place to ensure adequate control across the lifecycle of an individual model.

All models developed are assigned a model tier, based on the model's materiality and complexity. Risk-based model tiering is used to prioritise risk management activities throughout the model lifecycle, and to identify and classify those models which pose the highest risk to NWM N.V. Group's business activities, safety and/or soundness.

Validation of material models is conducted by an independent risk function comprising of skilled, well-informed subject matter experts.

This is completed for new models or material amendments to existing models and as part of an ongoing periodic programme to assess model performance.

The frequency of periodic revalidation is aligned to the tier of the model. The independent validation focuses on a variety of model features, including model inputs, model processing, model outputs, the implementation of the model and the quality of the ongoing performance monitoring. Independent validation also focuses on the quality and accuracy of the development documentation and the model's compliance with regulation.

The model materiality combined with the validation rating provides the basis for model risk appetite measures and enables model risk to be robustly monitored and managed across NWM N.V. Group.

Ongoing performance monitoring is conducted by model owners and overseen by the model validators to ensure parameter estimates and model constructs remain fit for purpose, model assumptions remain valid and that models are being used consistently with their intended purpose. This allows timely action to be taken to remediate poor model performance and/or any control gaps or weaknesses.

Mitigation

Model risk is inherent in the use of models. It is managed by refining or redeveloping models where appropriate – either due to changes in market conditions, business assumptions or processes – and by applying adjustments to model outputs (either quantitative or based on expert opinion). Enhancements may also be made to the process within which the model output is used in order to further limit risk levels.

Reputational risk

Definition

Reputational risk is the risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events.

Sources of risk

The three primary drivers of reputational risk are: failure in internal risk management systems, processes or culture; NWM N.V. Group's actions materially conflicting with stakeholder expectations; and contagion (when NWM N.V. Group's reputation is damaged by failures in key sectors including the NWM N.V. Group's supply chain or other partnerships).

Key developments in 2025

- Reputational risk assessment guidance was updated. Colleagues in relevant roles received updated training on key aspects of the policy and framework.
- Enhancements were made to expand the requirements of the reputational risk policy to suppliers and third parties.
- The environmental, social and ethical (ESE) ⁽¹⁾ animal welfare, mining and metals and forestry, fisheries and agribusiness risk acceptance criteria were reviewed and updated in line with strategic objectives.

Governance

A reputational risk policy supports reputational risk management across NWM N.V. Group. Material reputational risks to NWM N.V. Group are escalated via the NatWest Group reputational risk register which is reported at every meeting of the NatWest Group Reputational Risk Committee. The NatWest Group Reputational Risk Committee also opines on matters that represent material reputational risks. The NatWest Group Executive and Board Risk Committees oversee the identification and reporting of reputational risk.

Risk appetite

NatWest Group manages and articulates its appetite for reputational risk through a qualitative reputational risk appetite statement and associated quantitative measures which are set at NatWest Group level.

NatWest Group seeks to identify, measure and manage risk aligned to stakeholder trust. However, reputational risk is inherent in NatWest Group's operating environment and public trust is a specific factor in setting reputational risk appetite.

Monitoring and measurement

Relevant internal and external factors are monitored through regular reporting. They are escalated, where appropriate, to the relevant NatWest Group Reputational Risk Committee.

Additional key risk indicators for material risks being monitored are also reported to the NatWest Group Reputational Risk Committee and to the Executive and Board Risk Committees.

NWM N.V. Group monitors and reports any escalations to NatWest Group through its own Boards.

Mitigation

Standards of conduct are in place across NWM N.V. Group requiring strict adherence to policies, procedures and ways of working to ensure business is transacted in a way that meets – or exceeds – stakeholder expectations.

External events that could cause reputational damage are identified and mitigated through NatWest Group's top and emerging risks process (where sufficiently material) as well as through the NatWest Group and business level reputational risk registers.

(1) From 1 January 2026, the name of the ESE Risk Framework was updated to the Environmental & Social Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements.

Corporate governance

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Introduction

In order to achieve high standards of corporate governance, NWM N.V. Group organises its business in a way that promotes first-class stewardship by the Managing Board and effective supervision by the Supervisory Board. Integrity, transparency and accountability are key elements of NWM N.V. Group's corporate governance, and they are embedded in its business as a whole. These key elements ensure that the controls and oversight necessary for effective risk management, compliance with regulations, and accurate and complete disclosure of information to the market are effective.

RBS Holdings N.V. (RBSH N.V.) is a wholly owned subsidiary of NatWest Markets Plc ('NWM Plc' or 'the intermediate holding company'). RBSH N.V. is the parent company of NatWest Markets N.V. (NWM N.V.). NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' comprises NatWest Group plc and its subsidiary and associated undertakings.

NWM N.V. is a licenced bank regulated by the European Central Bank (ECB), the De Nederlandsche Bank ('Dutch Central Bank') and the Autoriteit Financiële Markten (AFM).

Corporate governance in the Netherlands

NWM N.V. Group ensures proper corporate governance by focusing on the Dutch Banking Code (Code Banken) which contains specific corporate governance rules and principles for all banks in the Netherlands.

The Code Banken requires banks in the Netherlands to either comply with the rules and principles as set out in the Code Banken or explain any deviation from it. The Code Banken is applicable to NWM N.V. Group as it has a banking licence issued under the Dutch Financial Supervision Act.

NWM N.V. Group operates in line with the requirements under the Code Banken. A further explanation on compliance with the updated Code Banken is provided on page 53 of this report.

European Banking Authority (EBA) guidelines on internal governance

The EBA previously issued guidelines relating to internal governance arrangements of credit institutions. These consider weaknesses identified in the financial crisis and built upon the Committee of European Banking Supervisors (CEBS) Guidelines. The EBA guidelines are implemented by the local competent authorities, which is the Dutch Central Bank. NWM N.V. Group adheres to these guidelines. On 7 August 2025, the EBA launched a public consultation on its revised guidelines on internal governance. Once these revised guidelines come into force, the NWM N.V. Group will implement and reflect any necessary changes.

Wet beloningsbeleid financiële ondernemingen

On 7 February 2015, the Wet beloningsbeleid financiële ondernemingen (Wbfo) came into force. With this legislation, the Dutch government ensures that financial services companies implement a sound remuneration policy and avoid payment of excessive variable remuneration. NWM N.V. Group continues to adhere to these principles.

Further information on the remuneration policy can be found in the 2025 NatWest Group Annual Report and Accounts, available at natwestgroup.com, as well as the Report Code Banken included further in this annual report.

Approval of Annual Report

The Managing Board approved the Annual Report at its meeting on 17 February 2026. The Supervisory Board also approved the Annual Report at its meeting on 17 February 2026. NWM N.V. Group has proposed to its Shareholders that it adopts the 2025 financial statements, as included in this Annual Report, and discharge the Managing Board and Supervisory Board in respect of their management and supervision respectively.

Boards

RBSH N.V. and NWM N.V. are public limited liability companies ('naamloze vennootschap') incorporated under the laws of the Netherlands. Both companies have a two-tier system of corporate governance consisting of a Managing Board and a Supervisory Board. The day-to-day management of the companies is vested with the Managing Board, supervised by the Supervisory Board. The members of each of the Managing Board and Supervisory Board of RBS Holdings N.V. and NWM N.V. are the same.

Changes during 2025

Mr Maarten Klessens took over Mr Frank Dangeard's responsibilities as Interim Chair of the Supervisory Board, in addition to his role as Chair of the Board Risk and Audit Committees on 25 March 2025. Subsequently, on 23 April 2025, Mr Frank Dangeard resigned from the Supervisory Board ⁽¹⁾.

During 2025 the NWM N.V. Supervisory Board welcomed three new members with Mr Julio Alvaro, Ms Sylvie Billion and Ms Carola von Schmettow joining on 23 September, 15 October and 2 December 2025 respectively. Mr Alvaro was also appointed Chair of the Audit Committee, succeeding Mr Klessens.

There were no changes to the composition of the Managing Board during 2025.

(1) The search for a permanent Chair is at an advanced stage. Further details regarding the proposed appointment will be provided in due course.

The report of the Supervisory Board

This report provides an overview of the tasks and the activities of the Supervisory Board during 2025.

The tasks of the Supervisory Board

The main task of the Supervisory Board is to supervise the Managing Board, as well as the general affairs of NWM N.V. Group and its associated enterprises. It assists and advises the Managing Board and supervises the corporate governance structure of NWM N.V. Group.

In performing their duties, the members of the Supervisory Board are guided by the interests of NWM N.V. Group, and the businesses connected to it, taking into account the relevant interests of NWM N.V. Group's stakeholders. Certain powers are vested in the Supervisory Board, including the approval of certain resolutions of the Managing Board. An overview of the powers of the Supervisory Board can be found in the Corporate Governance manual of NWM N.V. Group.

Members of the Supervisory Board

The Supervisory Board is an independent corporate body. Members of the Supervisory Board are appointed by the General Meeting of Shareholders. For each vacant seat the Supervisory Board nominates one or more candidates based on the criteria included in the membership profile which set out the expectations of a member.

The Chair and Vice-Chair of the Supervisory Board are appointed by the Supervisory Board from among its members.

The Supervisory Board confirms that its current composition has the necessary experience, expertise and independence to execute their duties. They have also sufficient accounting and financial management expertise to understand NWM N.V. Group's business, financial statements and risk profile.

All appointments were made in accordance with the Supervisory Board profile resulting in the current composition of the Supervisory Board.

Supervisory Board members are appointed for a term of four years and may be re-appointed after the end of their term, with a maximum term of 12 years from the date of their first appointment.

Newly appointed Supervisory Board members undertake an induction programme which is tailor-made and adjusted to the specific needs of each new Supervisory Board member.

Composition of the Supervisory Board

The members of the Supervisory Board as at 17 February 2026 are as follows:

		Date of first appointment	Date for re-election
Maarten Klessens (Interim Chair)	(67, Dutch, male)	2 September 2015	30 August 2026
Annelies van der Pauw	(65, Dutch, female)	3 March 2019	3 March 2027
Robert Begbie	(64, British, male)	1 April 2020	1 April 2028
Julio Alvaro	(64, Spanish, male)	23 September 2025	23 September 2029
Sylvie Billion	(67, French, female)	15 October 2025	15 October 2029
Carola von Schmettow	(61, German, female)	2 December 2025	2 December 2029

They also undertake a series of meetings with the management of NWM N.V. Group to gain insight and understanding of NWM N.V. Group and its enterprises.

In case of a material (potential) conflict of interest between a member of the Supervisory Board and NWM N.V. Group, the Chair of the Supervisory Board shall be notified. If the Chair of the Supervisory Board has a material (potential) conflict of interest, the Vice-Chair is notified. The respective Supervisory Board member will not take part in the resolution and decision-making process by the Supervisory Board where a conflict of interest exists. During 2025, no conflicts of interest have arisen.

Details of the remuneration of the Supervisory Board can be found in Note 26 to the consolidated financial statements.

Activities of the Supervisory Board

The Supervisory Board considers various matters including those related to strategy, finance, risk, audit, remuneration and people. The Supervisory Board considers various matters including those related to strategy, finance, risk, audit, remuneration and people. The Supervisory Board is supported by an Audit Committee, Risk Committee, Performance & Remuneration Committee and Nomination Committee, each having its own terms of reference setting out their scope and purpose.

Regular and ad-hoc Supervisory Board meetings were held during 2025. All members of the Supervisory Board have complied with the requirement to attend meetings on a frequent basis.

The Supervisory Board has set a Board diversity policy to promote diversity and inclusion in the composition of the Managing and Supervisory Board of the NWM N.V. Group. It is fully aligned to NWG's Board Diversity Policy and the specific EBA requirements. It also includes the diversity ambition levels which the Dutch Diversity Quota and Targets Acts requires larger, non-listed companies to set. The target is to reach a 25% female representation in the Managing Board and 33% in the Supervisory Board. The targets have been met.

Maarten Klessens

Interim Chair of the Supervisory Board and Chair of the Board Risk Committee

Mr Klessens was appointed as an independent member of the Supervisory Board on 2 September 2015.

In 2016 he joined the Supervisory Board of Bank of Africa Holding S.A. and in 2017 he joined the Supervisory Board of DHB Bank N.V. in the Netherlands. He was senior advisor Benelux for StormHarbour Securities LLP, London in 2014 and 2015. From 2011 he was acting head of Global Country Risk for NatWest Group and was responsible for country appetite setting and exposure management, with special attention for the financial stress in the Eurozone periphery.

Mr Klessens started his career with ABN AMRO in 1986, in structured aircraft finance. In 1997 he was appointed Corporate Executive Vice President for ABN AMRO and had subsequent responsibilities in wholesale product teams, client management and Group Risk. For 12 years he was a voting member of ABN AMRO's Group Risk Committee. Mr Klessens holds a postgraduate in Financial Economics of Tilburg University and a Master's in Business Economics of Erasmus University Rotterdam and has had executive training at IMD, INSEAD and University of Michigan.

Annelies van der Pauw

Chair of the Board Performance & Remuneration and Nomination Committees

Ms Van der Pauw was appointed as an independent member of the Supervisory Board on 3 March 2019.

Ms Van der Pauw was a partner of the international law firm Allen & Overy LLP (A&O) until 2020 and subsequently chaired the Amsterdam corporate practice group of A&O since 2006. Ms Van der Pauw was with A&O and its predecessors since 1987. In her practice, Ms Van der Pauw focused on mergers and acquisitions and corporate governance issues.

Ms Van der Pauw also has extensive equity capital markets experience. In addition to a strong understanding of the legal environment in the Netherlands, Ms Van der Pauw was also the co-chair of the A&O global corporate responsibility programme for many years and a member of the board of the global A&O Foundation.

Presently Ms Van der Pauw continues to hold various non-executive board memberships in the private and public sector.

Robert Begbie

Member of the Supervisory Board

Mr Begbie joined the Supervisory Board on 1 April 2020 and was appointed CEO, Commercial & Institutional in March 2024. The Commercial & Institutional franchise supports customers ranging from entrepreneurs and start-ups through to multi-nationals and financial institutions.

Mr Begbie has been with NatWest Group for over 40 years and has extensive experience in treasury and capital markets. During his career, he has built successful capital markets businesses across fixed income, derivatives, asset management and cash markets and led teams in the UK, Europe, Asia and the US.

After spending 20 years in our Markets business, Mr Begbie joined NatWest Group Treasury in 2009 where he was instrumental in transforming the NatWest Group balance sheet. In 2017 Mr Begbie was appointed as NatWest Group Treasurer with responsibilities for all aspects of Treasury and the management of the bank's balance sheet.

He holds an MBA from CASS Business School and is a former president of The Chartered Institute of Bankers in Scotland (London Branch).

Julio Alvaro

Chair of the Audit Committee

Mr Alvaro was appointed as an independent member of the Supervisory Board on 23 September 2025.

Mr Alvaro started his career at KPMG Spain in 1985 and was made partner in 1996 until his retirement in 2024. During his career at KPMG, Mr Alvaro specialised in auditing financial services businesses including banks, asset managers and insurance companies. He has a granular understanding of financial markets gained through nearly 40 years of auditing financial services companies both in Spain and internationally. Mr Alvaro also led the Department of Financial Services Professional Practice of KPMG in Spain for 20 years between 2004 and 2024.

Sylvie Billion

Member of the Supervisory Board

Ms Billion was appointed as an independent member of the Supervisory Board on 15 October 2025.

Ms Billion started her career at BNP Paribas in Paris and subsequently performed roles at Arthur Andersen as well as ABN AMRO. In 2001 she moved to EDF Group, serving as Financial Controlling Director, Group Financial Risk Controller, Group Treasurer and then CFO of the regulated subsidiary Enedis, the distribution network in France. Leaving EDF in 2012, she performed CFO and head of IT and sourcing roles at a non-profit organisation. In 2019, Ms Billion returned to EDF Group as Financial Director of the International Division, before being appointed CFO and COO of EDF Trading in 2021.

Ms Billion is a Member of the EDF Trading Board and the EDF Trading Executive Committee as well as being a Member of the Board of Directors at EDFT Europe, EDFT Markets and EDF Trading Holdings (within EDF Trading). Ms Billion is also a Member of the Supervisory Board and Audit and Finance Committee at research centre and hospital, Institut Curie.

Carola von Schmettow

Member of the Supervisory Board

Ms Schmettow was appointed as an independent member of the Supervisory Board on 2 December 2025.

Ms Schmettow is a former banking executive with a career at HSBC spanning nearly 30 years. In her first role at HSBC, Ms Schmettow built out risk management systems for the derivatives business before becoming Head of Treasury. From 1999 to 2003, Ms Schmettow was CEO of what is now HSBC Global Asset Management with responsibility for 80bn USD of managed assets. From 2006 until 2015, Ms Schmettow was a member of the executive board for HSBC Trinkaus & Burkhardt AG covering global markets and securities services, capital financing and asset management. She later became CEO of HSBC Germany between 2015 and 2021.

In addition to her senior executive roles in banking, Ms Schmettow was Chair of the Exchange Council of EUREX Germany from 2014 to 2021 and Deputy Chairwoman of the Exchange Council Frankfurt Stock Exchange from 2020 to 2021.

Presently, Ms Schmettow holds a range of non-executive roles.

The report of the Managing Board

The members of the Managing Board of NWM N.V. Group are responsible for the general affairs of NWM N.V. Group and its subsidiaries. The members are appointed by the General Meeting of Shareholders.

The Supervisory Board of NWM N.V., through its Nomination Committee, nominates one or more candidates for each vacant seat in the Managing Board. If the Supervisory Board nominates two or more candidates for a vacant seat in the Managing Board, the nomination list is binding. The members of the Managing Board are accountable both collectively and individually for all decisions taken by the Managing Board.

Composition of the Managing Board

The members of the Managing Board as at 17 February 2026 are as follows:

		Date of first appointment	Date for re-election
Vincent Goedegebuure (Chair)	(52, Dutch, male)	9 May 2022	9 May 2026
Cornelis Visscher	(60, Dutch, male)	12 July 2013	18 July 2029
Britta Achmann	(54, German, female)	1 December 2024	1 December 2028
Mickey van Wieringen	(56, Dutch, male)	1 May 2024	1 May 2028

Vincent Goedegebuure

Chief Executive Officer and Chairman of the Managing Board

Mr Goedegebuure is an experienced senior executive with over 20 years of experience in senior roles in the finance sector who took up his present role in May 2022. In prior roles, he has led international business units and leadership teams across the EU, Americas and Asia-Pacific.

Prior to this role, Mr Goedegebuure worked for ABN AMRO and held a variety of global leadership roles in Structured Finance, Global Markets and CIB. He holds a Master's degree in Economics from the University of Groningen and a Master's degree in Business Administration from IESE Business School.

Cornelis Visscher

Chief Financial Officer

Mr Visscher graduated from the Vrije Universiteit in Amsterdam with a degree in Business Economics, specialised in Financial Accounting and Management Accounting. He started his career at ABN AMRO in 1988, where, after several functions in Divisional and Group Finance, he ultimately became the head of the Group Consolidation Department. Following the acquisition of ABN AMRO by NatWest Group and Consortium members, Mr Visscher joined NatWest Group.

As of 2013 Mr Visscher is the Chief Financial Officer for NWM N.V. Group and a member of the NWM N.V. Managing Board. From September 2021 until May 2022, he took on the role and accountabilities of interim Chief Executive Officer and Chairman of the NWM N.V. Managing Board. He was also a member of NatWest Markets Executive Committee.

Britta Achmann

Chief Risk Officer

Ms Achmann joined NWM N.V. Group in December 2024 as Chief Risk Officer and Managing Board member.

As a highly accomplished international risk executive, she brings over 20 years of experience in the financial services industry, gained across leading institutions in the EU, UK and USA. Her career spans both technical and senior leadership roles, beginning in investment banking front office sales and trading before transitioning into risk management in 2010. Since then, she has held a number of senior risk positions, including previous experience as Chief Risk Officer.

The Chairman of the Managing Board leads the members of the Managing Board in its overall management of NWM N.V. Group to achieve its performance goals and ambitions. The Chairman of the Managing Board is the main point of liaison with the Supervisory Board. The Chief Financial Officer is responsible for the financial affairs of NWM N.V. Group. Alongside their overall corporate responsibilities, the members of the Managing Board are responsible for the management of the control and support functions. The Managing Board has delegated certain tasks to several Managing Board committees which are described on pages 52 to 53 of this report.

Specialising in market and model risk, Ms Achmann has built a strong track record across globally recognised organisations such as JPMorgan, RBS Group, Deutsche Bank, Flow Traders, and most recently Bank of America.

Ms Achmann holds an MBA from Carnegie Mellon University, a Master's degree in Probability & Statistics from Syracuse University, and a Master's degree in Mathematics from Technische Universität Berlin.

Mickey van Wieringen

Chief Operating Officer

Mr van Wieringen was appointed on 1 May 2024 as Managing Board member and Chief Operating Officer.

Mr van Wieringen has more than 25 years' of experience in the banking and financial services, of which 4 years with Price Waterhouse Coopers, 18 years at ING Bank in Bankwide Operations (Head of Global Risk & Control and Global Process Leader for Financial Crime) and in Internal Audit (Chief Auditor Global Asset Management and Chief Auditor Risk & Finance).

Mr van Wieringen joined NWM N.V. Group in July 2019, starting as Head of Audit for NWM N.V. and since 2022 also covering the NWM regions US and APAC.

Mr van Wieringen is a Chartered Accountant and holds a post graduate degree in Accountancy from the University of Amsterdam.

Managing Board committees

In order to provide effective oversight and leadership, the Managing Board has three sub-committees; the Management Risk Committee (MRC), the Assets & Liabilities Committee (ALCo) and the Executive Disclosure Committee (EDC).

Management Risk Committee (MRC)

Previously named the Risk & Control Committee, the MRC oversees the risk framework within NWM N.V. Group, monitors the actual risk profile and advises the Managing Board and Board Risk Committee on these matters. Its scope is both financial as well as non-financial risk within NWM N.V. Group.

Asset & Liability Committee (ALCo)

The Managing Board has delegated to the Assets & Liabilities Committee the responsibility for the management of capital, liquidity, interest rate and foreign exchange risk. This includes responsibility for reviewing, approving and allocating balance sheet, capital, liquidity and funding limits.

Executive Disclosure Committee

The Executive Disclosure Committee advises and assists the Managing Board in fulfilling its responsibilities for overseeing the accuracy and timeliness of public disclosures made by NWM N.V. Group. This inter alia includes advising the Managing Board on the disclosure of financial information.

Code of conduct

NatWest Group's Code of Conduct (Our Code) informs everyone what to expect of each other, what to do when unsure of a decision, and where to go for advice when needed. It is available at www.natwestgroup.com/who-we-are/about-natwest-group/our-values.html.

In the normal course of business of NWM N.V. Group, situations may arise which lead to a potential or actual conflict of interest collectively referred to as 'Conflicts of Interest'. Conflicts of Interest can arise where decisions or actions are unduly influenced by business or personal motivations which have the potential to damage customer interests, the Group's interests, or those of another NatWest franchise and/or legal entity.

NatWest Group has a conflicts of interest management policy in place which requires identification of personal and institutional level conflict of interest situations relevant to its specific business activities. The policy helps ensure that conflicts are prevented or managed, so they do not adversely impact the Group's customers and/ or stakeholders.

The NWM N.V. Group Directors are under a legal duty to avoid conflicts of interest, a duty which they owe separately to each company they are a director of.

The legal duty on Directors also requires them to avoid any conflict of interest between their duties to NatWest Group and their external interests, such as any directorships they hold with outside companies. To discharge their duties effectively, the corporate governance team supports Directors in identifying and recording conflicts of interest and ensuring that they are managed in accordance with the relevant rules and regulations.

Employees

Our colleagues

As at 31 December 2025, NWM N.V. Group employed 255 people within continuing operations (2024 – 253). A modest increase in staffing levels is expected. Details of related costs are included in Note 3 to the consolidated financial statements.

Employee consultation

NWM Group recognises employee representatives such as employee bodies and work councils in several businesses and countries, for example the Netherlands, and management regularly discuss developments and updates on the progress of its strategic plans with the European Employee Council (EEC). NWM Group has ongoing engagement and discussion with those bodies given the scale of change taking place across NWM Group.

Inclusion

NatWest Group's inclusion guidelines apply to all NWM N.V. Group colleagues globally and cover being LGBT Innovative, Gender Balanced, Disability Smart, Ethnically Diverse, all leading to an Inclusive Culture. Detailed information can be found on pages 62 to 63 of the 2025 NatWest Group Annual Report and Accounts and on the Sustainable Banking pages at natwestgroup.com.

The Dutch Banking Code (Code Banken)

Introduction

The Code Banken was drawn up by the Netherlands Bankers' Association (NVB) and is mandatory for NWM N.V. Group as stated in Book 2 of the Civil Code.

The Code Banken offers specific provisions, but underlying these provisions, its aim is to instil learning in the banking sector following the financial crisis. Drawing lessons and implementing change with the aim to restore trust among all our stakeholders, clients, staff, investors and society at large. NatWest Group, including NWM N.V. Group, has undergone profound change following the crisis and is committed to high standards of corporate governance, business integrity and professionalism in all its activities.

Corporate Governance codes and the global footprint of NatWest Group

NWM N.V.'s ultimate parent company is NatWest Group plc. When implementing the Code Banken, the Managing Board and Supervisory Board of NWM N.V. consider the effects of similar codes of conduct implemented across NatWest Group with the aim to align all businesses within the wider NatWest Group.

Compliance with the Code Banken

NWM N.V. Group considers the Code Banken as an important yardstick for the way banks draw lessons from the crisis. NWM N.V. Group takes account of all relevant remuneration regulatory regimes, including the Code Banken and the requirements as included in the Dutch Financial Supervision Act, in designing and implementing its remuneration policy as well as NWM N.V. Group's corporate governance structure.

Supervisory Board

The required expertise and experience are well embedded in the Supervisory Board providing for an independent board with a diverse composition.

A defined process for the engagement and recruitment of a Supervisory Board member has been established. If a vacancy for a new member exists, a new member is sought based on an established supervisory board profile to ensure that the knowledge and expertise obtained when filling the vacancy is fully complementing the composition of the board. This profile is amended to reflect the specific requirements for the role.

If the position of Chair of the Supervisory Board would become vacant, a specific profile would be drawn up to ensure alignment with the specific tasks attributed to the role. The search for a permanent Chair is at an advanced stage. Further details regarding the proposed appointment will be provided in due course.

All Supervisory Board members have committed themselves to fulfil their responsibilities as board members to the best of their ability. Their attendance at meetings is recorded. The Board furthermore operates according to a set of rules included in the Corporate Governance manual. These have been agreed by all Board members. The remuneration received by Supervisory Board members is not dependent on NWM N.V. Group's results. In addition, a lifelong learning programme covering aspects as included in the Code Banken now also includes specific training on Climate & Environmental related risks.

Managing Board

The composition of the Managing Board of NWM N.V. Group ensures that all business areas and all control and support functions are well represented on the board. The board currently comprises a Chief Executive Officer (CEO), a Chief Financial Officer (CFO), a Chief Risk Officer (CRO) and a Chief Operating Officer (COO).

To further clarify the specifics of each role on the board and to ensure adherence to agreements made on procedure and governance, a Corporate Governance manual has been prepared.

The Managing Board will continuously ensure a prudent risk appetite, based on the risk appetite framework approved by the Supervisory Board. The risk appetite framework shall be approved by the Supervisory Board at least once a year and is actively monitored during the year. Any material changes in the interim shall also require the Supervisory Board's approval. The Managing Board takes the interests of all stakeholders (e.g. employees, clients, shareholders) into account in their decision making. The Managing Board recognises that duty of care for clients is an important component of doing business.

In line with the requirement of the Code Banken, Managing Board members take the Banker's Oath.

The principles in the Banker's Oath are incorporated into NatWest Group's code of conduct which is issued to all new employees joining NWM N.V. Group.

Risk Policy

The Managing Board has arranged risk management in an adequate manner to ensure the Managing Board is aware in good time of any material risks run by the bank and to enable the Managing Board to manage these risks properly. The Chief Risk Officer reports into the Chief Executive Officer. The Managing Board, through its sub committees, the MRC and the ALCo, takes any decision that is of material significance to the risk profile, the capital position or the liquidity impact.

Through its Board Risk Committee, the Supervisory Board reviews and discusses the risk profile of NWM N.V. Group during each of its meetings. This is based on a risk appetite statement which it reviews on a regular (i.e. a minimum of once a year) basis. More information on the risk organisation of NWM N.V. Group can be found on pages 11 to 15 of this report.

Audit

To ensure the function's independence, the Head of NWM N.V. Internal Audit reports to the Chair of the Audit Committee of NWM N.V. and the Chief Audit Executive, NWM Plc, who in turn reports to the Chair of the Audit Committee of NWM Plc. Internal Audit reports its opinion and findings on the quality of the control framework, the system of governance and the risk management of NWM N.V. to the Audit Committee. Internal Audit furthermore presents its annual audit plan to the Audit Committee. The Managing Board shall ensure that a systemic audit is conducted of the risks managed in relation to the business activities of NWM N.V. Group.

The external auditor was invited to share their audit plan which summarizes key areas of audit focus, and amongst others audit progress and the outcome of the audit work including the findings and observations on the key audit matters with the Audit Committee.

EY Accountants B.V. are the current auditors of the company. Following a tender undertaken in 2022, overseen by the NatWest Group Audit Committee, NatWest Group announced its intention to appoint PricewaterhouseCoopers LLP (PwC) as auditors for the financial period ending 31 December 2026. This will be the last period of audit by EY Accountants B.V. as they will not be proposed for re-appointment as auditors by the company. A resolution to appoint PricewaterhouseCoopers Accountants N.V. as the company's auditors will be proposed at a future General Meeting.

Remuneration Policy

Set out below is an overview of the NWM N.V. Remuneration Policy.

Remuneration

This section contains disclosures which are required in accordance with EU regulatory requirements and the Basel Committee on Banking Supervision Pillar 3 disclosure requirements. They also take into account the European Banking Authority (EBA) guidelines on sound remuneration policies and the applicable Dutch remuneration rules.

It should be read in conjunction with the remuneration section of the RBS Holdings N.V. Pillar 3 Report which contains a number of quantitative remuneration disclosures and can be found on natwestgroup.com as well as the Directors' remuneration report set out in the NatWest Group 2025 Annual Report and Accounts.

Remuneration policy for all colleagues

NWM N.V. is an indirectly owned subsidiary of NatWest Group. Its remuneration policy is fully aligned to NatWest Group's remuneration policy principles with amendments only to comply with applicable Dutch remuneration rules.

The remuneration policy is designed to support NatWest Group's purpose and business strategy, reinforce the desired culture and behaviours, and promote the long-term success of NatWest Group and NWM N.V. The aim is to drive a performance culture and the delivery of strategic ambitions; while remaining aligned with effective risk management.

The remuneration policy applies the same principles to everyone, including Material Risk Takers (MRTs), with some minor adjustments where necessary to comply with relevant country-specific regulatory requirements. The main elements of the policy are set out below

Base salary

The purpose is to provide a competitive level of fixed cash remuneration.

Operation

We review base salaries annually to ensure they reflect the talents, skills and competencies the individual brings to the business.

Role-based allowance

Certain MRT roles receive role-based allowances. The purpose is to provide fixed pay that reflects the skills and experience required for the role.

Operation

Role-based allowances are fixed allowances which form an element of overall fixed remuneration for regulatory purposes. They are based on the role the individual performs.

They are delivered in cash and/or shares depending on the level of the allowance and the seniority of the recipient. Shares are subject to a minimum three-year retention period.

Benefits and pension

The purpose is to provide a range of flexible and competitive benefits.

Operation

In most jurisdictions, benefits or a cash equivalent are provided from a flexible benefits account. Pension funding forms part of fixed remuneration and NatWest Group does not provide discretionary pension benefits.

Annual bonus

The purpose is to support a culture where individuals are rewarded for the delivery of superior performance, taking into account NatWest Group's strategic ambitions and purpose. At NWM N.V. all employees are in scope to be considered for an annual bonus, including MRTs, the executive directors and members and attendees of senior executive committees, as it is appropriate for them to have some pay at risk if performance is not at the required level.

Operation

The annual bonus pool is based on a proportion of attributable profit adjusted for performance against a balanced scorecard of measures: financial performance; customer outcomes; people, culture and diversity; risk management; risk events; and progress against our strategic ambitions. Allocation from the pool depends on the performance of the business area and the individual.

We use a continuous performance management framework to support individual performance assessment. We use a balanced business scorecard to align goal setting with the business strategy and regular check ins to track and assess performance. This approach is designed to assess performance against longer-term business requirements across a range of financial and non-financial metrics. It also evaluates adherence to internal controls and risk management. Performance assessments also include behaviours that reflect the Group's culture which are aligned to each colleague's job.

We also take risk and conduct performance into account. Control functions are assessed independently of the business units that they oversee. Performance goals and remuneration are set according to the priorities of the control area, not the targets of the businesses they support. The NatWest Group Chief Risk Officer (CRO) and the NatWest Group Chief Audit Executive have the authority to escalate matters to NatWest Group Board level if management do not respond appropriately.

Independent control functions exist for NWM N.V. Multiple reporting lines are in place into the legal entity CEOs and the NWM Plc Control Function Head.

The variable remuneration of colleagues who work the majority of their time in the Netherlands will, as a rule, not exceed 20% of fixed pay. For colleagues who work the majority of their time outside the Netherlands, their variable remuneration will, as a rule, not exceed 100% of fixed pay.

For awards made in respect of the 2025 performance year, immediate cash awards continue to be limited to a maximum of £2,000. In line with regulatory requirements, for MRTs, 40% of awards under €500,000 will be deferred over four years, with certain roles subject to five-year deferral. This rises to 60% for awards over €500,000 or for certain roles. For MRTs, a minimum of 50% of any variable pay is delivered in shares and a 12-month retention period applies to all shares after vesting. All awards are subject to malus and clawback provisions.

Guaranteed awards may only be granted for new hires in exceptional circumstances in compensation for awards forgone at their previous company and are limited to the first year of service. Retention awards are only used in truly exceptional circumstances such as major restructuring and where the individual is a 'flight risk' and is viewed as critical to the successful operation of the business or delivery of a business-critical project. Whilst no performance conditions are attached to retention awards, the colleague must continue to deliver to the standard expectations of conduct and behaviour prior to the award vesting.

Severance payments and/or arrangements can be made to colleagues who leave NatWest Group in certain situations, including redundancy. Such payments are calculated by a predetermined formula set out within the relevant social plans,

policies, agreements or local laws. Where required by country-specific requirements, limits apply to the maximum amount that can be paid.

Sharing in Success awards

Our Sharing in Success scheme for all employees is intended to further align colleagues with our strategic direction and drive improvements in customer performance, only paying out when NatWest Group has demonstrated satisfactory financial performance and an intelligent approach to risk.

Operation

For 2025, we measured success based on succeeding with customers, underpinned by financial performance, our approach to risk and delivering value for shareholders. All employees are eligible to receive a Sharing in Success award, provided they remain employed by NatWest Group on the award date, and these awards are delivered entirely in shares.

Criteria for identifying MRTs

The EBA as well as the PRA Rulebook set out criteria for identifying MRT roles, which includes those staff whose activities have a material influence over NatWest Group's performance or risk profile. These criteria are both qualitative (based on the nature of the role) and quantitative (based on the amount a colleague is paid).

In 2025, MRTs were identified for 12 legal entities (including at parent, holding company and consolidated levels) within NatWest Group. This included NWM N.V. The MRT criteria are applied for each of these entities, and consequently many MRTs are identified in relation to more than one entity.

The qualitative criteria can be summarised as: staff within the management body; senior management; other staff with key functional or managerial responsibilities including for risk management; and staff who individually, or as part of a Committee, have authority to approve new business products or to commit to credit risk exposures and market risk transactions above certain levels.

The quantitative criteria are: individuals earning £660,000 or more in the previous year; individuals earning less than £660,000 in the previous year, but more than a threshold set at the higher of £440,000 or the average total earnings of the management body and senior management for the relevant legal entity and who can impact the risk profile of a material business unit; and individuals in the top 0.3% of earners of the relevant legal entity for the previous year. Although quantitative criteria are stated in GBP above, the threshold for NWM N.V. is determined based on local currency equivalent. In addition to the qualitative and quantitative criteria, NatWest Group has applied its own minimum standards to identify roles that are considered to have a material influence over its risk profile.

Personal hedging strategies

The conditions attached to discretionary share-based awards prohibit the use of any personal hedging strategies to lessen the impact of a reduction in the value of such awards. Recipients explicitly acknowledge and accept these conditions when any share-based awards are granted.

Risk in the remuneration process

The approach to remuneration within NatWest Group and NWM N.V. promotes effective risk management through having a clear distinction between fixed remuneration (which reflects the role undertaken by an individual) and variable remuneration (which is directly linked to performance and can be risk-adjusted). Fixed pay is set at an appropriate level to discourage excessive risk-taking and which would allow NatWest Group and NWM N.V. to pay zero variable pay.

We achieve focus on risk through clear inclusion of risk in performance goals, performance assessments, the determination of variable pay pools, incentive plan design and the application of malus and clawback. The NatWest Group Performance and Remuneration Committee (RemCo) is supported in this by the NatWest Group Board Risk Committee (BRC) and the Risk function, as well as independent oversight by the Internal Audit function. Legal entity specific independent control functions are also involved in the remuneration process as appropriate.

We use a robust process to assess risk performance, including how effectively risk has been managed against the appetite levels agreed by the NatWest Board. We consider a range of measures across the following principal risks; capital risk; earnings stability risk; liquidity and funding risk; credit risk; traded market risk; non-traded market risk; pension risk; conduct risk; financial crime risk; model risk; climate and nature risk; operational risk; regulatory compliance risk and reputational risk. We also consider our overall risk culture.

Remuneration arrangements are in line with regulatory requirements; we disclose and discuss with the regulators as appropriate.

Variable pay determination

For the 2025 performance year, NatWest Group operated a robust control function-led multi-step process to assess performance and determine the appropriate bonus pool value by business area and function. The bonus pool outcome is driven by Group performance and consideration is given to affordability, shareholder alignment, capital and liquidity adequacy and overall appropriateness.

The process uses: financial performance; customer outcomes; people, culture and diversity measures; risk and control performance and progress against our strategic ambitions to consider a balanced scorecard of performance assessments at the level of each business area or function. Risk and control assessments confirm performance has been achieved with appropriate consideration of risk, risk culture and conduct controls; and that it is not inappropriately rewarded. We also consider the impact of any material conduct and regulatory reportable events.

The Group CRO reviews risk performance and material conduct events and, if appropriate, a risk modifier may be applied to the individual business and function bonus pools or to the overall bonus pool. The Group CRO may recommend a reduction of a bonus pool to Group RemCo if they consider that risk and control performance goals have not been met or that the impact of poor risk management has yet to be fully reflected in the respective inputs.

The NatWest Group CEO will make a final recommendation to the Group RemCo, informed by all the previous steps and their strategic view of the business. The RemCo will then make an independent decision on the final bonus pool taking all of these earlier steps into account.

Bonus funding is allocated by the NatWest Group RemCo at a franchise level. The allocation of bonus funding for NWM N.V. starts within the NatWest Markets Plc franchise as determined by the NWM Plc CEO using a range of performance measures similar to those considered at NatWest Group level. The NWM N.V. element is reviewed by the NWM N.V. Performance and Remuneration Committee (NWM N.V. RemCo) and NWM N.V. Supervisory Board (NWM N.V. SB) alongside control function assessment on performance and risk to ensure it is fit for purpose and meets capital adequacy requirements at the NWM N.V. level. This will then be reviewed by the RBSH N.V. Remuneration Committee (RBSH N.V. RemCo) who will make a recommendation to the RBSH N.V. Supervisory Board who will in

turn review and recommend the final bonus pool to the NWM Plc Remuneration Committee.

Remuneration and culture

NatWest Group continues to assess conduct and its impact on remuneration as part of the annual NatWest Group-wide bonus pool process and also via the accountability review framework. At NatWest Group, many colleagues receive fixed pay and are eligible for a Sharing in Success award only. They do not participate in the bonus scheme. This structure provides them with greater security and allows them to fully focus on the needs of the customer. The RemCo will continue to review workforce remuneration and the alignment of incentives and reward with culture.

The governance of culture is clearly laid out. Senior management function roles have clearly defined accountabilities which are taken into account in their performance and pay decisions. The Board and Sustainable Banking Committee also play essential roles in setting and overseeing the Group's culture.

Accountability review process and malus/clawback

An accountability review process allows NatWest Group to respond where new information would change our variable pay decisions made in previous years and/or the decisions to be made in the current year. The process is used to apply commensurate ex-post risk adjustments to variable pay, where material failure of risk management, material error or employee misbehaviour are identified, and (for malus and in-year reductions only), where there is a material downturn in performance. Potential outcomes under the accountability review process are:

- malus - to reduce (to zero if appropriate) the amount of any unvested variable pay awards prior to payment;
- clawback - to recover awards that have already vested; and
- in-year bonus reductions - to adjust variable pay that would have otherwise been awarded for the current year.

As part of the acceptance of variable pay awards, colleagues must agree to terms that state that malus and clawback may be applied. Any variable pay awarded to MRTs is subject to clawback for seven years from the date of grant. This period can be extended to 10 years for MRTs who perform a 'senior management function' under the Senior Managers Regime where there are outstanding internal or regulatory investigations at the end of the normal seven-year clawback period. This period can be extended in order to comply with country-specific requirements. Awards to other colleagues (non-MRTs) are subject to clawback for 12 months from each vesting date.

Remuneration disclosures

The following disclosures are made in accordance with Article 1:120(2)(a)-(b) of the Dutch Financial Supervision Act. In 2025: (a) the number of natural persons working under the responsibility of NWM N.V. whose total annual remuneration amounted to €1 million or more was five colleagues ⁽¹⁾; and (b) the total amount of variable remuneration relating to natural persons working under the responsibility of NWM N.V. was €15.8 million.

Further information relating to MRTs can be found within the NWM N.V. Pillar 3 remuneration disclosures set out in the RBSH N.V. Pillar 3 disclosure.

(1) This includes individuals with elements of remuneration that have not yet been paid.

Management's report on the 2025 Annual Report and Accounts for purposes of Section 5:25c sub 2 Financial Supervision Act

The Managing Board certifies that, to the best of their knowledge:

- the financial statements give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit of NWM N.V. Group and its consolidated entities; and
- the Annual Report gives a true and fair view, in all material respects, of NWM N.V. Group and its consolidated entities as at 31 December 2025 and their state of affairs during 2025; and the 2025 Annual Report and Accounts describes the material risks that NWM N.V. Group is facing.

Managing Board
Amsterdam, 17 February 2026

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Consolidated income statement

for the year ended 31 December 2025

	Note	2025 €m	2024 €m
Interest receivable		331	502
Interest payable		(256)	(382)
Net interest income	1	75	120
Fees and commissions receivable		242	236
Fees and commissions payable		(28)	(29)
Income from trading activities		40	21
Other operating income		(26)	(47)
Non-interest income	2	228	181
Total income		303	301
Staff costs		(94)	(84)
Premises and equipment		(6)	(6)
Other administrative expenses		(108)	(85)
Depreciation and amortisation		(2)	(2)
Operating expenses	3	(210)	(177)
Profit before impairment (losses)/releases		93	124
Impairment (losses)/releases	12	(5)	1
Operating profit before tax		88	125
Tax credit	6	45	34
Profit for the year		133	159
Attributable to:			
Ordinary shareholders		117	135
Paid-in equity holders		16	24
		133	159

The appropriation of net profits pursuant to articles 37.2 and 37.3 of the Articles of Association includes the release from reserves of all profits/(losses) attributable to controlling interests.

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	2025 €m	2024 €m
Profit for the year	133	159
Items that do not qualify for reclassification		
Changes in fair value of financial liabilities designated at fair value through profit or loss (FVTPL) due to changes in credit risk	(21)	(27)
Fair value through other comprehensive income (FVOCI) financial assets	-	2
	(21)	(25)
Items that do qualify for reclassification		
FVOCI financial assets	-	1
Cash flow hedges (1)	(22)	3
Currency translation	(4)	-
	(26)	4
Other comprehensive losses after tax	(47)	(21)
Total comprehensive income for the year	86	138
Attributable to:		
Ordinary shareholders	70	114
Paid-in equity holders	16	24
	86	138

(1) Refer to footnotes 2 and 3 of the Consolidated statement of changes in equity.

Consolidated balance sheet

as at 31 December 2025

	Note	2025 €m	2024 €m
Assets			
Cash and balances at central banks	7	7,608	6,187
Trading assets	10	6,509	6,688
Derivatives	11	8,791	11,860
Settlement balances		111	866
Loans to banks - amortised cost	7	613	225
Loans to customers - amortised cost	7	1,422	935
Amounts due from holding companies and fellow subsidiaries	7	1,293	1,203
Other financial assets	13	1,959	2,111
Other assets	14	175	119
Total assets		28,481	30,194
Liabilities			
Bank deposits	7	975	597
Customer deposits	7	4,968	2,999
Amounts due to holding companies and fellow subsidiaries	7	2,111	2,558
Settlement balances		182	685
Trading liabilities	10	6,751	7,061
Derivatives	11	7,331	10,510
Other financial liabilities	15	3,679	3,368
Subordinated liabilities	16	290	303
Other liabilities	17	81	70
Total liabilities		26,368	28,151
Total equity		2,113	2,043
Total liabilities and equity		28,481	30,194

Consolidated statement of changes in equity

for the year ended 31 December 2025

	2025 €m	2024 €m
Share capital and share premium - at 1 January and 31 December (1)	1,550	1,550
Paid-in equity - at 1 January	250	250
Redeemed	-	(250)
Issued	-	250
At 31 December	250	250
FVOCI reserve- at 1 January	-	(3)
Unrealised gains	-	2
Realised losses	-	1
At 31 December	-	-
Cash flow hedging reserve - at 1 January	31	28
Amount recognised in equity (2)	(15)	(12)
Reclassification of OCI to P&L (3)	(7)	15
At 31 December	9	31
Foreign exchange reserve - at 1 January	6	6
Retranslation of net assets	(1)	-
Recycled to profit or loss on disposal of businesses	(3)	-
At 31 December	2	6
Retained earnings - at 1 January	206	170
Profit attributable to ordinary shareholders and other equity owners	133	159
Paid-in equity dividends paid	(16)	(24)
Ordinary dividends paid	-	(72)
Changes in fair value of financial liabilities designated at FVTPL due to changes in credit risk	(21)	(27)
At 31 December	302	206
Total equity at 31 December	2,113	2,043
Attributable to:		
Ordinary shareholders	1,863	1,793
Paid-in equity holders	250	250
	2,113	2,043

(1) Includes Ordinary share capital of €50,004 (2024 - €50,004) – Refer to Note 18 for further details.

(2) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and an increase in swap rates in the year. The portfolio of hedging instruments are predominantly receive fixed swaps.

(3) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within balances at central banks. Refer to Note 11.

Consolidated cash flow statement

for the year ended 31 December 2025

	Note	2025 €m	2024 €m
Cash flows from operating activities			
Operating profit before tax		88	125
Adjustments for:			
Non-cash and other items	23	(31)	(167)
Changes in operating assets and liabilities	23	(16)	(3,139)
Income taxes paid		(12)	(2)
Net cash flows from operating activities (1)		29	(3,183)
Cash flows from investing activities			
Sale and maturity of other financial assets		1,101	1,286
Purchase of other financial assets		(942)	(775)
Income received on other financial assets		59	116
Sale of property and equipment		-	10
Purchase of property and equipment		-	(1)
Net cash flows from investing activities		218	636
Cash flows from financing activities			
Interest paid on subordinated liabilities	24	(8)	(12)
Dividends paid		(16)	(96)
Net cash flows from financing activities		(24)	(108)
Effects of exchange rate changes on cash and cash equivalents		(52)	63
Net increase/(decrease) in cash and cash equivalents		171	(2,592)
Cash and cash equivalents at 1 January		9,018	11,610
Cash and cash equivalents at 31 December (2)	25	9,189	9,018

(1) Includes interest received of €346 million (2024 - €517 million) and interest paid of €254 million (2024 - €388 million).

(2) Cash and cash equivalents comprise loans and advances due from the holding company and fellow subsidiaries with an original maturity of less than three months for 2025 and 2024.

Accounting policies

1. Corporate information

NatWest Markets N.V. (NWM N.V.) is a public limited liability company, incorporated under Dutch law on 30 May 1990 and registered at Claude Debussylaan 94, 1082 MD Amsterdam, the Netherlands. NWM N.V. Group provides financial services principally in Europe.

RBS Holdings N.V., our parent company, is a wholly owned subsidiary of NatWest Markets Plc (NWM Plc), and NWM Plc is owned by NatWest Group plc. NatWest Group plc is incorporated in the UK and registered at 36 St. Andrew Square, Edinburgh, Scotland. NatWest Group plc is our ultimate parent company.

Our consolidated financial statements are included in the consolidated financial statements of NatWest Group plc. Our consolidated financial statements incorporate financial information of NWM N.V. and the entities it controls. Control is assessed by reference to our ability to enforce our will on the other entity, typically through voting rights. The consolidated financial statements are prepared under consistent accounting policies.

Our consolidated financial statements were signed and authorised for issue by the Managing Board on 17 February 2026 and by the Supervisory Board on 17 February 2026. The right to request an amendment of the financial statements is embedded in the Netherlands Civil Code. Interested parties have the right to ask the Enterprise Chamber of the Amsterdam Court of Appeal for an amendment of the financial statements.

2. Basis of preparation

The Managing Board, having made such enquiries as they considered appropriate, including: a review of our activities, forecasts, projections and other relevant evidence regarding the continuing availability of sufficient resources from NatWest Group have prepared the financial statements on a going concern basis based on the directors' assessment that we will continue in operational existence for a period of twelve months from the date the financial statements are approved. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are presented in the functional currency, euro.

The audited financial statements include these accounting policies, the accompanying notes to the financial statements on pages 68 to 100 and the audited sections of the Risk and capital management section on pages 9 to 48 which together form an integral part of the primary financial statements

The critical and material accounting policies and related judgments are set out below.

The financial statements are presented on a historical cost basis except for certain financial instruments which are stated at fair value.

The effect of the amendments to IFRS Accounting Standards effective from 1 January 2025 on our financial statements was immaterial.

In 2021, the OECD published the Global Anti-Base Erosion Model Rules (Pillar 2). These rules will impose a top-up tax on the profits of subsidiaries that are taxed at an effective tax rate of less than 15 per cent. In the absence of an enacted Qualifying Domestic Minimum Top Up Tax ("QDMTT"), any top-up tax arising will be borne by NatWest Group plc, in the United Kingdom.

NWM N.V. Group has applied the exception from the accounting requirements for deferred taxes in IAS 12. Accordingly, the NWM N.V. Group has not recognised or disclosed information about deferred tax assets and liabilities related to Pillar 2 income taxes.

How Climate risk affects our accounting judgements and estimates

Business planning

Key financial estimates are based on management's latest five-year revenue and cost forecasts. The outputs from this forecast affect forward-looking accounting estimates. In 2023, our scenario planning was enhanced by the further integration of NatWest Group's climate transition plan, including the assessment of climate-related risks and opportunities. There remains uncertainty regarding a policy response of the Dutch government and the EU, including the effect of wider geopolitical uncertainty on governmental ambitions regarding climate transition and the effect of decarbonisation on wider economic growth, technology development and customer behaviours.

Information used in accounting estimates

We make use of reasonable and supportable information to make accounting judgements and estimates. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of borrowers, asset values and market indicators. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period including the deferred tax assets recognised. Some physical and transition risks can manifest in the shorter term. The following items represent the most significant effects:

- Classification of financial instruments linked to climate, or other sustainability indicators. Consideration is given to whether the effect of climate-related terms prevent the instrument cashflows being solely payments of principal and interest.
- The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.
- We are monitoring the effect of the physical and transition consequences of climate change on our experience of loan loss. Our assessment of sector-specific risks, and whether additional adjustments are required, includes expectations of the ability of those sectors to meet their financing needs in the market. Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

3. Critical accounting policies

The judgments and assumptions involved in our accounting policies that are considered by the Board to be the most important to the portrayal of our financial condition are noted below. The use of estimates, assumptions or models that differ from those adopted by us would affect our reported results. Management's consideration of uncertainty is outlined in the relevant sections.

Information used for significant estimate

Policy	Judgment	Estimate	Further information
Deferred tax	Determination of whether sufficient sustainable taxable profits will be generated in future years to recover the deferred tax asset.	Our estimates are based on the seven-year revenue and cost forecasts (which include inherent uncertainties).	Note 6
Fair value-financial instruments	Classification of a fair value instrument as level 3, where the valuation is driven by unobservable inputs.	Estimation of the fair value, where it is reasonably possible to have alternative assumptions in determining the FV.	Note 8

Changes in judgments and assumptions could result in a material adjustment to those estimates in future reporting periods.

3.1. Deferred tax

Deferred tax is the estimated tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and the carrying amount for tax purposes in the future. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent their recovery is probable.

Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax asset recoverability is based on the level of supporting offsetable deferred tax liabilities we have and of our future taxable profits. These future taxable profits are based on our seven-year revenue and cost forecasts, whereas previously five-year forecasts were used. The seven-year forecast takes account of management's current expectations of competitiveness and profitability.

The extension reflects a longer track record of stable profitability, sustained operational continuity and NWM N.V.'s strengthened strategic role. Management considers a seven-year horizon to provide a more appropriate basis for assessing probable taxable profits than a five-year period, based on cumulative performance evidence. See Note 6 for further information.

3.2. Fair value – financial instruments

We measure financial instruments at fair value when they are classified as mandatory fair value through profit or loss; held-for-trading; designated fair value through profit or loss and fair value through other comprehensive income and they are recognised in the financial statements at fair value. All derivatives are measured at fair value.

We manage some portfolios of financial assets and financial liabilities based on our net exposure to either market or credit risk. In these cases, the fair value is derived from the net risk exposure of that portfolio with portfolio level adjustments applied to incorporate bid-offer spreads, counterparty credit risk, and funding costs (see 'Valuation Adjustments').

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. The complexity and uncertainty in the financial instrument's fair value is categorised using the fair value hierarchy.

The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

4. Material accounting policies

4.1. Revenue recognition

Interest receivable and payable are recognised in the income statement using the effective interest rate method: for all financial instruments measured at amortised cost; debt instruments measured as fair value through other comprehensive income; and the effective part of any related accounting hedging instruments.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value and is reported in income from trading activities or other operating income as relevant. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

4.2. Staff costs

Employee costs, such as salaries, paid absences, and other benefits are recognised over the period in which the employees provide the related services to us. Employees may receive variable compensation in cash, in deferred cash or debt instruments of NWM Group or in ordinary shares of NatWest Group plc subject to deferral, clawback and forfeiture criteria. We operate a number of share-based compensation schemes under which we grant awards of NatWest Group plc shares and share options to our employees. Such awards are subject to vesting conditions.

Contributions to defined contribution pension schemes are recognised in the income statement when payable.

4. Material accounting policies continued

4.3. Foreign currencies

Foreign exchange differences arising on the settlement of foreign currency transactions and from the translation of monetary assets and liabilities are reported in income from trading activities except for differences arising on cash flow hedges.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the dates the values are determined. Translation differences are recognised in the income statement except for differences arising on non-monetary financial assets classified as fair value through other comprehensive income.

Income and expenses of foreign subsidiaries and branches are translated into euro at average exchange rates unless these do not approximate the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation of a foreign operation are recognised in other comprehensive income. The amount accumulated in equity is reclassified from equity to the income statement on disposal of a foreign operation.

4.4. Provisions

We recognise a provision for a present obligation resulting from a past event when it is more likely than not that we will be required to pay to settle the obligation and the amount of the obligation can be estimated reliably.

Provision is made for restructuring costs, including the costs of redundancy, when we have a constructive obligation. An obligation exists when we have a detailed formal plan for the restructuring and have raised a valid expectation in those affected.

We recognise any onerous cost of the present obligation under a contract as a provision. An onerous cost is the unavoidable cost of meeting our contractual obligations that exceed the expected economic benefits. When we intend to vacate a leasehold property or right of use asset, the asset would be tested for impairment and a provision may be recognised for the ancillary contractual occupancy costs.

4.5. Tax

Tax encompassing current tax and deferred tax is recognised in the income statement except when taxable items are recognised in other comprehensive income or equity. Tax consequences arising from servicing financial instruments classified as equity are recognised in the income statement.

Accounting for taxes is judgmental and carries a degree of uncertainty because tax law is subject to interpretation, which might be questioned by the relevant tax authority. We recognise the most likely current and deferred tax liability or asset, assessed for uncertainty using consistent judgments and estimates. Current and deferred tax assets are only recognised where their recovery is deemed probable, and current and deferred tax liabilities are recognised at the amount that represents the best estimate of the probable outcome having regard to their acceptance by the tax authorities.

4.6. Financial instruments

Financial instruments are measured at fair value on initial recognition on the balance sheet.

Monetary financial assets are classified into one of the following subsequent measurement categories (subject to business model assessment and review of contractual cash flow for the purposes of sole payments of principal and interest where applicable):

- **amortised cost** measured at cost using the effective interest rate method, less any impairment allowance;
- **fair value through other comprehensive income (FVOCI)** measured at fair value, using the effective interest rate method and changes in fair value through other comprehensive income;
- **mandatory fair value through profit or loss (MFVTPL)** measured at fair value and changes in fair value reported in the income statement; or
- **designated at fair value through profit or loss (DFV) (held for trading)** measured at fair value and changes in fair value reported in the income statement.

Classification by business model reflects how we manage our financial assets to generate cash flows. A business model assessment helps to ascertain the measurement approach depending on whether cash flows result from holding financial assets to collect the contractual cash flows, from selling those financial assets, or both.

Business model assessment of assets is made at portfolio level, being the level at which they are managed to achieve a predefined business objective. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives for the portfolio, its risk management, manager's remuneration and the ability to monitor sales of assets from a portfolio. When a significant change to our business is communicated to external parties, we reassess our business model for managing those financial assets. We reclassify financial assets if we have a significant change to the business model. A reclassification is applied prospectively from the reclassification date.

The contractual terms of a financial asset; any leverage features; prepayment and extension terms; and discounts or penalties to interest rates that are part of meeting environmental, social and governance targets as well as other contingent and leverage features, non-recourse arrangements and features that could modify the timing and/or amount of the contractual cash flows that might reset the effective rate of interest; are considered in determining whether cash flows are solely payments of principal and interest.

Certain financial assets may be designated at fair value through profit or loss (DFV) upon initial recognition if such designation eliminates, or significantly reduces, accounting mismatch.

Equity shares are measured at fair value through profit or loss unless specifically elected as at fair value through other comprehensive income (FVOCI).

Upon disposal, the cumulative gains or losses in fair value through other comprehensive income reserve are recycled to the income statement for monetary assets and for non-monetary assets (equity shares) the cumulative gains or losses are transferred directly to retained earnings.

4. Material accounting policies continued

Regular way purchases and sales of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

Financial liabilities are classified into one of following measurement categories:

- **amortised cost** measured at cost using the effective interest rate method;
- **held for trading** measured at fair value and changes in fair value reported in income statement; or
- **designated at fair value through profit or loss** measured at fair value and changes in fair value reported in the income statement except changes in fair value attributable to the credit risk component recognised in other comprehensive income when no accounting mismatch occurs.

4.7. Financial guarantee contracts

Under a financial guarantee contract, we, in return for a fee, undertake to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so. A financial guarantee not designated as fair value through profit or loss is recognised as a liability; initially at fair value and subsequently at the higher of its initial value less cumulative amortisation and any provision under the contract measured in accordance with our ECL accounting policy.

Purchased financial guarantees are considered to be integral, and fully adjust the covered debt instrument expected credit loss provision, only where the guarantee is contemplated at the inception of the debt instrument and is entered into within a reasonable timeframe.

Amortisation is calculated to recognise fees receivable in the income statement over the period of the guarantee. A separate asset is recognised in respect of fees receivable for provision of the financial guarantee.

4.8. Netting

Financial assets and financial liabilities are offset, and the net amount presented on the balance sheet when, and only when, we currently have a legally enforceable right to set off the recognised amounts and we intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. We are party to a number of arrangements, including master netting agreements, that give us the right to offset financial assets and financial liabilities, but where we do not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented separately on the balance sheet.

4.9. Capital instruments

We classify a financial instrument that we issue as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms and as equity if we evidence a residual interest in our assets after the deduction of liabilities. Incremental costs and related tax that are directly attributable to an equity transaction are deducted from equity.

4.10. Derivatives and hedging

Derivatives are reported on the balance sheet at fair value. We use derivatives as part of our trading activities, or to manage our own risk such as interest rate, foreign exchange, or credit risk or in certain customer transactions. Not all derivatives used to manage risk are in hedge accounting relationships (an IFRS method to reduce accounting mismatch from changes in the fair value of derivatives reported in the income statement).

Gains and losses arising from changes in the fair value of derivatives that are not in hedge relationships are recognised in Income from trading activities unless those derivatives are managed together with financial instruments designated at fair value; these gains and losses are included in Other operating income.

Hedge accounting

Hedge accounting relationships are designated and documented at inception in line with the requirements of IAS 39 Financial instruments – Recognition and Measurement. The documentation identifies the hedged item, the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. When designating a hedging relationship, we consider: the economic relationship between the hedged item (including the risk being hedged) and the hedging instrument; the nature of the risk; the risk management objective and strategy for undertaking the hedge; and the appropriateness of the method that will be used to assess hedge effectiveness.

Designated hedging relationships must be expected to be highly effective both on a prospective and retrospective basis. This is assessed using regression techniques which model the degree of offsetting between the changes in fair value or cash flows attributable to the hedged risk and the changes in fair value of the designated hedging derivatives. Ineffectiveness is measured based on actual levels of offsetting and recognised in the income statement.

Cash flow hedge

The effective portion of the designated hedge relationship is recognised in other comprehensive income and the ineffective portion in the income statement. When the hedged item (forecasted cash flows) results in the recognition of a financial asset or financial liability, the cumulative gain or loss is reclassified from equity to the income statement in the same periods in which the hedged forecasted cash flows affect the income statement.

Discontinuation of hedge accounting

Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting i.e., the hedge is not highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the documented risk management strategy; the hedging instrument expires or is sold, terminated or exercised; or if hedge designation is revoked.

For cash flow hedging the cumulative unrealised gain or loss is reclassified from equity to the income statement when the hedged cash flows occur or, if the forecast transaction results in the recognition of a financial asset or financial liability, when the hedged forecast cash flows affect the income statement. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

4. Material accounting policies continued

4.11. Loan impairment provisions: expected credit losses (ECL)

At each balance sheet date each financial asset or portfolio of financial assets measured at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment (other than those classified as held for trading) is assessed for impairment. Any change in impairment is reported in the income statement.

Loss allowances are forward-looking, based on 12-month ECL where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

ECL is a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is a reduction in the net present value of expected cash flows. Following a significant increase in credit risk, ECL is adjusted from 12 months to lifetime. This will lead to a higher impairment charge.

The measurement of expected credit loss considers the ability of borrowers to make payments as they fall due. Future cashflows are discounted, so long dated cashflows are less likely to affect current expectations on credit loss. Our assessment of sector-specific risks, and whether additional adjustments are required, include expectations of the ability of those sectors to meet their financing needs in the market. Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

Judgment is exercised as follows:

Non-modelled portfolios – under IFRS 9, there are bespoke treatments for the identification of significant increase in credit risk. Benchmark PDs, EADs and LGDs are reviewed annually for appropriateness. The ECL calculation is based on expected future cash flows, which is typically applied at a portfolio level.

Multiple economic scenarios (MES) – the central, or base, scenario is most critical to the ECL calculation, independent of the method used to generate a range of alternative outcomes and their probabilities.

Significant increase in credit risk - IFRS 9 requires that at each reporting date, an entity shall assess whether the credit risk on an account has increased significantly since initial recognition. Part of this assessment requires a comparison to be made between the current lifetime PD (i.e., the current probability of default over the remaining lifetime) with the equivalent lifetime PD as determined at the date of initial recognition.

On restructuring where a financial asset is not derecognised, the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

Where, in the course of the orderly realisation of a loan, it is exchanged for equity shares or property, the exchange is accounted for as the sale of the loan and the acquisition of equity securities or investment property. Where our acquired interest is in equity shares relevant policies for control, associates and joint ventures apply.

Impaired financial assets are written off and therefore derecognised from the balance sheet when we conclude that there is no longer any realistic prospect of recovery of part, or all, of the loan. For financial assets that are individually assessed for impairment, the timing of the write-off is determined on a case-by-case basis. Such financial assets are reviewed regularly, and write-off will be prompted by bankruptcy, insolvency, re-negotiation, and similar events.

Uncollateralised impaired business loans are generally written off within five years.

5. Future accounting developments International Financial Reporting Standards

Effective 1 January 2026

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 – Issued May 2024).

Effective 1 January 2027

Presentation and Disclosures in Financial Statements (IFRS 18 – Issued April 2024).

Subsidiaries without Public Accountability (IFRS 19 – Issued May 2024).

We are assessing the effect of adopting the accounting developments effective from 1 January 2027 on our financial statements and have largely completed a similar assessment for the Amendments to IFRS 9 and IFRS 7 effective from 1 January 2026. We do not expect any to have a material impact on our financial performance or position, although IFRS 18 may have an impact on presentation and disclosure.

Notes to the consolidated financial statements

1 Net interest income

	2025	2024
	€m	€m
Balances at central banks and loans to banks	204	309
Loans and advances to customers	55	58
Amounts due from holding companies and fellow subsidiaries	5	3
Other financial assets	67	132
Interest receivable	331	502
Bank deposits	22	19
Customer deposits	120	187
Amounts due to holding companies and fellow subsidiaries	36	50
Subordinated liabilities	1	1
Other financial liabilities	77	125
Interest payable	256	382
Net interest income	75	120

Interest income on financial instruments measured at amortised cost, debt instruments classified as FVOCI and the interest element of the effective portion of any designated hedging relationships are measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Interest income on financial assets is presented in interest receivable, interest expense on financial liabilities is presented in interest payable.

For accounting policy information refer to Accounting policy 4.1.

2 Non-interest income

	2025	2024
	€m	€m
Fees and commissions receivable		
- Lending and financing	19	25
- Underwriting fees	66	60
- Other ⁽¹⁾	157	151
Total	242	236
Fees and commissions payable	(28)	(29)
Net fees and commissions	214	207
Interest rate	40	21
Income from trading activities	40	21
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	(32)	(40)
Other income	6	(7)
Other operating income	(26)	(47)
Non-interest income	228	181

(1) Net fees and commissions - other includes transfer pricing income from NWM Plc (in the UK) of €156 million (2024 – €153 million), refer to Note 27 for further details.

For accounting policy information refer to Accounting policies 4.1 and 4.3.

3 Operating expenses

	2025	2024
	€m	€m
Staff costs	93	82
Temporary and contract costs	1	2
Premises and equipment	6	6
Other administrative expenses (1,2)	110	87
Operating expenses	210	177

(1) Includes €66 million (2024 - €53 million) recharges from other NatWest Group entities, mainly NatWest Bank Plc which provides the majority of shared services (including technology) and operational processes.

(2) Includes depreciation and amortisation.

For accounting policy information refer to Accounting policy 4.2.

There were 255 people employed at 31 December 2025 (2024 – 253). The average number of persons employed during the year was 254 (2024 – 249).

There were 123 people employed in the Netherlands at 31 December 2025 (2024 – 121).

4 Geographical segmental analysis

NWM N.V. Group is managed as a single reportable segment.

The geographical analyses in the tables below have been compiled on the basis of location of office where the transactions are recorded.

	Netherlands	RoW	Total
	€m	€m	€m
2025			
Interest receivable	331	-	331
Interest payable	(256)	-	(256)
Net fees and commissions	118	96	214
Income from trading activities (dealing profits)	36	4	40
Other operating income	(26)	-	(26)
Total income	203	100	303
Operating profit before tax	73	15	88
Total assets	28,239	242	28,481
Total liabilities	26,187	181	26,368
Contingent liabilities and commitments (1)	8,146	-	8,146
2024			
Interest receivable	500	2	502
Interest payable	(382)	-	(382)
Net fees and commissions	117	90	207
Income from trading activities (dealing profits)	16	5	21
Other operating income	(41)	(6)	(47)
Total income	210	91	301
Operating profit before tax	108	17	125
Total assets	29,897	297	30,194
Total liabilities	27,970	181	28,151
Contingent liabilities and commitments (1)	7,470	-	7,470

(1) Refer to Note 22 Memorandum items – Contingent liabilities and commitments.

5 Auditor's remuneration

Amounts payable to NWM N.V. Group's auditors for statutory audit and audit related services are set out below.

	2025	2024
	€m	€m
Fees for the audit of NWM N.V. Group's annual accounts	1.7	1.5
Audit related services (1)	1.0	1.0
Total audit and audit related services	2.7	2.5

(1) Fees incurred in relation to regulatory audits and statutory audits of subsidiaries and branches.

Total fees of EY Accountants B.V. in the Netherlands, charged to NWM N.V. and its consolidated group entities amounted to €1.4 million (2024 - €1.3 million). There are no non-audit related services rendered to NWM N.V. Group.

6 Tax

	2025 €m	2024 €m
Current tax		
Charge for the year	(6)	(6)
(Under)/over provision in respect of prior years	(1)	1
	(7)	(5)
Deferred tax		
Charge for the year	(16)	(17)
Increase in the carrying value of deferred tax assets in respect of tax losses and tax credits	68	53
Other provision in respect of prior years	-	3
Tax credit for the year	45	34

The actual tax charge differs from the expected tax charge computed by applying the statutory tax rate of the Netherlands of 25.8% as follows:

	2025 €m	2024 €m
Expected tax charge	(23)	(32)
Non-taxable items	(2)	(1)
Foreign profits taxed at other rates	(1)	(1)
Losses in year not recognised	-	(1)
Tax on paid-in equity dividends	4	6
Losses brought forward and utilised	-	6
Increase in the carrying value of deferred tax assets in respect of tax losses and tax credits	68	53
Adjustments in respect of prior years (1)	(1)	4
Actual tax credit	45	34

(1) Prior period tax adjustments include, tax provision movements, adjustments to reflect submitted tax computations in the Netherlands and overseas, and recovery of previously written-off current tax assets.

For accounting policy information refer to Accounting policies 3.1 and 4.5.

	2025 €m	2024 €m
Deferred tax asset	(154)	(103)
Deferred tax liability	2	3
Net deferred tax asset	(152)	(100)

	Tax losses carried forward €m	Other €m	Total €m
At 1 January 2024	(63)	2	(61)
Credit to income statement	(37)	(2)	(39)
At 1 January 2025	(100)	-	(100)
Credit to income statement	(51)	(1)	(52)
At 31 December 2025	(151)	(1)	(152)

Deferred tax assets in respect of unused tax losses and tax credits are recognised only when they can be utilised to offset probable future taxable profits, after considering the expected reversal of other temporary differences.

Critical accounting policy: Deferred tax

The deferred tax asset of €154 million as at 31 December 2025 (2024 - €103 million) principally comprises tax losses which arose in the Netherlands, Dutch tax credits, and temporary differences. These deferred tax assets are recognised to the extent that it is probable future taxable profits will be available to recover them.

Judgment - NWM N.V. Group has considered the carrying value of deferred tax assets and management considers that sufficient sustainable taxable profits will be generated in future years to recover the recognised deferred tax asset.

Estimate - These estimates are partly based on forecast performance. They have regard to inherent uncertainties. NWM N.V. Group considers it to be probable, based on its seven-year budget forecast, that future taxable profit will be available against which the tax losses and tax credits can be partially utilised.

Change in accounting estimate - The €51 million increase in recognised deferred tax assets in respect of unused tax losses and tax credits, compared with 2024, is mainly due to an extension of the forecast period from five to seven years, which resulted in an incremental recognition of approximately €41 million. The extension reflects a longer track record of stable profitability, sustained operational continuity and NWM N.V.'s strengthened strategic role. Management considers a seven-year horizon to provide a more appropriate basis for assessing probable taxable profits than a five-year period, based on cumulative performance evidence.

The asset transfers from NWBE to NWM N.V. during the year increased forecast taxable profits over the forecast horizon and were reflected in the level of deferred tax assets recognised as at 31 December 2025. Further details regarding the NWBE transfers are provided in Note 27 Related parties.

6 Tax continued

The carrying amount of deferred tax assets is sensitive to certain significant assumptions made in management's assessment. Key assumptions include:

- The seven-year forecast period;
- The future macro-economic environment of NWM N.V.;
- Transfer pricing model parameters;
- Decisions within NWM N.V.'s strategy, including the impact of CRD VI;
- Expected credit losses;
- Dutch tax law.

NWM N.V. Group's evaluation of alternative assumptions revealed that the recognition of the deferred tax asset is highly sensitive to the significant assumptions used in the assessment and therefore subject to high estimation uncertainty. Due to uncertainty in forecasts of probable taxable income, the ultimate utilisation of the deferred tax asset may vary significantly, which could result in a material increase or decrease in the recognised deferred tax asset.

Dutch tax law

The corporate income tax rate is 25.8% in 2025 (2024 - 25.8%). On 19 December 2024 the government of the Netherlands enacted Pillar Two income tax legislation effective from 31 December 2024. Pillar Two aims to ensure that large multinational groups pay at least at a minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. No additional tax liability is expected for NWM N.V. Group.

Dutch tax losses

Tax losses can be carried forward indefinitely pursuant to Dutch tax law. Annual utilisation is limited: taxable profit up to €1 million can be fully offset against carried-forward tax losses from prior years, and excess profit can only be reduced by up to 50%.

NWM N.V. Group's tax losses principally arose from the run-down of its legacy business between 2013 and 2017.

Dutch tax credits

Under Dutch tax law, taxable profit can be fully offset against available tax credits.

NWM N.V. Group's Dutch tax credits relate to foreign profits earned before 2012. In taxable years prior to 2012, Dutch resident corporate taxpayers were fully liable for Dutch corporate income tax on worldwide income, including income derived from foreign permanent establishments. Double taxation was mitigated through a tax reduction for income attributable to the foreign permanent establishment. Foreign profits that could not be exempted because no attributable Dutch corporate income tax was due were carried forward for use in a later year. Since 2012, income (gains and losses) arising from foreign permanent establishments is generally exempt from Dutch corporate income tax (object exemption). Pre-2012 carried-forward foreign profits remain available to eliminate double taxation in 2012 and subsequent years.

Deferred tax assets - As at 31 December 2025, a deferred tax asset of €151 million (2024 - €100 million) has been recognised in respect of tax losses and tax credits to be carried forward of €585 million 31 December 2025 (2024 - €387 million).

Unrecognised deferred tax - As at 31 December 2025, deferred tax assets of €637 million (2024 - €705 million) have not been recognised in respect of tax losses and unused tax credits of €2,469 million (2024 - €2,731 million). These tax losses and tax credits have no expiry date.

7 Financial instruments - classification

Judgment: classification of financial assets

Classification of financial assets between amortised cost and fair value through other comprehensive income requires a degree of judgment in respect of business models and contractual cashflows.

- The business model criteria are assessed at a portfolio level to determine whether assets are classified as held to collect or held to collect and sell. Information that is considered in determining the applicable business model includes: the portfolio's policies and objectives; how the performance and risks of the portfolio are managed, evaluated and reported to management; and the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for sales.
- The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent solely payments of principal and interest (SPPI). A level of judgment is made in assessing terms that could change the contractual cash flows so that it would not meet the condition for SPPI, including contingent and leverage features, non-recourse arrangements and features that could modify the time value of money.

For accounting policy information refer to Accounting policies 4.6, 4.8 and 4.10.

The following tables analyse NWM N.V. Group's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

Assets	MFVTPL €m	FVOCI €m	Amortised cost €m	Other assets €m	Total €m
Cash and balances at central banks			7,608		7,608
Trading assets	6,509				6,509
Derivatives	8,791				8,791
Settlement balances			111		111
Loans to banks - amortised cost (1)			613		613
Loans to customers - amortised cost			1,422		1,422
Amounts due from holding companies and fellow subsidiaries	821	-	450	22	1,293
Other financial assets	-	695	1,264		1,959
Other assets				175	175
31 December 2025	16,121	695	11,468	197	28,481

Cash and balances at central banks			6,187		6,187
Trading assets	6,688				6,688
Derivatives	11,860				11,860
Settlement balances			866		866
Loans to banks - amortised cost (1)			225		225
Loans to customers - amortised cost			935		935
Amounts due from holding companies and fellow subsidiaries	1,111	-	76	16	1,203
Other financial assets	1	595	1,515		2,111
Other assets				119	119
31 December 2024	19,660	595	9,804	135	30,194

Liabilities	Held-for- trading €m	DFV €m	Amortised cost €m	Other liabilities €m	Total €m
Bank deposits (2)			975		975
Customer deposits			4,968		4,968
Amounts due to holding company and fellow subsidiaries	1,171	-	913	27	2,111
Settlement balances			182		182
Trading liabilities	6,751				6,751
Derivatives	7,331				7,331
Other financial liabilities	-	1,137	2,542		3,679
Subordinated liabilities (3)		271	19		290
Other liabilities (4)			7	74	81
31 December 2025	15,253	1,408	9,606	101	26,368

Bank deposits (2)			597		597
Customer deposits			2,999		2,999
Amounts due to holding company and fellow subsidiaries	1,218	-	1,310	30	2,558
Settlement balances			685		685
Trading liabilities	7,061				7,061
Derivatives	10,510				10,510
Other financial liabilities	-	840	2,528		3,368
Subordinated liabilities (3)		281	22		303
Other liabilities (4)			9	61	70
31 December 2024	18,789	1,121	8,150	91	28,151

(1) Includes items in the course of collection from other banks of €27 million (2024 - €19 million).

(2) Includes items in the course of transmission to other banks of €18 million (2024 - €5 million).

(3) The cumulative own credit adjustment, representing a reduction of the subordinated liability value, was €16 million (2024 - €16 million).

(4) Includes lease liabilities of €6 million (2024 - €8 million).

7 Financial instruments – classification continued

Financial instruments – financial assets and liabilities that can be offset

The tables below present information on financial assets and liabilities that are offset in the balance sheet under IFRS or subject to enforceable master netting agreements together with financial collateral received or given.

	Instruments which can be offset			Potential for offset not recognised by IFRS						
	Gross €m	IFRS offset €m	Balance sheet €m	Effect of master netting and similar agreements €m	Cash collateral €m	Securities collateral €m	Net amount after effect of netting agreements and related collateral €m	Instruments outside netting agreements €m	Balance sheet total €m	
2025										
Derivative assets	17,226	(8,471)	8,755	(4,887)	(2,995)	(621)	252	36	8,791	
Derivative liabilities	17,041	(9,802)	7,239	(4,887)	(1,698)	(352)	302	92	7,331	
Net position (1)	185	1,331	1,516	-	(1,297)	(269)	(50)	(56)	1,460	
Trading reverse repos	5,470	(855)	4,615	(156)	-	(4,459)	-	15	4,630	
Trading repos	5,279	(855)	4,424	(156)	-	(4,268)	-	-	4,424	
Net position	191	-	191	-	-	(191)	-	15	206	
2024										
Derivative assets	20,822	(9,006)	11,816	(7,875)	(2,550)	(886)	505	44	11,860	
Derivative liabilities	20,731	(10,312)	10,419	(7,875)	(1,947)	(117)	480	91	10,510	
Net position (1)	91	1,306	1,397	-	(603)	(769)	25	(47)	1,350	
Trading reverse repos	4,582	(122)	4,460	(217)	-	(4,243)	-	29	4,489	
Trading repos	4,394	(122)	4,272	(217)	-	(4,055)	-	-	4,272	
Net position	188	-	188	-	-	(188)	-	29	217	

(1) The net IFRS offset balance of €1,331 million (2024 – €1,306 million) relates to variation margin netting reflected on other balance sheet lines.

8 Financial instruments – valuation

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(D) = Descriptive; (T) = Table

Critical accounting policy: Fair value - financial instruments

Financial instruments classified as mandatory fair value through profit or loss; held-for-trading; designated fair value through profit or loss and fair value through other comprehensive income are recognised in the financial statements at fair value. All derivatives are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement considers the characteristics of the asset or liability and the assumptions that a market participant would consider when pricing the asset or liability.

NWM N.V. Group manages some portfolios of financial assets and financial liabilities based on its net exposure to either market or credit risk. In these cases, the fair value is derived from the net risk exposure of that portfolio with portfolio level adjustments applied to incorporate bid-offer spreads, counterparty credit risk, and funding costs (see Valuation Adjustments).

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. The complexity and uncertainty in the financial instrument's fair value is categorised using the fair value hierarchy.

For accounting policy information refer to Accounting policies 3.2, 4.6 and 4.10.

Valuation

Fair value hierarchy

Financial instruments carried at fair value have been classified under the fair value hierarchy. The classification ranges from level 1 to level 3, with more expert judgment and price uncertainty for those classified at level 3.

The determination of an instrument's level cannot be made at a global product level as a single product type can be in more than one level. For example, a single name corporate credit default swap could be in level 2 or level 3 depending on the level of market activity for the referenced entity.

Level 1 – instruments valued using unadjusted quoted prices in active and liquid markets, for identical financial instruments. Examples include government bonds, listed equity shares and certain exchange-traded derivatives.

Level 2 - instruments valued using valuation techniques that have observable inputs. Observable inputs are those that are readily available with limited adjustments required. Examples include most government agency securities, investment-grade corporate bonds, certain mortgage products – including collateralised loan obligations (CLOs), most bank loans, repos and reverse repos, state and municipal obligations, most notes issued, certain money market securities, loan commitments and most over the counter (OTC) derivatives.

Level 3 - instruments valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Examples include non-derivative instruments which trade infrequently, certain syndicated and commercial mortgage loans, private equity, and derivatives with unobservable model inputs.

8 Financial instruments – valuation continued

Valuation techniques

NWM N.V. Group derives the fair value of its instruments differently depending on whether the instrument is a non-modelled or a modelled product.

Non-modelled products are valued directly from a price input, typically on a position-by-position basis. Examples include equities and most debt securities.

Non-modelled products can fall into any fair value levelling hierarchy depending on the observable market activity, liquidity, and assessment of valuation uncertainty of the instruments. The assessment of fair value and the classification of the instrument to a fair value level is subject to the valuation controls discussed in the Valuation control section.

Modelled products valued using a pricing model range in complexity from comparatively vanilla products such as interest rate swaps and options (e.g., interest rate caps and floors) through to more complex derivatives (e.g., balance guaranteed swaps).

For modelled products the fair value is derived using the model and the appropriate model inputs or parameters, as opposed to a cash price equivalent. Model inputs are taken either directly or indirectly from available data, where some inputs are also modelled.

Fair value classification of modelled instruments is either level 2 or level 3, depending on the product/model combination, the observability and quality of input parameters and other factors. All these must be assessed to classify a position. The modelled product is assigned to the lowest fair value hierarchy level of any significant input used in that valuation.

Most derivative instruments, for example vanilla interest rate swaps, foreign exchange swaps and liquid single name credit derivatives, are classified as level 2. This is because they are vanilla products valued using standard market models and with observable inputs. Level 2 products range from vanilla to more complex products, where the more complex products remain classified as level 2 due to the low materiality of any unobservable inputs.

Inputs to valuation models

When using valuation techniques, the fair value can be significantly affected by the choice of valuation model and underlying assumptions. Factors considered include the cashflow amounts and timing of those cash flows, and application of appropriate discount rates, incorporating both funding and credit risk. Values between and beyond available data points are obtained by interpolation and extrapolation. The principal inputs to these valuation techniques are as follows:

Bond prices - quoted prices are generally available for government bonds, certain corporate securities, and some mortgage-related products.

Credit spreads/margins - these reflect credit default swap levels or the return required over a benchmark rate or index to compensate for the referenced credit risk. Where available, these are derived from the price of credit default swaps or other credit-based instruments, such as debt securities. When direct prices are not available, credit spreads/margins are determined with reference to available prices of entities with similar characteristics.

Interest rates - these are principally based on interest rate swap prices referencing Interbank Offered Rates (IBOR) and overnight interest rates, including SONIA (Sterling Overnight Interbank Average Rate). Other quoted interest rates may also be used from both the bond, and futures markets.

Foreign currency exchange rates - there are observable prices both for spot and forward contracts and futures in the world's major currencies.

Equity and equity index prices - quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.

Price volatilities and correlations - volatility is a measure of the tendency of a price to change with time. Correlation measures the degree which two or more prices or variables are observed to move together. Variables that move in the same direction show positive correlation; those that move in opposite directions are negatively correlated.

Prepayment rates - rates used to reflect how fast a pool of assets prepay. The fair value of a financial instrument that can be prepaid by the issuer or borrower differs from that of an instrument that cannot be prepaid. When valuing prepayable instruments, the value of this prepayment option is considered.

Recovery rates/loss given default - these are used as an input to valuation models and reserves for asset-backed securities and other credit products as an indicator of severity of losses on default. Recovery rates are primarily sourced from market data providers or the value of the underlying collateral.

Valuation control

NWM N.V. Group's control environment for the determination of the fair value of financial instruments includes formalised procedures for the review and validation of fair values. The review of market prices and inputs is performed by an independent price verification (IPV) team.

IPV is a key element of the control environment. Valuations are first performed by the business which entered into the transaction. These valuations are then reviewed by the IPV team, independent of those trading the financial instruments, in light of available pricing evidence.

Independent pricing data is collated from a range of sources. Each source is reviewed for quality and the independent data applied in the IPV processes using a formalised input quality hierarchy. Consensus services are one source of independent data and encompass interest rate, currency, credit, and bond markets, providing comprehensive coverage of vanilla products and a wide selection of exotic products.

Where measurement differences are identified through the IPV process these are grouped by the quality hierarchy of the independent data. If the size of the difference exceeds defined thresholds, an adjustment is made to bring the valuation to within the independently calculated fair value range.

8 Financial instruments – valuation continued

IPV takes place at least monthly, for all fair value financial instruments. The IPV control includes formalised reporting and escalation of any valuation differences in breach of established thresholds.

The quality and completeness of the information gathered in the IPV process gives an indication as to the liquidity and valuation uncertainty of an instrument and forms part of the information considered when determining fair value hierarchy classifications.

Initial fair value level classification of a financial instrument is carried out by the IPV team. These initial classifications are subject to senior management review. Particular attention is paid to instruments transferring from one level to another, new instrument classes or products, instruments where the transaction price is significantly different from the fair value and instruments where valuation uncertainty is high.

Valuation Committees are made up of valuation specialists and senior business representatives from various functions and oversees pricing, reserving and valuations issues. These committees meet monthly to review and ratify any methodology changes. The Executive Valuation Committee, a NatWest Group Committee, meets quarterly to address key material and subjective valuation issues, to review items escalated by Valuation Committees and to discuss other relevant industry matters.

The Group model risk policy sets the policy for model documentation, testing and review. Governance of the model risk policy is carried out by the Group Model Risk Oversight Committee, which comprises model risk owners and independent model experts. All models are required to be independently validated in accordance with the model risk policy.

Key areas of judgment

Over the years the business has simplified, with most products classified as level 1 or 2 of the fair value hierarchy. However, the diverse range of products historically traded by NWM N.V. Group means some products remain classified as level 3. Level 3 indicates a significant level of pricing uncertainty, where expert judgment is used. As such, extra disclosures are required in respect of level 3 instruments.

In general, the degree of expert judgment used and hence valuation uncertainty depends on the degree of liquidity of an instrument or input.

Where markets are liquid, little judgment is required. However, when the information regarding the liquidity in a particular market is not clear, a judgment may need to be made. For example, for an equity traded on an exchange, daily volumes of trading can be seen, but for an OTC derivative, assessing the liquidity of the market with no central exchange is more challenging.

The breadth and depth of the IPV data allows for a rules-based quality assessment to be made of market activity, liquidity, and pricing uncertainty, which assists with the process of allocation to an appropriate level. Where suitable independent pricing information is not readily available, the quality assessment will result in the instrument being assessed as level 3.

8 Financial instruments – valuation continued

The table below shows the assets and liabilities held by NWM N.V. Group split by fair value hierarchy level. Level 1 are considered the most liquid instruments, and level 3 most illiquid, valued using expert judgment and so carry the most significant price uncertainty.

	2025				2024			
	Level 1 €m	Level 2 €m	Level 3 €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Assets								
Trading assets								
Loans	-	6,509	-	6,509	-	6,580	108	6,688
Derivatives								
Interest rate	-	3,922	36	3,958	-	3,925	49	3,974
Foreign exchange	-	4,828	3	4,831	-	7,874	12	7,886
Other	-	2	-	2	-	-	-	-
Amounts due from holding companies and fellow subsidiaries	-	821	-	821	-	1,111	-	1,111
Other financial assets								
Securities	399	296	-	695	488	108	-	596
Total financial assets held at fair value	399	16,378	39	16,816	488	19,598	169	20,255
As % of total fair value assets	2%	98%	0%		2%	97%	1%	
Liabilities								
Amounts due to holding companies and fellow subsidiaries	-	1,171	-	1,171	-	1,218	-	1,218
Trading liabilities								
Deposits	-	6,751	-	6,751	-	7,061	-	7,061
Derivatives								
Interest rate	-	2,526	54	2,580	-	2,556	82	2,638
Foreign exchange	-	4,741	3	4,744	-	7,853	12	7,865
Other	-	7	-	7	-	7	-	7
Other financial liabilities								
Debt securities in issue	-	466	-	466	-	369	-	369
Deposits	-	640	31	671	-	471	-	471
Subordinated liabilities	-	271	-	271	-	281	-	281
Total financial liabilities held at fair value	-	16,573	88	16,661	-	19,816	94	19,910
As % of total fair value liabilities	-	99%	1%		-	100%	0%	

(1) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instrument was transferred.

8 Financial instruments – valuation continued

Valuation adjustments

When valuing financial instruments in the trading book, adjustments are made to mid-market valuations to cover bid-offer spread, funding and credit risk. These adjustments are presented in the table below:

Adjustment	2025 €m	2024 €m
Funding valuation adjustments	(8)	(10)
Credit valuation adjustments	117	123
Bid-offer	1	1
Product and deal specific	19	33
Total	129	147

The negative FVA reserves related to uncollateralised exposures with funding benefits to NWM N.V. Group. The decrease in CVA was driven by credit spreads tightening and exposure changes arising from the impacts of market moves and new trading activity. The decrease in product and deal specific was driven by the amortisation of deferred trade inception profits partially offset by new trading activity.

Funding valuation adjustments (FVA)

FVA represents an estimate of the adjustment that a market participant would make to incorporate funding costs and benefits that arise in relation to derivative exposures. FVA is calculated as a portfolio level adjustment and can result in either a funding charge (positive) or funding benefit (negative).

Funding levels are applied to estimated potential future exposures. For uncollateralised derivatives, the exposure reflects the future valuation of the derivative. For collateralised derivatives, the exposure reflects the difference between the future valuation of the derivative and the level of collateral posted.

Credit valuation adjustments (CVA)

CVA represents an estimate of the adjustment to fair value that is made to incorporate the counterparty credit risk inherent in derivative exposures. CVA is calculated on a portfolio basis reflecting an estimate of the amount a third party would charge to assume the credit risk.

Collateral held under a credit support agreement is factored into the CVA calculation. In such cases where NWM N.V. Group holds collateral against counterparty exposures, CVA is held to the extent that residual risk remains.

FVA and CVA are actively managed by a credit and market risk hedging process, and therefore movements in CVA and FVA are partially offset by trading revenue on the hedges.

Bid-offer

Fair value positions are required to be marked to exit levels, represented by bid (long positions) or offer (short positions) levels. Non-derivative positions are typically marked to mid, with a bid-offer adjustment applied to the net position. However derivative exposures are adjusted to exit levels by taking bid-offer reserves calculated on a portfolio basis. The reserving approach is based on current market bid-offer spreads and standard market bucketing of risk.

Bid-offer spreads vary by maturity and risk type to reflect different spreads in the market. For positions where there is no observable quote, the bid-offer spreads are widened in comparison to proxies to reflect reduced liquidity or observability.

Netting is applied on a portfolio basis to reflect the value at which NWM N.V. Group believes it could exit the net risk of the portfolio, rather than the sum of exit costs for each of the portfolio's individual trades. This is applied where the asset and liability positions are managed as a portfolio for risk and reporting purposes.

Product and deal specific

On initial recognition of financial assets and liabilities valued using valuation techniques which have a significant dependence on information other than observable market data, any difference between the transaction price and that derived from the valuation technique is deferred. Such amounts are recognised in the income statement over the life of the transaction; when market data becomes observable; or when the transaction matures or is closed out as appropriate.

Where system generated valuations do not accurately reflect market prices, manual valuation adjustments are applied either at a position or portfolio level. Manual adjustments are subject to the scrutiny of independent control teams and are subject to monthly review by senior management.

Own credit

NWM N.V. Group considers the effect of its own credit standing when valuing financial liabilities recorded at fair value. Own credit spread adjustments are made when valuing issued debt held at fair value, including issued structured notes. An own credit adjustment is applied to positions where it is believed that counterparties would consider NWM N.V. Group's creditworthiness when pricing trades.

8 Financial instruments – valuation continued

Level 3 additional information

For illiquid assets and liabilities classified as level 3, additional information is provided on the valuation techniques used and price sensitivity of the products to those inputs. This is to enable the reader to gauge the level of uncertainty that arises from positions with significant unobservable inputs or modelling parameters.

Level 3 ranges of unobservable inputs

The table below provides additional information on level 3 instruments and inputs. This shows the valuation technique used for the fair value calculation, the unobservable input and input range.

Financial instruments	Valuation techniques	Unobservable inputs	Units	2025		2024	
				Low	High	Low	High
Trading assets and other financial assets							
Loans to customers	Price-based	Price	%	-	-	100	100
Equity shares	Price-based	Price	EUR	1	1,020	1	1,019
Derivative assets and liabilities							
Interest rate & FX derivatives	Option pricing	Correlation	%	-	60	-	60
		Volatility	%	44	82	41	99
		Constant prepayment rate	%	7	15	7	15
		Mean reversion	%	-	10	-	10

(1) NWM N.V. Group does not have any material liabilities measured at fair value that are issued with an inseparable third-party credit enhancement.

8 Financial instruments – valuation continued

Level 3 sensitivities

The level 3 sensitivities presented below are calculated at a trade or low-level portfolio basis rather than an overall portfolio basis. As individual sensitivities are aggregated with no reflection of the correlated nature between instruments, the overall portfolio sensitivity may not be accurately reflected. For example, some portfolios may be negatively correlated to others, where a downwards movement in one asset would produce an upwards movement in another. However, due to the additive presentation of the above figures this correlation impact cannot be displayed. As such, the actual potential downside sensitivity of the total portfolio may be less than the non-correlated sum of the additive figures as shown in the below table.

Alternative assumptions

Reasonably plausible alternative assumptions of unobservable inputs are determined based on a specified target level of certainty of 90%.

Alternative assumptions are determined with reference to all available evidence including consideration of the following: quality of independent pricing information considering consistency between different sources, variation over time, perceived tradability or otherwise of available quotes; consensus service dispersion ranges; volume of trading activity and market bias (e.g. one-way inventory); day 1 profit or loss arising on new trades; number and nature of market participants; market conditions; modelling consistency in the market; size and nature of risk; length of holding of position; and market intelligence.

Other considerations

Whilst certain inputs used to calculate CVA, FVA and own credit adjustments are not based on observable market data, the uncertainty of these inputs is not considered to have a significant effect on the net valuation of the related derivative portfolios and issued debt.

As such, the fair value levelling of the derivative portfolios and issued debt is not determined by CVA, FVA or own credit inputs. In addition, any fair value sensitivity driven by these inputs is not included in the level 3 sensitivities presented.

The table below shows the favourable and unfavourable range of fair value of the level 3 assets and liabilities. This range incorporates the range of fair value inputs as described in the previous table.

	2025			2024		
	Level 3	Favourable	Unfavourable	Level 3	Favourable	Unfavourable
	€m	€m	€m	€m	€m	€m
Assets						
Trading assets						
Loans	-	-	-	108	-	-
Derivatives						
Interest rate	36	-	-	49	-	-
Foreign exchange	3	-	-	12	-	-
Total	39	-	-	169	-	-
Liabilities						
Derivatives						
Interest rate	54	-	-	82	10	(10)
Foreign exchange	3	-	-	12	-	-
Other financial liabilities						
Deposits	31	-	-	-	-	-
Total	88	-	-	94	10	(10)

8 Financial instruments – valuation continued

Movement in level 3 assets and liabilities

The following table shows the movement in level 3 assets and liabilities in the year.

	Derivatives assets	Other trading assets (2)	Other financial assets (3)	Total assets	Derivatives liabilities	Other trading liabilities (2)	Other financial liabilities	Total liabilities
	€m	€m	€m	€m	€m	€m	€m	€m
2025								
At 1 January	61	108	-	169	94	-	-	94
Amounts recorded in the income statement (1)	(6)	-	-	(6)	(17)	-	3	(14)
Level 3 transfers in	2	-	-	2	2	-	28	30
Level 3 transfers out	(1)	-	-	(1)	(2)	-	-	(2)
Issuances	-	-	-	-	-	-	-	-
Purchases/originations	11	-	-	11	15	-	-	15
Settlements/other decreases	(13)	-	-	(13)	(8)	-	-	(8)
Sales	(14)	(108)	-	(122)	(27)	-	-	(27)
Foreign exchange and other adjustments	(1)	-	-	(1)	-	-	-	-
At 31 December	39	-	-	39	57	-	31	88
Amounts recorded in the income statement in respect of balances held at period end - unrealised	(12)	-	-	(12)	(11)	-	-	(11)
2024								
At 1 January	39	4	2	45	125	-	-	125
Amounts recorded in the income statement (1)	14	2	-	16	(47)	-	-	(47)
Amount recorded in the statement of comprehensive income	-	-	-	-	-	-	-	-
Level 3 transfers in	-	-	-	-	-	-	-	-
Level 3 transfers out	(1)	-	-	(1)	(2)	-	-	(2)
Purchases/originations	17	107	-	124	27	-	-	27
Settlements/other decreases	-	(6)	-	(6)	-	-	-	-
Sales	(8)	-	(1)	(9)	(9)	-	-	(9)
Foreign exchange and other adjustments	-	1	(1)	-	-	-	-	-
At 31 December	61	108	-	169	94	-	-	94
Amounts recorded in the income statement in respect of balances held at period end - unrealised	84	-	-	84	28	-	-	28

(1) There were €11 million net gains on trading assets and liabilities (2024 - €63 million net gains) recorded in income from trading activities. Net loss on other instruments of €3 million (2024 - nil) were recorded in other operating income and interest income as appropriate.

(2) Other trading assets and other trading liabilities comprise assets and liabilities held at fair value in trading portfolios.

(3) Other financial assets comprise fair value through other comprehensive income, designated as at fair value through profit or loss and other fair value through profit or loss.

8 Financial instruments – valuation continued

Fair value of financial instruments measured at amortised cost on the balance sheet

The following table shows the carrying value and fair value of financial instruments measured at amortised cost on the balance sheet.

	Carrying value €m	Fair value €m	Fair value hierarchy level		Items where fair value approximates carrying value €m
			Level 2 €m	Level 3 €m	
2025					
Financial assets					
Cash and balances at central banks	7,608	7,608	-	-	7,608
Settlement balances	111	111	-	-	111
Loans to banks	613	613	377	41	195
Loans to customers	1,422	1,422	-	1,422	-
Amounts due from holding companies and fellow subsidiaries	450	450	-	284	166
Other financial assets - securities	1,264	1,261	99	1,162	-
2024					
Financial assets					
Cash and balances at central banks	6,187	6,187	-	-	6,187
Settlement balances	866	866	-	-	866
Loans to banks	225	225	-	-	225
Loans to customers	935	917	-	917	-
Amounts due from holding companies and fellow subsidiaries	76	76	-	64	12
Other financial assets - securities	1,515	1,514	98	1,416	-
2025					
Financial liabilities					
Bank deposits	975	968	-	950	18
Customer deposits	4,968	4,968	-	4,968	-
Amounts due to holding companies and fellow subsidiaries	913	915	152	676	87
Settlement balances	182	182	-	-	182
Other financial liabilities		-			
Debt securities in issue	2,542	2,543	1,003	1,540	-
Subordinated liabilities	19	19	19	-	-
2024					
Financial liabilities					
Bank deposits	597	597	-	592	5
Customer deposits	2,999	2,999	-	2,980	19
Amounts due to holding companies and fellow subsidiaries	1,310	1,312	151	987	174
Settlement balances	685	685	-	-	685
Other financial liabilities					
Debt securities in issue	2,528	2,528	1,592	936	-
Subordinated liabilities	22	22	22	-	-

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

Short-term financial instruments

For certain short-term financial instruments, including but not limited to; cash and balances at central banks, settlement balances, loans with short-term maturities and customer demand deposits, carrying value is deemed a reasonable approximation of fair value.

Loans to banks and customers

In estimating the fair value of net loans to customers and banks measured at amortised cost, NWM N.V. Group's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans. Loans are valued using contractual cash flows that are discounted using a market discount rate that incorporates the current spread for the borrower or where this is not observable, the spread for borrowers of a similar credit standing.

Debt securities and subordinated liabilities

Most debt securities are valued using quoted prices in active markets or from quoted prices of similar financial instruments. The remaining population is valued using discounted cash flows at current offer rates.

Bank and customer deposits

Fair values of deposits are estimated using contractual cash flows using a market discount rate incorporating the current spread.

9 Financial instruments - maturity analysis

Remaining maturity

The following table shows the residual maturity of financial instruments, based on contractual date of maturity.

	2025			2024		
	Less than 12 months €m	More than 12 months €m	Total €m	Less than 12 months €m	More than 12 months €m	Total €m
Assets						
Cash and balances at central banks	7,608		7,608	6,187	-	6,187
Trading assets	4,104	2,405	6,509	6,580	108	6,688
Derivatives	3,462	5,329	8,791	6,074	5,786	11,860
Settlement balances	111		111	866	-	866
Loans to banks - amortised cost	415	198	613	225	-	225
Loans to customers - amortised cost	288	1,134	1,422	497	438	935
Amounts due from holding companies and fellow subsidiaries (1)	971	301	1,272	1,164	23	1,187
Other financial assets	624	1,335	1,959	604	1,507	2,111
Liabilities						
Bank deposits	501	474	975	547	50	597
Customer deposits	4,949	19	4,968	2,985	14	2,999
Amounts due to holding companies and fellow subsidiaries (2)	1,596	487	2,083	1,978	549	2,527
Settlement balances	182		182	685	-	685
Trading liabilities	5,211	1,540	6,751	6,898	163	7,061
Derivatives	3,493	3,838	7,331	6,088	4,422	10,510
Other financial liabilities	2,042	1,637	3,679	1,943	1,425	3,368
Subordinated liabilities	-	290	290	-	303	303
Lease liabilities	2	4	6	2	6	8

(1) Amounts due from holding companies and fellow subsidiaries relating to non-financial instruments of €21 million (2024 - €16 million) have been excluded from the table.

(2) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of €28 million (2024 - €31 million) have been excluded from the table.

Assets and liabilities by contractual cash flows up to 20 years

The tables below show the contractual undiscounted cash flows receivable and payable, up to a period of 20 years, including future receipts and payments of interest of financial assets and liabilities by contractual maturity. The balances in the following tables do not agree directly with the consolidated balance sheet, as the tables include all cash flows relating to principal and future coupon payments, presented on an undiscounted basis. The tables have been prepared on the following basis:

Financial assets have been reflected in the time band of the latest date on which they could be repaid, unless earlier repayment can be demanded by NWM N.V. Group. Financial liabilities are included at the earliest date on which the counterparty can require repayment, regardless of whether or not such early repayment results in a penalty. If repayment is triggered by, or is subject to, specific criteria such as market price hurdles being reached, the asset is included in the time band that contains the latest date on which it can be repaid, regardless of early repayment. The liability is included in the time band that contains the earliest possible date on which the conditions could be fulfilled, without considering the probability of the conditions being met. For example, if a structured note is automatically prepaid when an equity index exceeds a certain level, the cash outflow will be included in the less than three months' period whatever the level of the index at the year end.

The settlement date of debt securities in issue, issued by certain securitisation vehicles consolidated by NWM N.V. Group depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of the cash outflow relating to securities assumes that each asset will be prepaid at the earliest possible date. As the repayments of assets and liabilities are linked, the repayment of assets in securitisations is shown on the earliest date that the asset can be prepaid, as this is the basis used for liabilities. The principal amounts of financial liabilities that are repayable after 20 years or where the counterparty has no right to repayment of the principal, are excluded from the table along with interest payments after 20 years.

MFVTPL assets of €16.1 billion (2024 - €19.7 billion) and HFT liabilities of €15.3 billion (2024 - €18.8 billion) have been excluded from the following tables.

9 Financial instruments - maturity analysis continued

2025	0 - 3 months €m	3 - 12 months €m	1 - 3 years €m	3 - 5 years €m	5 - 10 years €m	10 - 20 years €m
Assets by contractual maturity up to 20 years						
Cash and balances at central banks	7,608	-	-	-	-	-
Settlement balances	111	-	-	-	-	-
Loans to banks - amortised cost	238	178	198	-	-	-
Loans to customers - amortised cost	39	319	477	679	150	-
Amounts due from holding companies and fellow subsidiaries (1)	432	-	-	-	-	-
Other financial assets (2)	410	212	56	151	146	100
	8,838	709	731	830	296	100
Liabilities by contractual maturity up to 20 years						
Bank deposits	237	268	-	474	-	1
Customer deposits	4,530	425	11	-	-	17
Amounts due to holding companies and fellow subsidiaries (3)	91	341	184	322	-	-
Settlement balances	182	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	271
Other financial liabilities	256	1,786	814	305	356	301
Lease liabilities	1	1	3	1	-	-
	5,297	2,821	1,012	1,102	356	590
Guarantees and commitments - notional amount (4)						
Guarantees (5)	527	-	-	-	-	-
Commitments (6)	7,374	-	-	-	-	-
	7,901	-	-	-	-	-
2024						
Assets by contractual maturity up to 20 years						
Cash and balances at central banks	6,187	-	-	-	-	-
Settlement balances	866	-	-	-	-	-
Loans to banks - amortised cost	220	5	-	-	-	-
Loans to customers - amortised cost	61	476	215	215	72	-
Amounts due from holding companies and fellow subsidiaries (1)	55	-	-	-	-	-
Other financial assets (2)	400	133	71	59	290	452
	7,789	614	286	274	362	452
Liabilities by contractual maturity up to 20 years						
Bank deposits	245	307	50	-	-	-
Customer deposits	2,263	735	5	-	-	17
Amounts due to holding companies and fellow subsidiaries (3)	422	346	506	45	-	-
Settlement balances	685	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	281
Other financial liabilities	881	1,076	814	301	111	241
Lease liabilities	1	2	4	2	-	-
	4,497	2,466	1,379	348	111	539
Guarantees and commitments - notional amount (4)						
Guarantees (5)	511	-	-	-	-	-
Commitments (6)	6,892	-	-	-	-	-
	7,403	-	-	-	-	-

(1) Amounts due from holding companies and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

(2) Other financial assets exclude equity shares.

(3) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

(4) Refer to Note 22 Memorandum items – Contingent liabilities and commitments.

(5) NWM N.V. Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. NWM N.V. Group expects most guarantees it provides to expire unused.

(6) NWM N.V. Group has given commitments to provide funds to customers under undrawn formal facilities, credit lines and other commitments to lend subject to certain conditions being met by the counterparty. NWM N.V. Group does not expect all facilities to be drawn, and some may lapse before drawdown.

10 Trading assets and liabilities

Trading assets and liabilities comprise assets and liabilities held at fair value in trading portfolios.

	2025 €m	2024 €m
Assets		
Loans		
Reverse repos	4,630	4,489
Collateral given	1,867	2,079
Other loans	12	120
Total	6,509	6,688
Liabilities		
Deposits		
Repos	4,424	4,272
Collateral received	2,325	2,787
Other deposits	2	2
Total	6,751	7,061

For accounting policy information refer to Accounting policy 3.2.

11 Derivatives

NWM N.V. Group uses derivatives as part of its trading activities or to manage its own risk such as interest rate, foreign exchange, or credit risk.

	Notional			Asset			Liability		
	Traded on recognised exchanges	Traded over the counter	Total	Traded on recognised exchanges	Traded over the counter	Total	Traded on recognised exchanges	Traded over the counter	Total
2025	€bn	€bn	€bn	€m	€m	€m	€m	€m	€m
Interest rate	37	1,414	1,451	-	3,958	3,958	-	2,580	2,580
- Swaps	-	1,141	1,141	-	3,746	3,746	-	2,375	2,375
- Options	-	90	90	-	212	212	-	205	205
- Forwards and futures	37	183	220	-	-	-	-	-	-
Exchange rate	-	428	428	-	4,831	4,831	-	4,744	4,744
- Swaps	-	37	37	-	1,203	1,203	-	1,170	1,170
- Options	-	10	10	-	41	41	-	57	57
- Spot, forwards and futures	-	381	381	-	3,587	3,587	-	3,517	3,517
Credit	-	-	-	-	2	2	-	7	7
Equity and commodity	-	-	-	-	-	-	-	-	-
Total	37	1,842	1,879	-	8,791	8,791	-	7,331	7,331
2024									
Interest rate	15	1,215	1,230	-	3,974	3,974	-	2,638	2,638
- Swaps	-	1,015	1,015	-	3,679	3,679	-	2,408	2,408
- Options	-	102	102	-	295	295	-	230	230
- Forwards and futures	15	98	113	-	-	-	-	-	-
Exchange rate	-	432	432	-	7,886	7,886	-	7,865	7,865
- Swaps	-	36	36	-	1,434	1,434	-	1,464	1,464
- Options	-	10	10	-	73	73	-	74	74
- Spot, forwards and futures	-	386	386	-	6,379	6,379	-	6,327	6,327
Credit	-	-	-	-	-	-	-	7	7
Equity and commodity	-	-	-	-	-	-	-	-	-
Total	15	1,647	1,662	-	11,860	11,860	-	10,510	10,510

Included in the table above is the notional amount of €1,036 billion (2024 - €795 billion) of interest rate derivatives that are traded over the counter and settled through central clearing counterparties. NWM N.V. Group has no other type of derivatives that are settled through central counterparties.

11 Derivatives continued

Hedge accounting using derivatives

For accounting policy information refer to Accounting policies 4.6 and 4.10.

Refer to Note 27 for amounts due from/to fellow NatWest Group companies.

NWM N.V. Group applies hedge accounting to reduce the accounting mismatch caused in the income statement by using derivatives to hedge the following risks: interest rate, foreign exchange and the foreign exchange risk associated with net investment in foreign operations.

NWM N.V. Group's interest rate hedging relates to the management of NWM N.V. Group's non-trading structural interest rate risk, caused by the mismatch between fixed interest rates and floating interest rates on its financial instruments. NWM N.V. Group manages this risk within approved limits. Residual risk positions are hedged with derivatives, principally interest rate swaps.

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest payments and receipts due to the movement of interest rates on forecast transactions and on financial assets and financial liabilities. This variability in cash flows is hedged by interest rate swaps, which convert variable cash flows into fixed. For these cash flow hedge relationships, the hedged items are actual and forecast variable interest rate cash flows arising from financial assets and financial liabilities with interest rates linked to the relevant interest rates, most notably the European Central Bank deposit rate. The variability in cash flows due to movements in the relevant interest rate is hedged; this risk component is identified using the risk management systems of NWM N.V. Group and encompasses the majority of cash flow variability risk.

Suitable larger fixed rate financial instruments are subject to fair value hedging in line with documented risk management strategies.

Fair value hedges of interest rate risk involve interest rate swaps transforming the fixed interest rate risk in financial assets and financial liabilities to floating. The hedged risk is the risk of changes in the hedged item's fair value attributable to changes in the interest rate risk component of the hedged item. The significant interest rates identified as risk components are SOFR, ESTR and EURIBOR. These risk components are identified using the risk management systems of NWM N.V. Group and encompass the majority of the hedged item's fair value risk

NWM N.V. Group hedges the exchange rate risk of its net investment in foreign currency denominated operations with currency borrowings and forward foreign exchange contracts.

NWM N.V. Group reviews the value of the investments' net assets, executing hedges where appropriate to reduce the sensitivity of capital ratios to foreign exchange rate movement. Hedge accounting relationships will be designated where required.

Exchange rate risk also arises in NWM N.V. Group where payments are denominated in currencies other than the functional currency. Residual risk positions are hedged with forward foreign exchange contracts, fixing the exchange rate the payments will be settled in. The derivatives are documented as cash flow hedges.

For all cash flow hedging, fair value hedge relationships and net investment hedging, NWM N.V. Group determines that there is an economic relationship between the hedged item and hedging instrument via assessing the initial and ongoing effectiveness by comparing movements in the fair value of the expected highly probable forecast interest cash flows/ fair value of the hedged item attributable to the hedged risk with movements in the fair value of the expected changes in cash flows from the hedging instrument. The method used for comparing movements is either regression testing, or the dollar offset method. The method for testing effectiveness and the period over which the test is performed depends on the applicable risk management strategy and is applied consistently to each risk management strategy. Hedge effectiveness is assessed on a cumulative basis and the determination of effectiveness is in line with the requirements of IAS 39.

NWM N.V. Group uses either the actual ratio between the hedged item and hedging instrument(s) or one that minimises hedge ineffectiveness to establish the hedge ratio for hedge accounting. Hedge ineffectiveness is measured in line with the requirements of IAS 39 and recognised in the income statement as it arises.

11 Derivatives continued

Derivatives in hedge accounting relationships

Included in the table below are derivatives held for hedging as follows.

	2025				2024			
	Notional €bn	Assets €m	Liabilities €m	Changes in fair value used for hedge ineffectiveness (1) €m	Notional €bn	Assets €m	Liabilities €m	Changes in fair value used for hedge ineffectiveness (1) €m
Fair value hedging								
Interest rate contracts	0.1	1	1	1	0.1	1	1	1
Cash flow hedging								
Interest rate contracts	1.5	16	6	(22)	1.4	26	1	6
	1.6	17	7	(21)	1.5	27	2	7
IFRS netting and clearing house settlements		(17)	(7)			(27)	(2)	
		-	-			-	-	

(1) The change in fair value per hedge ineffectiveness includes instruments that were derecognised in the year.

Hedge ineffectiveness

Hedge ineffectiveness recognised in other operating income comprised.

	2025 €m	2024 €m
Fair value hedging		
Loss on hedged items attributable to the hedged risk	(1)	(1)
Gain on hedging instruments	1	1
Fair value hedging ineffectiveness	-	-

The main sources of ineffectiveness for interest rate risk hedge accounting relationships are:

- The effect of the counterparty credit risk on the fair value of the interest rate swap which is not reflected in the fair value of the hedged item attributable to the change in interest rate (fair value hedge);
- Differences in the repricing basis between the hedging instrument and hedged cash flows (cash flow hedge); and
- Upfront present values on the hedging derivatives where hedge accounting relationships have been designated after the trade date (cash flow hedge and fair value hedge).

11 Derivatives continued

Maturity of notional hedging contracts

The following table shows the period in which notional of the hedging contract ends.

	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	Over 10 years	Total
	€bn	€bn	€bn	€bn	€bn	€bn	€bn
2025							
Fair value hedging							
Interest rate risk							
Hedging assets	-	-	-	0.1	-	-	0.1
Hedging liabilities	-	-	-	-	-	-	-
2024							
Fair value hedging							
Interest rate risk							
Hedging assets	-	-	-	0.1	-	-	0.1
Hedging liabilities	-	-	-	-	-	-	-
2025							
Cash flow hedging							
Interest rate risk							
Hedging assets	-	0.1	0.4	0.5	0.5	-	1.5
2024							
Cash flow hedging							
Interest rate risk							
Hedging assets	0.1	0.2	0.5	0.2	0.4	-	1.4

Average fixed interest rates

Average fixed rate for cash flow hedges, interest rate risk.

	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	Over 10 years	Total
	%	%	%	%	%	%	%
2025							
Average fixed interest rate							
Hedging assets	2.45	2.42	2.42	2.25	2.67	-	2.43
Hedging liabilities	-	-	-	-	-	-	-
2024							
Average fixed interest rate							
Hedging assets	2.65	2.67	2.66	2.74	2.72	-	2.69
Hedging liabilities	-	-	-	-	-	-	-

11 Derivatives continued

Analysis of hedged items and related hedging instruments

The table below analyses assets and liabilities including intercompany, subject to hedging derivatives.

	Carrying value of hedged assets and liabilities €m	Impact on hedged items included in carrying value €m	Changes in fair value used as a basis to determine ineffectiveness (1) €m
2025			
Fair value hedging - interest rate			
Other financial assets - securities	117	-	(1)
Other financial liabilities - debt securities in issue	15	-	-
2024			
Fair value hedging - interest rate			
Other financial assets - securities	102	1	1
Other financial liabilities - debt securities in issue	20	-	(2)
2025			
Cash flow hedging - interest rate			
Balances with central banks	1,526		22
2024			
Cash flow hedging - interest rate			
Balances with central banks	1,404		(6)

(1) The change in fair value per hedge ineffectiveness includes instruments that were derecognised in the year.

Analysis of cash flow hedge reserve

The following table shows analysis of the cash flow hedge reserve.

	Cash flow hedge reserve	
	2025 €m	2024 €m
Continuing		
Interest rate risk	6	31
De-designated		
Interest rate risk	2	-
Total	8	31

	Cash flow hedge reserve	
	2025 €m	2024 €m
Amount recognised in equity		
Interest rate risk	(15)	(12)
Amount transferred from equity to earnings		
Interest rate risk to net interest income	(7)	15

12 Loan impairment provisions

The table below summarises loans and related credit impairment measures within the scope of ECL framework.

	2025 €m	2024 €m
Loans - amortised cost		
Stage 1	1,901	996
Stage 2	121	118
Stage 3	-	34
Inter-Group (1)	284	64
Total	2,306	1,212
ECL provisions		
Stage 1	8	5
Stage 2	4	2
Stage 3	-	1
Total	12	8
ECL provisions coverage (2)		
Stage 1 (%)	0.42	0.50
Stage 2 (%)	3.31	1.69
Stage 3 (%)	-	3
Total	0.59	0.70
Other financial assets - Gross exposure	9,569	8,297
Other financial assets - ECL provision	2	1
Impairment charge (releases)		
ECL charge/(release) - third party (3)	5	(1)
Amounts written off	1	-

- (1) The NWM N.V. Group intercompany assets were classified in Stage 1. The ECL for these loans was €0.1 million (2024 – nil).
- (2) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful coverage ratio.
- (3) Includes €0.5 million charge (2024 – €1.3 million release) related to other financial assets and nil release (2024 – €0.1 million release) relating to contingent liabilities.
- (4) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to page 31 for Financial instruments within the scope of the IFRS 9 ECL framework for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling €7.6 billion (2024 – €6.2 billion) and debt securities of €2.0 billion (2024 – €2.1 billion).
- (5) NWM N.V. Group held collateral against third party loans in Stage 3 of nil (2024 – €32.4) and against Stage 1 and Stage 2 third party loans of €462 million (2024 – €258 million). Inter-group loans were uncollateralised.

For accounting policy information refer to Accounting Policy 4.11.

Credit risk enhancement and mitigation

For information on Credit risk enhancement and mitigation held as security, refer to Risk and capital management – Credit risk enhancement and mitigation section.

IFRS 9 models

Refer to Credit risk – IFRS 9 models section for further details.

Approach for multiple economic scenarios (MES)

The base scenario plays a greater part in the calculation of ECL than the approach to MES. Refer to Credit risk – Economic loss drivers – Probability weightings of scenarios section for further details.

13 Other financial assets

	Debt securities							
	Central and local government			Other debt	Total	Equity shares	Loans	Total
	US	Other						
€m	€m	€m	€m	€m	€m	€m	€m	
2025								
Mandatory fair value through profit or loss	-	-	-	-	-	-	-	-
Fair value through other comprehensive income	-	398	297	695	-	-	695	-
Amortised cost	-	-	1,264	1,264	-	-	1,264	-
Total	-	398	1,561	1,959	-	-	1,959	-
2024								
Mandatory fair value through profit or loss	-	-	-	-	1	-	1	-
Fair value through other comprehensive income	-	590	5	595	-	-	595	-
Amortised cost	-	-	1,515	1,515	-	-	1,515	-
Total	-	590	1,520	2,110	1	-	2,111	-

There are no significant acquisitions, disposal of equity shares and dividends on equity shares held at FVOCI in either year.

14 Other assets

	2025 €m	2024 €m
Property and equipment	6	8
Deferred tax	154	103
Other assets	15	8
	175	119

(1) Refer to note 6 for information on Deferred tax.

15 Other financial liabilities

	2025 €m	2024 €m
Customer deposits - designated as at fair value through profit or loss	670	471
Debt securities in issue - amortised cost	2,542	2,528
Debt securities in issue - DFV	467	369
	3,679	3,368

For accounting policy information refer to Accounting policies 4.6 and 4.9

16 Subordinated liabilities

	First call date	Maturity date	Capital treatment	2025 €m	2024 €m
Dated loan capital					
€170 million		Feb-2041	Not applicable	271	282
\$150 million		Oct-2093	Not applicable	19	21
				290	303

Following table analyses intercompany subordinated liabilities. These balances are included in amounts due to holding companies and fellow subsidiaries, refer to Note 27.

	First call date	Maturity date	Capital treatment	2025 €m	2024 €m
Dated loan capital					
€150 million	Dec-2024	Dec-2029	Tier 2	150	150
				150	150

17 Other liabilities

	2025 €m	2024 €m
Lease liabilities	6	8
Provisions for liabilities and charges	11	5
Accruals	23	24
Deferred income	19	10
Current tax	6	7
Deferred tax (Note 6)	2	2
Other liabilities	14	14
Total	81	70

Included in other liabilities are provisions for liabilities and charges of €11 million (2024 - €5 million), of which litigation provisions are €0.2 million (2024 - €0.5 million) and restructuring provisions of €10.5 million (2024 - €4 million). Arising out of its normal business operations, the NWM N.V. Group is party to legal proceedings in the Netherlands, the United Kingdom, the United States of America and other jurisdictions.

Litigation provisions at 31 December 2025 related to various proceedings; no individual provision is material. Detailed descriptions of the NWM N.V. Group's legal proceedings and discussion of the associated uncertainties are given in Note 22.

For accounting policy information see Accounting policies Note 4.

18 Share capital and reserves

Share capital

NWM N.V.'s share capital at 31 December 2025 consisted of 11,112 issued and fully paid ordinary shares of €4.50 each. Its authorised share capital amounts to €225,000. It comprises 41,500 ordinary shares, each with a nominal value of €4.50 and 8,500 preference shares, each with a nominal value of €4.50. All issued ordinary shares have been fully paid. There have been no changes in share capital compared to 2024. Each ordinary share entitles the holder to cast one vote. Subject to certain exceptions provided or by law or in the Articles of Association, resolutions are passed by an absolute majority of the votes cast. When shares are issued, each holder of shares shall have pre-emptive rights, in proportion to the aggregate amount of their shares, except in the case of an issue of shares for a consideration other than in cash. In the event of the dissolution and liquidation of NWM N.V., the assets remaining after payment of all debts will be distributed to the holders of ordinary shares on a pro-rata basis.

Share premium reserve

Ordinary shares carry certain pre-emption rights and rank equally in voting, dividend and liquidation rights.

Dutch law prescribes that only the freely distributable reserves of NWM N.V. are taken into account for the purpose of making distributions and in determining the permissible applications of the share premium account. NWM N.V. Group optimises capital efficiency by maintaining reserves in subsidiaries, including regulated entities. The remittance of reserves to NWM N.V. or the redemption of capital by regulated entities may be subject to maintaining the capital resources required by the relevant regulator.

Ordinary dividends

NWM N.V. has not paid ordinary dividends in 2025. In 2024, NWM N.V. paid ordinary dividends in March 2024 and in October 2024 of €3,779.70 per share and €2,699.78 per share respectively.

Paid-in equity

Additional Tier 1 instruments issued by NWM N.V. having the legal form of debt are classified as equity under IFRS. The coupons on these instruments are non-cumulative and payable at NWM N.V.'s discretion. In September 2024 NWM N.V. issued capital securities of €250 million which qualify as Additional Tier 1 capital as described in CRD IV and CRR. These securities are perpetual. They can be called on after five years and have a coupon of 3-month Euribor plus 4.05%, payable on a quarterly basis.

19 Structured entities

A structured entity (SE) is an entity that has been designed such that voting or similar rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. SEs are usually established for a specific, limited purpose. They do not carry out a business or trade and typically have no employees.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by NWM N.V. Group, and which are established either by NWM N.V. Group or a third party. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns for NWM N.V. Group arising from the performance of the entity. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to NWM N.V. Group, provision of lending and loan commitments, financial guarantees and investment management agreements. NWM N.V. Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. Structured entities may take the form of funds, trusts, partnerships, securitisation vehicles, and private investment companies. NWM N.V. Group considers itself to be the sponsor of a structured entity where it is primarily involved in the set up and design of the entity and where NWM N.V. Group transfers assets to the entity, markets products associated with the entity in its own name, and/or provides guarantees in relation to the performance of the entity.

The nature and extent of NWM N.V. Group's interests in unconsolidated structured entities is summarised below.

	2025			2024		
	Asset-backed securitisation vehicles €m	Investment funds and other €m	Total €m	Asset-backed securitisation vehicles €m	Investment funds and other €m	Total €m
Assets						
Trading assets	30	-	30	61	-	61
Derivatives	2	-	2	4	-	4
Loans to customers	193	4	197	68	4	72
Other financial assets	1,090	76	1,166	1,342	75	1,417
Total	1,315	80	1,395	1,475	79	1,554
Liabilities						
Derivatives	18	-	18	44	-	44
Total	18	-	18	44	-	44
Off balance sheet						
Liquidity facilities/loan commitments	239	41	280	256	26	282
Total	239	41	280	256	26	282
Maximum exposure	1,536	121	1,657	1,687	105	1,792

20 Asset transfers and collateral received

Transfers that do not qualify for derecognition

NWM N.V. Group enters into securities repurchase and securities lending agreements in accordance with normal market practice which includes the provision of additional collateral if necessary. Under standard terms in the UK, US and EU markets, the recipient has an unrestricted right to sell or repledge collateral, subject to returning equivalent securities on maturity of the transaction. Securities sold under repurchase transactions and transactions with the substance of securities repurchase agreements are not derecognised if NWM N.V. Group retains substantially all the risks and rewards of ownership. The fair value (and carrying value) of securities transferred under such transactions included on the balance sheet, are set out below. All of these securities could be sold or repledged by the holder. Securities received as collateral under reverse repurchase agreements were €4.6 billion (2024 - €4.5 billion) of which €4.1 billion (2024 - €4.5 billion) had been sold or repledged as collateral of the NWM N.V. Group's own transactions.

	2025	2024
	€m	€m
The following assets have failed derecognition		
Other financial assets	422	459

(1) Associated liabilities are €392 million (2024 - €418 million).

Assets pledged as collateral

NWM N.V. Group pledges collateral with its counterparties primarily in respect of derivative liabilities and bank and stock borrowings. Under standard arrangements the counterparty has the right to sell or repledge the collateral. Where the NWM N.V. Group retains exposure to the significant risks and rewards of the transferred collateral it is not derecognised from the NWM N.V. Group balance sheet and continues to be disclosed within either Trading Assets or Other Financial Assets.

There were €2.5 billion of assets pledged against liabilities in 2025 (2024 - €2.9 billion).

Collateral received

The fair value of securities accepted as collateral relating primarily to standard securities lending, reverse repurchase agreements, swaps of securities and margining related to derivatives and other trading assets that NWM N.V. Group is permitted to sell or repledge in the absence of default was €13,304 million (2024 - €13,590 million).

The fair value of any such collateral sold or repledged was €12,096 million (2024 - €11,590 million).

NWM N.V. Group is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard securities lending, reverse repurchase agreements, swaps of securities and derivative margining.

21 Capital resources

NWM N.V. Group's regulatory capital resources were as follows:

	2025	2024
	€m	€m
Tier 1		
Controlling interests	1,826	1,847
Adjustment for:		
- Other regulatory adjustments (1)	(369)	(227)
Common equity Tier 1	1,457	1,620
Hybrid capital	250	250
Additional Tier 1	250	250
Total Tier 1	1,707	1,870
Tier 2		
Subordinated debt	119	150
IRB Excess of provisions over expected losses eligible	1	2
Total Tier 2 capital	120	152
Total regulatory capital	1,827	2,022

(1) Includes the reversal of own credit risk of €8 million (2024 - €13 million), the deduction of current-year profit designated as a foreseen dividend, and other regulatory capital deductions (refer to page 22 for further details).

It is NWM N.V. Group's policy to maintain an appropriate capital base, to expand it as appropriate and to utilise it efficiently throughout its activities to optimise the return to shareholders, while maintaining a prudent relationship between the capital base and the underlying risks of the business. In carrying out this policy, NWM N.V. Group has regard to the supervisory requirements of the ECB. The ECB uses capital ratios as a measure of capital adequacy in the Dutch banking sector, comparing a bank's capital resources with its risk-weighted assets (RWAs) (the assets and off-balance sheet exposures are weighted to reflect the inherent credit and other risks). NWM

N.V. Group has complied with its capital requirements during the year.

A number of subsidiaries and sub-groups within NWM N.V. Group are subject to various individual regulatory capital requirements. Furthermore, the payment of dividends by subsidiaries and the ability of members of NWM N.V. Group to lend money to other members of NWM N.V. Group may be subject to restrictions such as local regulatory or legal requirements, the availability of reserves and financial and operating performance.

22 Memorandum items

Contingent liabilities and commitments

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2025. Although NWM N.V. Group is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of NWM N.V. Group's expectation of future losses.

	2025	2024
	€m	€m
Contingent liabilities and commitments		
Guarantees	527	511
Standby facilities, credit lines and other commitments	7,619	6,959
Total	8,146	7,470

Banking commitments and contingent obligations, which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. NWM N.V. Group's maximum exposure to credit loss, in the event of non-performance by the other party and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments included in the table above. These commitments and contingent obligations are subject to NWM N.V. Group's normal credit approval processes.

Guarantees - NWM N.V. Group gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that NWM N.V. Group will meet a customer's obligations to third parties if the customer fails to do so. The maximum amount that NWM N.V. Group could be required to pay under a guarantee is its principal amount as disclosed in the table above. NWM N.V. Group expects most guarantees it provides to expire unused.

Other contingent liabilities - these include standby letters of credit, supporting customer debt issues and contingent liabilities relating to customer trading activities such as those arising from performance and customs bonds, warranties and indemnities.

Standby facilities and credit lines - under a loan commitment NWM N.V. Group agrees to make funds available to a customer in the future. Loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the loan facility are satisfied or waived. Commitments to lend include commercial standby facilities and credit lines, liquidity facilities to commercial paper conduits and unutilised overdraft facilities.

Other commitments - these include documentary credits, which are commercial letters of credit providing for payment by NWM N.V. Group to a named beneficiary against presentation of specified documents, forward asset purchases, forward deposits placed and undrawn note issuance and revolving underwriting facilities, and other short-term trade related transactions.

Risk-sharing agreements

NWM Plc and NWM N.V. have limited risk-sharing arrangements in place to facilitate the smooth provision of services to NatWest Markets' customers.

The arrangements, which NWM Plc recognises as financial guarantees within Amounts due to subsidiaries, include:

- The provision of a funded guarantee of up to €0.8 billion by NWM Plc to NWM N.V. that limits NWM N.V.'s exposure to large individual customer credits. Funding is provided by NWM Plc deposits placed with NWM N.V. of not less than the guaranteed amount. At 31 December 2025 the deposits amounted to €0.1 billion and the guaranteed fees in the year were €1.2 million.
- The provision of unfunded guarantees by NWM Plc in respect of NWM N.V.'s legacy portfolio. At 31 December 2025 the exposure at default covered by the guarantees was approximately €8 million (of which none cash collateralised). Fees of €0.3 million in relation to the guarantees were recognised in the year.

Obligations with ABN AMRO Bank N.V.

Included within guarantees as at 31 December 2025 is €0.5 billion (2024 - €0.5 billion), which relates to NWM N.V. Group's obligations over liabilities held within the Dutch State acquired businesses included in ABN AMRO Bank N.V.

On the division of an entity by demerger, Dutch law establishes a cross liability between surviving entities in respect of the creditors at the time of the demerger. NWM N.V. Group's cross liability is limited by law to the lower of its equity and the eligible debts of ABN AMRO Bank N.V. on 6 February 2010. The likelihood of cross liability crystallising is considered not probable.

Litigation and regulatory matters

NWM N.V. and certain members of NatWest Group are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the Netherlands, the United Kingdom (UK), the European Union (EU), the United States (US) and other jurisdictions.

NWM N.V. Group recognises a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

22 Memorandum items continued

In many of the Matters, it is not possible to determine whether any loss is probable or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and regulatory matters or as a result of adverse impacts or restrictions on NWM N.V. Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the probability of a liability, if any, arising can reasonably be estimated in respect of any Matter. NWM N.V. Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for Matters that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

There are situations where NWM N.V. Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending or contesting Matters, even for those for which NWM N.V. Group believes it has credible defences and should prevail on the merits. The uncertainties inherent in all Matters affect the amount and timing of any potential economic outflows for both matters with respect to which provisions have been established and other contingent liabilities in respect of any such Matter.

It is not practicable to provide an aggregate estimate of potential liability for our Matters as a class of contingent liabilities.

The future economic outflow in respect of any matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NWM N.V. Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised.

Matters which are, or could be, material, either individually or in aggregate, having regard to NWM N.V. Group, considered as a whole, in which NWM N.V. Group is currently involved are set out below. We have provided information on the procedural history of certain Matters, where we believe appropriate, to aid the understanding of the Matter.

NatWest Group is involved in ongoing litigation and regulatory matters that are not described below but are described on pages 365 to 369 in NatWest Group's Annual Report and Accounts 2025. NatWest Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NatWest Group will be necessary, in amounts that are expected to be substantial in some instances. While NWM N.V. Group may not be directly involved in such NatWest Group matters, any final adverse outcome of those matters may also have an adverse effect on NWM N.V. Group.

For a discussion of certain risks associated with NWM N.V. Group's litigation and regulatory matters (including the Matters), see the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 141 to 143.

Litigation

FX litigation

In December 2021, a summons was served in the Netherlands against NatWest Group plc, NWM Plc and NWM N.V. by Stichting FX Claims on behalf of a number of parties, seeking declarations from the court concerning liability for anti-competitive FX market conduct described in decisions of the European Commission (EC) of 16 May 2019, along with unspecified damages. The claimant amended its claim to also refer to a 2 December 2021 decision by the EC, which described anti-competitive FX market conduct. NatWest Group plc, NWM Plc and other defendants contested the jurisdiction of the Dutch court. In March 2023, the district court in Amsterdam accepted that it has jurisdiction to hear claims against NWM N.V. but refused jurisdiction to hear any claims against the other defendant banks (including NatWest Group plc and NWM Plc) brought on behalf of the parties represented by the claimant that are domiciled outside of the Netherlands. The claimant is appealing that decision.

The defendant banks have brought cross-appeals which seek a ruling that the Dutch court has no jurisdiction to hear any claims against the defendant banks domiciled outside of the Netherlands, irrespective of whether the claim has been brought on behalf of a party represented by the claimant that is domiciled within or outside of the Netherlands. The Amsterdam Court of Appeal has stayed these appeal proceedings until the Court of Justice of the European Union has answered preliminary questions that have been referred to it in another matter.

In September 2023, a second summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of a new group of parties. The claimant seeks declarations from the district court in Amsterdam concerning liability for anti-competitive FX market conduct described in the above referenced decisions of the EC of 16 May 2019 and 2 December 2021, along with unspecified damages. NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

In January 2025, a third summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of another new group of parties. The claimant seeks similar declarations from the district court in Amsterdam to those being sought in the above-mentioned claims, along with unspecified damages.

NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

Certain other foreign exchange transaction related claims have been or may be threatened. NWM N.V. Group cannot predict whether all or any of these claims will be pursued.

Madoff

NWM N.V. was named as a defendant in two actions filed by the trustee for the bankrupt estates of Bernard L. Madoff and Bernard L. Madoff Investment Securities LLC, in bankruptcy court in New York, which together seek to clawback more than US\$300 million (plus pre-judgment interest) that NWM N.V. allegedly received from certain Madoff feeder funds and certain swap counterparties.

22 Memorandum items continued

The claims were previously dismissed, but as a result of an August 2021 decision by the US Court of Appeals, they are now proceeding in the discovery phase in the bankruptcy court, where they have been consolidated into one action.

US Anti-Terrorism Act litigation

NWM N.V. and certain other financial institutions are defendants in several actions filed by a number of US nationals (or their estates, survivors, or heirs), most of whom are, or were, US military personnel who were killed or injured in attacks in Iraq between 2003 and 2011.

NWM Plc is also a defendant in some of these cases.

According to the plaintiffs' allegations, the defendants are liable for damages arising from the attacks because they allegedly conspired with and/or aided and abetted Iran and certain Iranian banks to assist Iran in transferring money to Hezbollah and the Iraqi terror cells that committed the attacks, in violation of the US Anti-Terrorism Act, by agreeing to engage in 'stripping' of transactions initiated by the Iranian banks so that the Iranian nexus to the transactions would not be detected.

The first of these actions, alleging conspiracy claims but not aiding and abetting claims, was filed in the United States District Court for the Eastern District of New York in November 2014. In September 2019, the district court dismissed the case, finding that the claims were deficient for several reasons, including lack of sufficient allegations as to the alleged conspiracy and causation. In January 2023, the US Court of Appeals affirmed the district court's dismissal of this case.

On 30 September 2025, the district court denied a motion by the plaintiffs to re-open the case to asset aiding and abetting claims that they previously did not assert. Another action, filed in the SDNY in 2017, which asserted both conspiracy and aiding and abetting claims, was dismissed by the SDNY in March 2019 on similar grounds as the first case, but remains subject to appeal to the US Court of Appeals.

Other follow-on actions that are substantially similar to those described above are pending in the same courts.

Tandanor Litigation in Argentina

In October 2012, a claim was filed in the District Court of Buenos Aires by 'Argentina Talleres Navales Dársena Norte Sociedad Anónima Comercial, Industrial y Naviera' ("Tandanor") (a naval repair business) against what is now the Representative Office of The Royal Bank of Scotland N.V., Argentine Branch (in liquidation) (the "Representative Office") and eleven private individuals. (The Representative Office inherited the claim from Banco Holandés Unido, Argentine Branch.) The claim, which was unquantified, sought damages for alleged fraudulent conduct during Tandanor's privatisation, which concluded in 1993. The Representative Office's participation in the privatisation was 2.9%. The Argentine Ministry of Defence joined Tandanor as a plaintiff in 2014.

The claim was dismissed on limitation grounds in 2018, and the plaintiffs were unsuccessful in subsequent appeals. In November 2024, however, the Argentine Supreme Court set the appealed judgments aside and, in June 2025, the Argentine Federal Court of Appeal returned the case to the Argentine Federal District Court for further consideration. In December 2025, the plaintiffs filed an update quantifying damages at USD1.1bn. The Representative Office continues to defend the claim and has requested a hearing.

Regulatory matters

NWM N.V. Group's financial condition can be affected by the actions of various governmental and regulatory authorities in the Netherlands, the UK, the EU, the US and elsewhere. NatWest Group has engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the Netherlands, the UK, the EU, the US and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NWM N.V. Group, remediation of systems and controls, public or private censure, restriction of NWM N.V. Group's business activities and/or fines. Any of these events or circumstances could have a material adverse effect on NWM N.V. Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it, or lead to material additional provisions being taken.

23 Non-cash and other items

This note shows non-cash items adjusted for in the cash flow statement and movement in operating assets and liabilities.

	2025	2024
	€m	€m
Impairment losses/(releases)	5	(1)
Depreciation and amortisation	2	2
Change in fair value taken to profit or loss on subordinated liabilities	(13)	7
Elimination of foreign exchange differences	49	(62)
Foreign exchange recycling gains	(3)	-
Other non-cash items	(20)	7
Income receivable on other financial assets	(67)	(131)
Loss on sale of other financial assets	-	1
Interest payable on subordinated liabilities	8	10
Charges and releases of provisions	8	-
Non-cash and other items	(31)	(167)
Change in operating assets and liabilities		
Change in trading assets	(1,178)	(2,825)
Change in derivative assets	3,053	(1,981)
Change in settlement balance assets	754	(301)
Change in loans to banks	(406)	-
Change in loans to customers	(493)	16
Change in amounts due from holding companies and fellow subsidiaries	34	12
Change in other financial assets	1	-
Change in other assets	1	-
Change in bank deposits	378	186
Change in customer deposits	1,969	(1,532)
Change in amounts due to holding companies and fellow subsidiaries	(446)	(1,394)
Change in settlement balance liabilities	(503)	6
Change in trading liabilities	(310)	2,424
Change in derivative liabilities	(3,179)	1,696
Change in other financial liabilities	306	552
Change in other liabilities	3	2
Change in operating assets and liabilities	(16)	(3,139)

24 Analysis of changes in financing during the year

	Share capital, share premium and paid-in equity		Subordinated liabilities (1)	
	2025	2024	2025	2024
	€m	€m	€m	€m
At 1 January	1,800	1,800	453	443
Issued	-	-	-	-
Redeemed	-	-	-	-
Interest paid	-	-	(8)	(12)
Net cash flows from financing activities	-	-	(8)	(12)
Issue of other equity instruments: Additional Tier 1 capital notes	-	250	-	-
Redemption of other equity instruments: Additional Tier 1 capital notes	-	(250)	-	-
Effects of foreign exchange	-	-	(2)	2
Changes in fair value	-	-	(13)	7
Interest payable	-	-	8	10
Other	-	-	2	3
At 31 December	1,800	1,800	440	453

(1) Subordinated liabilities include intercompany subordinated liabilities for the purpose of cash flow statement.

25 Analysis of cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprises cash, loans to banks and treasury bills with an original maturity of less than three months that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

	2025	2024
	€m	€m
Cash and balances at central banks	7,608	6,187
Trading assets (1)	782	2,138
Loans to banks including intragroup balances	799	693
Cash and cash equivalents	9,189	9,018

(1) Includes cash collateral posted with bank counterparties in respect of derivative liabilities is €559 million (2024 - €1,004 million).

Certain members of NatWest Group are required by law or regulation to maintain balances with the central banks in the jurisdictions in which they operate. The NWM N.V. Group had mandatory reserve deposits with De Nederlandsche Bank N.V. of €100 million (2024 - €95 million).

26 Remuneration of the Managing Board and Supervisory Board

Remuneration of the Managing Board

The Managing Board during the year comprised the following members:

- (1) V. Goedegebuure
- (2) C. Visscher
- (3) B. Achmann
- (4) M. van Wieringen

The remuneration of the Managing Board is presented in aggregate in the table below. NatWest Group plc and its subsidiaries adhere to relevant statutory requirements and NatWest Group discloses individual remuneration of NatWest Group executive directors, compliant with the UK PRA Remuneration Code.

Total compensation for the Managing Board members has been benchmarked against similar roles in the NWM N.V. Group peer group in Europe. The outcome of the benchmarking confirms their 2025 total actual compensation is below the market medium and in line with the requirements set out in the Dutch Banking Code.

Members receive pension benefits through their employment in NWM N.V. Group.

	2025	2024
	€000	€000
Salaries and short-term benefits	2,114	1,589
Pensions	370	265
Profit sharing and bonus payments	454	450
Total	2,938	2,304

(1) There are no loans from NWM N.V. Group to the Managing Board members.

(2) The vesting of long-term incentive awards in the form of shares in NatWest Group will normally be subject to the satisfaction of financial and non-financial performance conditions. The performance conditions will be set by the NatWest Group Performance and Remuneration Committee for each award. In addition, awards will only vest to the extent the Committee is satisfied that the vesting outcome reflects underlying financial results and if conduct and risk management during the performance period has been effective.

Remuneration of the Supervisory Board

The Supervisory Board during the year comprised the following members:

- (1) M. Klessens
- (2) A. van der Pauw
- (3) R. Begbie
- (4) J. Alvaro (from 23 September 2025)
- (5) S. Billion (from 15 October 2025)
- (6) C. von Schmettow (from 2 December 2025)
- (7) F. Dangeard (until 23 April 2025)

The Supervisory Board included members employed elsewhere within NatWest Group.

The table below provides information on the remuneration of the Supervisory Board in aggregate.

	2025	2024
	€000	€000
Remuneration (1)	299	252

(1) There are no loans from NWM N.V. Group to the Supervisory Board members.

27 Related parties

UK Government

In May 2025, the UK Government through His Majesty's Treasury (HMT) sold its remaining shareholding in NatWest Group plc. Under UK listing rules the UK Government and UK Government-controlled bodies remained related parties until 12 July 2025, 12 months after the UK Government shareholding in NatWest Group plc fell below 20%.

Transfer pricing

NWM N.V. is a party to transfer pricing arrangements with NWM Plc. Arm's length transfer pricing legislation in both the Netherlands and UK requires that, for transactions between related parties, each entity is remunerated on the same basis as two independent parties negotiating a contract covering similar activities. The transfer pricing arrangements between NWM N.V. and NWM Plc require approval by both counterparties.

For each of the main business line interactions with NWM Plc individual transfer pricing models are in place. Each type of transaction relies on a transfer pricing model with an appropriate remuneration, based on cost-plus, (hurdle rate of) return on equity or revenue split. Under the 2025 transfer pricing arrangements, NWM N.V. reported income of €156 million (2024 - €153 million) for the activities it performed for European customers as part of the NWM Plc post Brexit operating model. The at arm's length nature of the transfer pricing arrangements is confirmed by transfer pricing documentation which has been prepared by an external expert.

Judgment and estimation uncertainty - NWM N.V. Group management has concluded it is probable that the Dutch and UK tax authorities will accept the current transfer pricing models. The transfer pricing models are sensitive to parameters used, such as the mark-ups and the return on capital. The tax authorities could have a different interpretation of the OECD Transfer Pricing Guidelines and / or facts and circumstances.

Any adjustments requested by the Dutch and UK tax authorities to the current transfer pricing models may therefore have a material impact on NWM N.V. Group's non-interest income and hence its taxable profit and unused taxable losses and tax credits. For the cost-plus, NWM N.V. Group has considered a range of mark-ups from benchmarking studies. Applying the lower quartiles of the benchmarks used for the cost-plus calculations and reducing the return on equity percentage by 2%, would decrease the transfer pricing income by €12 million to €144 million. Applying the upper quartiles of the benchmarks used for the cost-plus calculations and increasing the return on equity percentage by 2%, would increase the transfer pricing income by €23 million to €179 million.

NatWest Bank Europe GmbH transfers

In December 2024, it was announced that NWM N.V. would become NatWest Group's primary European corporate and institutional customer-facing entity. As part of this strategic transition, new Structured Finance origination ceased in NWBE and commenced in NWM N.V. from May 2025. In 2025, €0.7 billion (2024 - nil) of loans to customers were transferred from NWBE to NWM N.V. An amount of €0.7 billion (2024 - nil) of contingent liabilities and commitments was transferred from NWBE to NWM N.V. Consideration for the transfers was equal to the carrying amounts of the transferred exposures and the transactions were conducted on an arm's length basis. The transfers did not result in any gain, loss, or amounts to be recognised in future periods. In addition, certain loans were subject to funded sub-participation arrangements with NatWest Bank Plc that transfer substantially all risks and rewards of ownership. These arrangements include provisions for undrawn commitments and collateral pledges. Loans subject to such sub-participation arrangements were not recognised on NWM N.V.'s balance sheet and are not included in the amounts disclosed above, while NatWest Bank Plc recognised the exposure to the underlying borrowers.

Other related parties

- (a) In accordance with IAS 24, transactions, or balances between NWM N.V. Group entities that have been eliminated on consolidation are not reported.
- (b) NWM N.V. Group is recharged from other NatWest Group entities, mainly NWB Plc which provides the majority of shared services (including technology) and operational processes.
- (c) The primary financial statements include transactions and balances with its subsidiaries which have been further disclosed in the relevant parent company notes.

27 Related parties continued

Holding companies and fellow subsidiaries

Transactions NWM N.V. Group enters with its holding companies and fellow subsidiaries also meet the definition of related party transactions. The table below discloses transactions between NWM N.V. Group and fellow subsidiaries of NatWest Group.

	2025			2024		
	Holding companies	Fellow subsidiaries	Total	Holding companies	Fellow subsidiaries	Total
	€m	€m	€m	€m	€m	€m
Interest receivable	5	-	5	3	-	3
Interest payable	(36)	-	(36)	(49)	-	(49)
Fees and commissions receivable	157	-	157	153	-	153
Fees and commissions payable	(2)	(4)	(6)	(5)	(3)	(8)
Other administration expenses (1)	(8)	(58)	(66)	(10)	(44)	(54)
	116	(62)	54	92	(47)	45

(1) Includes internal service recharges of €66 million (2024 - €54 million).

Amounts due from/to holding companies and fellow subsidiaries are as below:

	2025			2024		
	Holding company	Fellow subsidiaries	Total	Holding company	Fellow subsidiaries	Total
	€m	€m	€m	€m	€m	€m
Assets						
Trading assets	770	51	821	1,111	-	1,111
Loans to banks - amortised cost	260	7	267	40	3	43
Loans to customers - amortised cost	19	-	19	21	-	21
Settlement balances	165	-	165	12	-	12
Other assets	21	-	21	16	-	16
Amounts due from holding companies and fellow subsidiaries	1,235	58	1,293	1,200	3	1,203
Derivatives (1)	2,994	-	2,994	4,061	-	4,061
Liabilities						
Trading liabilities	1,166	5	1,171	1,218	-	1,218
Bank deposits - amortised cost	685	-	685	1,010	-	1,010
Customer deposits - amortised cost	-	2	2	-	2	2
Other financial liabilities - subordinated liabilities	150	-	150	150	-	150
Settlement balances	75	-	75	147	-	147
Other liabilities	10	18	28	16	15	31
Amounts due to holding companies and fellow subsidiaries	2,086	25	2,111	2,541	17	2,558
Derivatives (1)	2,218	-	2,218	4,004	-	4,004

(1) Intercompany derivatives are included within derivative classification on the balance sheet.

28 Post balance sheet events

In January 2026, the Managing Board, with the approval of the Supervisory Board, proposed to the General Meeting an ordinary dividend of €117 million in respect of the unappropriated 2025 result, and an ordinary dividend of €53 million from prior year earnings. As these approvals took place after the reporting date, no dividend liability is recognised at 31 December 2025. The dividends will be submitted for adoption at the forthcoming General Meeting of Shareholders.

Other than as disclosed in the accounts, there have been no other significant events between 31 December 2025 and the date of approval of these accounts which would require a change to or additional disclosure.

Parent company financial statements and notes

Basis of preparation

NWM N.V. financial statements are prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. The NWM N.V. Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied in NWM N.V. financial statements are the same as those applied in the consolidated financial statements on pages 59 to 62.

Investments in subsidiaries are accounted for using the equity method.

The financial statements are presented in euros, which is the presentation currency of the NWM N.V. Refer to Accounting policies in the consolidated financial statements for further information on going concern.

Future accounting developments

International Financial Reporting Standards

A number of amendments to IFRS standards were in issue at 31 December 2025 and effective from 1st January 2026 or later. NWM is assessing the effect of adopting the accounting developments effective from 1 January 2027 on its financial statements and has largely completed a similar assessment for the Amendments to IFRS 9 and IFRS 7 effective from 1 January 2026. It does not expect any to have a material impact, noting that the parent company will continue to prepare its financial statements in accordance with Title 9 Book 2 of the Dutch Civil Code and therefore will not be subject to the presentation and disclosure requirements of IFRS 18.

Company income statement for the year ended 31 December 2025

	Note	2025 €m	2024 €m
Interest receivable		329	498
Interest payable		(255)	(382)
Net interest income	1	74	116
Income from subsidiaries	13	1	(4)
Fees and commissions receivable		242	236
Fees and commissions payable		(28)	(29)
Net fees and commissions income	2	214	207
Results from financial transactions	2	7	(20)
Other income	2	6	-
Total income		302	299
Staff costs	3	(94)	(83)
Other expenses		(113)	(91)
Depreciation and amortisation		(2)	(2)
Operating expenses before impairment (losses)/releases		(209)	(176)
Impairment (losses)/releases	12	(5)	1
Operating expenses including impairment (losses)/releases		(214)	(175)
Operating profit before tax		88	124
Tax credit	5	45	35
Profit for the year		133	159
Attributable to:			
Ordinary shareholders		117	135
Paid-in equity holders		16	24
		133	159

The accompanying notes on pages 104 to 117 form an integral part of these financial statements.

Company balance sheet as at 31 December 2025 (before appropriation of result)

	Note	2025 €m	2024 €m
Assets			
Cash and balances at central banks	9	7,608	6,187
Short term government paper	9	399	488
Loans to banks (1), (2)	4,9,12	5,070	6,066
Loans to customers (3), (4)	4,9,12	4,566	2,912
Derivatives (5)	7	8,791	11,860
Debt securities	6	1,555	1,617
Investments in subsidiaries	13	56	109
Property and equipment	15	6	8
Other assets (6)	14	466	1,003
Total assets		28,517	30,250
Liabilities			
Bank deposits (7)	9	7,356	6,437
Customer deposits (8)	9	7,906	6,982
Derivatives (9)	7	7,331	10,510
Debt securities in issue	8	3,008	2,897
Other liabilities (10)	18	346	916
Provisions	18	17	12
Subordinated liabilities (11)	17	440	453
Total liabilities		26,404	28,207
Equity			
Share capital and share premium account		1,550	1,550
Revaluation reserves		9	31
Legal reserves		52	60
Other reserves		135	47
Paid-in equity		250	250
Unappropriated results		117	105
Total equity	20,21	2,113	2,043

(1) Loans to banks include amounts due from holding company and fellow subsidiaries of €1,036 million (2024 - €1,154 million).

(2) Loans to banks include amounts held for trading of €4,205 million (2024 - €5,842 million). Of this €3,621 million is reverse repos (2024 - €4,644 million). Collateral given €559 million (2024 - €1,001 million). Other loans €25 million (2024 - €197 million).

(3) Loans to customers include amounts due from holding company and fellow subsidiaries of €51 million (2024 - €21 million).

(4) Loans to customers include amounts held for trading of €3,125 million (2024 - €1,956 million). Of this €1,808 million is reverse repos (2024 - €761 million). Collateral given €1,308 million (2024 - €1,078 million). Other loans €9 million (2024 - €117 million).

(5) Derivative assets include amounts due from holding company and fellow subsidiaries of €2,994 million (2024 - €4,061 million).

(6) Other assets include amounts due from holding company and fellow subsidiaries of €187 million (2024 - €28 million).

(7) Bank deposits include amounts due to holding company and fellow subsidiaries of €1,852 million (2024 - €2,228 million).

(8) Customer deposits include amounts due to holding company and fellow subsidiaries of €46 million (2024 - €62 million).

(9) Derivative liabilities include amounts due to holding company and fellow subsidiaries of €2,218 million (2024 - €4,004 million).

(10) Other liabilities include amounts due to holding company and fellow subsidiaries of €103 million (2024 - €176 million).

(11) Subordinated liabilities include amounts due to holding company and fellow subsidiaries of €150 million (2024 - €150 million).

(12) As at 31 December 2025 contingent liabilities and commitments were €8,145 million (2024 - €7,470 million).

The accompanying notes on pages 104 to 117 form an integral part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2025

	2025	2024
	€m	€m
Share capital and share premium at 1 January and 31 December (1)	1,550	1,550
Revaluation reserves		
At 1 January	31	26
Changes in equity securities and debt securities at FVOCI	-	2
Changes in cash flow hedge reserve (2) (3)	(22)	3
At 31 December	9	31
Legal reserves		
At 1 January	60	103
Changes in non-distributable profit participations	(8)	(43)
At 31 December	52	60
Other reserves		
At 1 January	47	20
Transfer from unappropriated results	105	10
Changes in non-distributable profit participations	4	43
Changes in fair value of credit in financial liabilities designated at FVTPL	(21)	(27)
Other movements	-	1
At 31 December	135	47
Paid-in equity		
At 1 January	250	250
Redeemed	-	(250)
Issued	-	250
At 31 December	250	250
Unappropriated results		
At 1 January	105	52
Transfer to other reserves	(105)	(10)
Net result for the year	133	159
Paid-in equity interim dividends paid	(16)	(24)
Ordinary dividends paid	-	(72)
At 31 December	117	105
Total equity as at 31 December	2,113	2,043

(1) Includes ordinary share capital of €50,004 (2024 - €50,004). Refer to Note 20 for further details.

(2) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and an increase in swap rates in the year. The portfolio of hedging instruments are predominantly receive fixed swaps.

(3) The amount transferred from equity to the income statement is mostly recorded within net interest income within balances at central banks.

1 Net interest income

	2025	2024
	€m	€m
Loans to customers	55	58
Balances at central banks and loans to banks	204	309
Amounts due from holding companies and fellow subsidiaries	5	3
Other financial assets	65	128
Interest receivable	329	498
Bank deposits	22	19
Customer deposits	120	187
Amounts due to holding companies and fellow subsidiaries	36	49
Subordinated liabilities	1	1
Other financial liabilities	76	126
Interest payable	255	382
Net interest income	74	116

2 Non-interest income

	2025	2024
	€m	€m
Fees and commissions receivable	242	236
Fees and commissions payable	(28)	(29)
Net fees and commissions (1)	214	207
Results from financial transactions	7	(20)
Other income	6	-

(1) Fees and commissions is mainly driven by transfer pricing income from NWM Plc (in the UK) of €156 million (2024 - €153 million).

Refer to Note 2 and Note 27 to the consolidated financial statements for further details.

3 Operating expenses

	2025	2024
	€m	€m
Wages and salaries	77	66
Social security costs	11	11
Pension costs	6	6
- defined contribution schemes	6	6
Staff costs	94	83

There were 255 persons employed at 31 December 2025 (2024 - 253). The average number of persons employed during the year was 254 (2024 - 249).

This includes 123 persons which were employed in the Netherlands at 31 December 2025 (2024 - 121). The average number of persons employed in the Netherlands during the year was 122 (2024 - 121).

Refer to Note 5 to the consolidated financial statements for details on auditor's remuneration.

4 Geographical segmental analysis

The geographical analyses in the tables below have been compiled on the basis of location of the counterparty.

	Netherlands	Rest of Europe	RoW	Total
	€m	€m	€m	€m
2025				
Loans - amortised cost and FVOCI	118	1,434	465	2,017
2024				
Loans - amortised cost and FVOCI	80	668	359	1,107

Refer to Note 4 to the consolidated financial statements for further details on segments.

5 Tax

Refer to Note 6 to the consolidated financial statements for further details.

6 Debt securities - assets

	Debt securities			
	Central and local government - US	Financial institutions	Other debt	Total
	€m	€m	€m	€m
2025				
Fair value through other comprehensive income	-	291	-	291
Amortised cost	-	-	1,264	1,264
Total	-	291	1,264	1,555
2024				
Fair value through other comprehensive income	-	102	-	102
Amortised cost	-	-	1,515	1,515
Total	-	102	1,515	1,617

7 Derivatives

NWM N.V uses derivatives as part of its trading activities or to manage its own risk such as interest rate, or credit risk.

The following table shows the notional amounts and fair values of NWM N.V.'s derivatives.

	2025			2024		
	Notional €bn	Assets €m	Liabilities €m	Notional €bn	Assets €m	Liabilities €m
Exchange rate contracts	427	4,831	4,744	432	7,886	7,865
Interest rate contracts	1,451	3,958	2,580	1,230	3,974	2,638
Credit derivatives	-	2	7	-	-	7
Total	1,878	8,791	7,331	1,662	11,860	10,510

Refer to Note 11 to the consolidated financial statements for further details.

8 Debt securities in issue - liabilities

Debt Securities in Issue in both periods represent listed and unlisted instruments. Refer to Note 15 to the consolidated financial statements for further details.

9 Financial instruments – classification

The following tables analyse NWM N.V.'s financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

	MFVTPL €m	FVOCI €m	Amortised cost €m	Other assets €m	Total €m
Assets					
Cash and balances at central banks			7,608		7,608
Short term government paper	-	399	-		399
Loans to banks (1)	4,205	-	865		5,070
Loans to customers (1)	3,125	-	1,441		4,566
Derivatives	8,791				8,791
Debt securities	-	291	1,264		1,555
Investments in subsidiaries				56	56
Property and equipment				6	6
Other assets			277	189	466
31 December 2025	16,121	690	11,455	251	28,517
Liabilities					
Cash and balances at central banks			6,187		6,187
Short term government paper	-	488	-		488
Loans to banks (1)	5,842	-	224		6,066
Loans to customers (1)	1,956	-	956		2,912
Derivatives	11,860				11,860
Debt securities	-	102	1,515		1,617
Investments in subsidiaries				109	109
Property and equipment				8	8
Other assets			877	126	1,003
31 December 2024	19,658	590	9,759	243	30,250

For the notes to this table refer to the following page.

9 Financial instruments – classification continued

	Held-for-trading €m	DFV €m	Amortised cost €m	Other liabilities €m	Total €m
Liabilities					
Bank deposits (2)	5,696	-	1,660		7,356
Customer deposits (2)	2,226	670	5,010		7,906
Derivatives	7,331				7,331
Debt securities in issue	-	466	2,542		3,008
Other liabilities (3)	-	-	264	82	346
Provisions			1	16	17
Subordinated liabilities		271	169		440
31 December 2025	15,253	1,407	9,646	98	26,404
Bank deposits (2)	4,830	-	1,607		6,437
Customer deposits (2)	3,449	471	3,062		6,982
Derivatives	10,510				10,510
Debt securities in issue	-	369	2,528		2,897
Other liabilities (3)	-	-	840	76	916
Provisions			1	11	12
Subordinated liabilities		281	172		453
31 December 2024	18,789	1,121	8,210	87	28,207

(1) Includes third party reverse repos of €2,873 million (2024 - €3,727 million) in loans to banks, and €1,757 million (2024 - €761 million) in loans to customers.

(2) Includes third party repos of €4,067 million (2024 - €3,124 million) in bank deposits, and €357 million (2024 - €1,148 million) in customer deposits.

(3) Includes lease liabilities of €6 million (2024 - €8 million).

Financial instruments – financial assets and liabilities that can be offset

The tables below present information on the NWM N.V.'s financial assets and liabilities that are offset in the balance sheet under IFRS or subject to enforceable master netting agreement together with financial collateral received or given.

	Instruments which can be offset			Potential for offset not recognised by IFRS						Balance sheet total €m
	Gross €m	IFRS offset €m	Balance sheet €m	Effect of master netting and similar agreements €m	Cash collateral €m	Securities collateral €m	Net amount after effect of netting agreements and related collateral €m	Instruments outside netting agreements €m		
2025										
Derivative assets	17,226	(8,471)	8,755	(4,887)	(2,995)	(621)	252	36	8,791	
Derivative liabilities	17,041	(9,802)	7,239	(4,887)	(1,698)	(352)	302	92	7,331	
Net position (1)	185	1,331	1,516	-	(1,297)	(269)	(50)	(56)	1,460	
Trading reverse repos	5,470	(855)	4,615	(156)	-	(4,459)	-	15	4,630	
Trading repos	5,279	(855)	4,424	(156)	-	(4,268)	-	-	4,424	
Net position	191	-	191	-	-	(191)	-	15	206	
2024										
Derivative assets	20,822	(9,006)	11,816	(7,875)	(2,550)	(886)	505	44	11,860	
Derivative liabilities	20,731	(10,312)	10,419	(7,875)	(1,947)	(117)	480	91	10,510	
Net position (1)	91	1,306	1,397	-	(603)	(769)	25	(47)	1,350	
Trading reverse repos	4,582	(122)	4,460	(217)	-	(4,243)	-	29	4,489	
Trading repos	4,394	(122)	4,272	(217)	-	(4,055)	-	-	4,272	
Net position	188	-	188	-	-	(188)	-	29	217	

(1) The net IFRS offset balance of €1,331 million (2024 - €1,306 million) relates to variation margin netting reflected on other balance sheet lines.

(2) Excludes balances with holding company and fellow group subsidiaries.

10 Financial instruments – valuation

For further information relating to the following tables, refer to Note 8 to the consolidated financial statements.

Valuation hierarchy

The following table shows the financial instruments carried at fair value on the balance sheet by valuation hierarchy.

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Assets								
Short term government paper	399	-	-	399	488	-	-	488
Loans to banks	-	4,205	-	4,205	-	5,842	-	5,842
Loans to customers	-	3,125	-	3,125	-	1,848	108	1,956
Derivatives	-	8,752	39	8,791	-	11,799	61	11,860
Debt securities	-	291	-	291	-	102	-	102
Total financial assets held at fair value	399	16,373	39	16,811	488	19,591	169	20,248
Liabilities								
Bank deposits	-	5,696	-	5,696	-	4,830	-	4,830
Customer deposits	-	2,865	31	2,896	-	3,920	-	3,920
Derivatives	-	7,274	57	7,331	-	10,416	94	10,510
Debt securities in issue	-	466	-	466	-	369	-	369
Subordinated liabilities	-	271	-	271	-	281	-	281
Total financial liabilities held at fair value	-	16,572	88	16,660	-	19,816	94	19,910

- (1) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instruments were transferred. There were no significant transfers between level 1 and level 2.
- (2) The determination of an instrument's level cannot be made at a global product level as a single product type can be in more than one level. For example, a single name corporate credit default swap could be in level 2 or level 3 depending on whether the reference counterparty's obligations are liquid or illiquid.

For further information on the level 3 movements and sensitivities, refer to Note 8 to the consolidated financial statements.

10 Financial instruments - fair value of financial instruments not carried at fair value

The following table shows the carrying value and fair value of financial instruments carried at amortised cost on the balance sheet.

	Carrying value €m	Fair value €m	Fair value hierarchy level		Items where fair values approximate carrying value €m
			Level 2 €m	Level 3 €m	
2025					
Financial assets					
Cash and balances at central banks	7,608	7,608	-	-	7,608
Loans to banks	865	832	376	266	190
Loans to customers	1,441	1,441	-	1,441	-
Debt securities	1,264	1,261	99	1,162	-
Other assets - settlement balances	277	277	-	-	277
Financial liabilities					
Bank deposits	1,660	1,653	-	1,623	30
Customer deposits	5,010	5,009	-	5,009	-
Debt securities in issue	2,542	2,543	1,003	1,540	-
Other liabilities - settlement balances	257	257	-	-	257
Subordinated liabilities	169	171	171	-	-
2024					
Financial assets					
Cash and balances at central banks	6,187	6,187	-	-	6,187
Loans to banks	224	224	-	43	181
Loans to customers	956	938	-	938	-
Debt securities	1,515	1,514	98	1,416	-
Other assets - settlement balances	877	877	-	-	877
Financial liabilities					
Bank deposits	1,607	1,607	-	1,576	31
Customer deposits	3,062	3,061	-	3,042	19
Debt securities in issue	2,528	2,528	1,592	936	-
Other liabilities - settlement balances	832	832	-	-	832
Subordinated liabilities	172	172	172	-	-

11 Financial instruments - maturity analysis

Remaining maturity

The following table shows the NWM N.V.'s residual maturity of financial instruments, based on contractual date of maturity.

	2025								
	Repayable on demand	0-1 months	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Maturity not relevant
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Assets									
Cash and balances at central banks	7,608	-	-	-	-	-	-	-	-
Short term government paper	-	100	299	-	-	-	-	-	-
Loans to banks	1,498	94	66	281	247	1,369	1,513	2	-
Loans to customers	1,328	1,730	21	-	334	64	928	161	-
Derivatives	-	1,171	1,147	517	628	450	858	4,020	-
Debt securities	-	74	112	89	25	38	75	1,142	-
Other assets (1)	-	277	-	-	-	-	-	-	-
Liabilities									
Bank deposits	1,538	1,344	205	522	1,396	1,628	723	-	-
Customer deposits	1,899	3,860	1,033	403	36	111	386	178	-
Derivatives	-	1,167	1,184	551	591	463	717	2,658	-
Debt securities in issue	-	70	186	878	893	515	46	420	-
Other liabilities (2)	-	258	0	0	1	2	2	0	-
Subordinated liabilities	-	-	-	-	-	-	150	290	-
2024									
	Repayable on demand	0-1 months	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Maturity not relevant
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Assets									
Cash and balances at central banks	6,187	-	-	-	-	-	-	-	-
Short term government paper	-	200	189	99	-	-	-	-	-
Loans to banks	1,291	2,305	993	1,475	-	-	-	2	-
Loans to customers	1,078	792	21	180	271	104	378	88	-
Derivatives	-	1,655	2,026	1,330	1,063	643	888	4,255	-
Debt securities	-	77	8	11	20	41	68	1,392	-
Other assets (1)	-	877	-	-	-	-	-	-	-
Liabilities									
Bank deposits	673	2,084	1,986	598	501	475	120	-	-
Customer deposits	2,302	2,753	712	683	45	21	365	101	-
Derivatives	-	1,608	2,047	1,375	1,058	742	802	2,878	-
Debt securities in issue	-	692	218	738	294	691	-	264	-
Other liabilities (2)	-	833	-	1	1	2	4	-	-
Subordinated liabilities	-	-	-	-	-	150	-	303	-

(1) Includes settlement balances of €277 million (2024 - €877 million).

(2) Includes settlement balances of €257 million (2024 - €832 million) and lease liabilities of €6 million (2024 - €9 million).

11 Financial instruments - maturity analysis continued

Assets and liabilities by contractual cash flow maturity

The tables below show the contractual undiscounted cash flows receivable and payable, up to a period of 20 years, including future receipts and payments of interest of financial assets and liabilities by contractual maturity. The balances in the following tables do not agree directly with the consolidated balance sheet, as the tables include all cash flows relating to principal and future coupon payments, presented on an undiscounted basis. The tables have been prepared on the following basis.

Financial assets have been reflected in the time band of the latest date on which they could be repaid, unless earlier repayment can be demanded by NWM N.V. Financial liabilities are included at the earliest date on which the counterparty can require repayment, regardless of whether or not such early repayment results in a penalty. If repayment is triggered by, or is subject to, specific criteria such as market price hurdles being reached, the asset is included in the time band that contains the latest date on which it can be repaid, regardless of early repayment. The liability is included in the time band that contains the earliest possible date on which the conditions could be fulfilled, without considering the probability of the conditions being met. For example, if a structured note is automatically prepaid when an equity index exceeds a certain level, the cash outflow will be included in the less than three months' period whatever the level of the index at the year end.

The settlement date of debt securities in issue, issued by certain securitisation vehicles consolidated by NWM N.V. depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of the cash outflow relating to securities assumes that each asset will be prepaid at the earliest possible date. As the repayments of assets and liabilities are linked, the repayment of assets in securitisations is shown on the earliest date that the asset can be prepaid, as this is the basis used for liabilities.

The principal amounts of financial liabilities that are repayable after 20 years or where the counterparty has no right to repayment of the principal are excluded from tables along with interest payments after 20 years.

The maturity of guarantees and commitments is based on the earliest possible date they would be drawn in order to evaluate NWM N.V.'s liquidity position.

MFVTPL assets of €16.1 billion (2024 - €19.7 billion) and HFT liabilities of €15.3 billion (2024- €18.8 billion) have been excluded from the following tables.

	0-3 months €m	3-12 months €m	1-3 years €m	3-5 years €m	5-10 years €m	10-20 years €m
2025						
Assets by contractual maturity						
Cash and balances at central banks	7,608	-	-	-	-	-
Short term government papers	399	-	-	-	-	-
Loans to banks	490	178	198	-	-	-
Loans to customers	40	319	477	679	150	-
Debt securities	112	116	68	132	146	100
Other assets	277	-	-	-	-	-
	8,926	613	743	811	296	100
2025						
Liabilities by contractual maturity						
Bank deposits	249	604	172	639	-	1
Customer deposits	4,571	441	310	258	106	148
Debt securities in issue	256	1,770	515	46	250	170
Other liabilities	258	2	3	1	-	-
Subordinated liabilities	2	5	12	156	-	271
	5,336	2,822	1,012	1,100	356	590
Guarantees and commitments notional amount (1)						
Guarantees (2)	527	-	-	-	-	-
Commitments (3)	7,374	-	-	-	-	-
	7,901	-	-	-	-	-

For notes to this table refer to the following page.

11 Financial instruments - maturity analysis continued

2024	0-3 months €m	3-12 months €m	1-3 years €m	3-5 years €m	5-10 years €m	10-20 years €m
Assets by contractual maturity						
Cash and balances at central banks	6,187	-	-	-	-	-
Short term government papers	389	99	-	-	-	-
Loans to banks	224	-	-	-	-	-
Loans to customers	61	477	216	215	72	-
Debt securities	11	34	66	59	290	452
Other assets	877	-	-	-	-	-
	7,749	610	282	274	362	452
Liabilities by contractual maturity						
Bank deposits	515	647	404	45	-	-
Customer deposits	2,325	735	130	301	9	110
Debt securities in issue	881	1,073	691	-	104	150
Other liabilities	834	2	4	2	-	-
Subordinated liabilities	2	6	152	-	-	281
	4,557	2,463	1,381	348	113	541
Guarantees and commitments notional amount (1)						
Guarantees (2)	511	-	-	-	-	-
Commitments (3)	6,892	-	-	-	-	-
	7,403	-	-	-	-	-

(1) Refer to Note 16 Contingent liabilities and commitments.

(2) The NWM N.V. is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. The NWM N.V. expects most guarantees it provides to expire unused. For further information, refer to Note 22 to the consolidated financial statements.

(3) The NWM N.V. has given commitments to provide funds to customers under undrawn formal facilities, credit lines and other commitments to lend subject to certain conditions being met by the counterparty. The NWM N.V. does not expect all facilities to be drawn, and some may lapse before drawdown.

12 Loan impairment provisions

	Loans - amortised cost & FVOCI				Off-balance sheet		ECL provisions			
	Stage 1	Stage 2	Stage 3	Total	Loan	Contingent	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m	commitments	liabilities	€m	€m	€m	€m
2025										
Non-personal	1,896	121	-	2,017	7,620	527	8	4	-	12
Financial institutions	1,049	37	-	1,086	584	527	2	1	-	3
Corporate and other	847	84	-	931	7,036	-	6	3	-	9
<i>Of which:</i>										
Telecom, Media & Technology	259	57	-	316	749	-	2	2	-	4
Natural Resources	156	-	-	156	12	-	-	-	-	-
Consumer Industries	115	2	-	117	395	-	-	-	-	-
Total	1,896	121	-	2,017	7,620	527	8	4	-	12
2024										
Non-personal	955	118	34	1,107	6,958	512	5	2	1	8
Financial institutions	571	53	-	624	609	512	2	-	-	2
Corporate and other	384	65	34	483	6,349	-	3	2	1	6
<i>Of which:</i>										
Telecom, Media & Technology	71	27	-	98	548	-	1	1	-	2
Natural Resources	-	-	-	-	-	-	-	-	-	-
Consumer Industries	30	1	-	31	420	-	-	-	-	-
Total	955	118	34	1,107	6,958	512	5	2	1	8

Credit risk impairments - refer to Note 12 to the consolidated financial statements and the Risk and capital management - Credit risk section for further details.

Non-traded market risk - refer to the Risk and capital management - Non-traded market risk section for details on structural foreign exchange exposure.

13 Investments in subsidiaries

The parent company's subsidiary undertakings, participating interests and branches at 31 December 2025 are shown below:

Group interest 100%	Notes	Group interest <100%	Notes
Alcover A.G.	<i>i, (1)</i>	Eris Finance S.R.L.	<i>ii, (5)</i>
Alternative Investment Fund B.V. in liquidation	<i>i, (2)</i>	Maja Finance S.R.L.	<i>iii, (5)</i>
KEB Investors, L.P.	<i>i, (3)</i>		
RBS Investments (Ireland) Ltd	<i>i, (4)</i>		
RBS Nominees (Ireland) Ltd	<i>i, (4)</i>		

Branches geographic location
France, Germany, Italy, Sweden

Key:

- i* Group interest of 100%
- ii* Group interest of 50%
- iii* Economic interest of 97.87%; no equity ownership

Registered addresses	Country of incorporation
(1) Tirolerweg 8, Zug, CH-6300	Switzerland
(2) Claude Debussylaan 94, 1082 MD, Amsterdam	The Netherlands
(3) Clarendon House, Two Church Street, Suite 104, Reid Street, Hamilton, HM 11	Bermuda
(4) Ulster Bank Head Office, Bock B Central Park, Leopardstown, Dublin 18, D18 N153	Republic of Ireland
(5) Via Vittorio Alfieri 1, Conegliano TV, IT-TN 31015	Italy

All subsidiaries and participating interests operate principally in their country of incorporation. The list of participating interests for which statements of liability have been issued, has been filed with the Chamber of Commerce in Amsterdam. Some of NWM N.V.'s subsidiaries and participating investments are regulated entities and therefore their ability to transfer funds to NWM N.V. is subject to regulatory approvals.

Changes in investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. Movements during the year were as follows:

	2025	2024
	€m	€m
At 1 January	109	160
Income from subsidiaries	1	(4)
Capital repatriation/dividends received (1)	(54)	(49)
Other changes	-	2
At 31 December	56	109

(1) 2025 includes dividends of €21 million from Alcover A.G, a share capital repayment from Alcover A.G. of €32 million, and a €1 million liquidation distribution from Alternative Investment Fund B.V.

14 Other assets

	2025	2024
	€m	€m
Settlement balances	277	877
Prepaid expenses	1	1
Accrued income	3	3
Deferred tax	154	103
Other	31	19
	466	1,003

15 Property, plant and equipment

	2025		
	Right-of-use €m	Computer equipment €m	Total €m
Cost or valuation			
At 1 January 2025	18	5	23
Additions	-	-	-
At 31 December 2025	18	5	23
Accumulated impairment, depreciation and amortisation			
At 1 January 2024	11	4	15
Charge for the year	2	-	2
At 31 December 2025	13	4	17
Net book value at 31 December	5	1	6
Cost or valuation			
At 1 January 2024	15	5	20
Additions	3	-	3
At 31 December 2024	18	5	23
Accumulated impairment, depreciation and amortisation			
At 1 January 2024	8	4	12
Charge for the year	3	-	3
At 31 December 2024	11	4	15
Net book value at 31 December	7	1	8

16 Contingent liabilities and commitments and contractual obligations for future expenditure not provided in the accounts

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2025. Although the NWM N.V. is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of the NWM N.V.'s expectation of future losses. In relation to contingent liabilities and commitments and contractual obligations for future expenditure, refer to Note 22 to the consolidated financial statements for further details.

	2025 €m	2024 €m
Contingent liabilities and commitments		
Guarantees and assets pledged as collateral security	527	511
Standby facilities, credit lines and other commitments	7,618	6,959
Total	8,145	7,470

17 Subordinated liabilities

Refer to Note 16 to the consolidated financial statements for further details.

18 Other liabilities and provisions

	2025	2024
	€m	€m
Other liabilities		
Settlement balances	257	832
Accruals	23	24
Deferred Income	19	10
Other liabilities	47	50
Total	346	916
	2025	2024
	€m	€m
Provisions for liabilities and charges		
Taxation	6	7
Other	11	5
	17	12

Arising out of its normal business operations, the NWM N.V. is party to legal proceedings in the Netherlands, United Kingdom, the United States of America and other jurisdictions. Litigation provisions at 31 December 2025 related to numerous proceedings; no individual provision is material. Detailed descriptions of the NWM N.V.'s legal proceedings and discussion of the associated uncertainties are given in Note 22 to the consolidated financial statements.

19 Asset transfers

Refer to Note 20 to the consolidated financial statements for further details.

20 Equity

Share capital

NWM N.V.'s share capital at 31 December 2025 consisted of 11,112 issued and fully paid ordinary shares of €4.50 each. Its authorised share capital amounts to €225,000. It comprises 41,500 ordinary shares, each with a nominal value of €4.50 and 8,500 preference shares, each with a nominal value of €4.50. All issued ordinary shares have been fully paid. There have been no changes in share capital compared to 2024. Each ordinary share entitles the holder to cast one vote. Subject to certain exceptions provided for by law or in the Articles of Association, resolutions are passed by an absolute majority of the votes cast. When shares are issued, each holder of shares shall have pre-emptive right, in proportion to the aggregate amount of their shares, except in the case of an issue of shares for a consideration other than in cash. In the event of the dissolution and liquidation of NWM N.V., the assets remaining after payment of all debts will be distributed to the holders of ordinary shares on a pro-rata basis.

Share premium account

The share premium account amounts to €1,550 million (2024 - €1,550 million).

Revaluation reserves

Revaluation reserves include a cash flow hedge reserve of €9 million (2024 - €31 million). The cash flow hedge reserve comprises €16 million of positive fair value changes (2024 - €31 million) and €7 million of negative fair value changes (2024 - nil) relating to effective hedging instruments, resulting in a net balance recognised in equity of €9 million (2024 - €31 million).

Legal reserves

Legal reserves comprise non-distributable profit participations of €40 million (2024 - €44 million), non-distributable reserve shares of €10 million (2024 - €10 million) and a foreign exchange reserve of €2 million (2024 - €6 million).

Paid-in equity

Additional Tier 1 instruments issued by NWM N.V. having the legal form of debt are classified as equity under IFRS. The coupons on these instruments are non-cumulative and payable at NWM N.V.'s discretion. In September 2024 NWM N.V. issued capital securities of €250 million which qualify as Additional Tier 1 capital as described in CRD IV and CRR. These securities are perpetual. They can be called on after five years and have a coupon of 3-month Euribor plus 4.05%, payable on a quarterly basis.

Ordinary dividends

NWM N.V. has not paid ordinary dividends in 2025. In 2024, NWM N.V. paid ordinary dividends in March 2024 and in October 2024 of €3,779.70 per share and €2,699.78 per share respectively.

Capital

Capital requirements were met during 2025. Refer to the Risk and capital management section on pages 9 to 48.

21 Profit appropriation

Profit is appropriated in accordance with article 37 of the Articles of Association. The main stipulations with respect to shares currently in issue are as follows:

The Managing Board may decide to make appropriations to reserves, subject to the approval of the Supervisory Board (article 37.2.a.). The allocation of the amount remaining after these appropriations shall be determined by the General Meeting of Shareholders. The Managing Board, subject to the approval of the Supervisory Board, shall make a proposal to that effect. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders (article 37.2.a.).

NWM N.V.'s policy on reserves and dividends shall be determined and can be amended by the Supervisory Board, upon the proposal of the Managing Board. The adoption of and each subsequent amendment to the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item (article 37.2.b.).

Subject to approval of the Supervisory Board, the Managing Board may make the dividend or interim dividend on the shares payable, at the discretion of the holders, either in cash or, provided it is authorised to issue shares, partly or wholly in shares in the Company's capital or in a combination thereof, such combination to be determined by the Managing Board (article 37.3.).

Subject to the approval of the Supervisory Board, the Managing Board shall be authorised, in so far as such is permitted by the profit as evidenced by an interim balance sheet drawn up with due observance of the provisions of Section 105, Subsection 4 of Book 2 of the Netherlands Civil Code, to make payable an interim dividend on the shares once or more frequently in the course of any financial year and prior to the approval of the Annual Accounts by the General Meeting of Shareholders (article 37.4.).

Subject to the approval of the Supervisory Board, the Managing Board may decide on a distribution charged against reserves in cash or, if the Board is authorised to issue shares, in the form of shares (article 37.5).

Proposed profit appropriation

Appropriation of unappropriated profit pursuant to articles 37.2 and 37.3 of the Articles of Association:

	2025	2024
	€m	€m
Addition to reserves	-	105
Available for dividend distribution	117	-
	117	105

In January 2026, the Managing Board, with the approval of the Supervisory Board, proposed to the General Meeting an ordinary dividend of €117 million in respect of the unappropriated 2025 result. The dividend will be submitted for adoption at the forthcoming General Meeting of Shareholders.

22 Incorporation and registration

NWM N.V. is a public limited liability company, incorporated under Dutch law on 30 May 1990, and registered at Claude Debussylaan 94, 1082 MD Amsterdam, Netherlands and is entered in the Trade Register of the Amsterdam Chamber of Commerce under no. 33002587.

23 Remuneration of the Managing Board and Supervisory Board

Refer to Note 26 to the consolidated financial statements for further details.

24 Related parties

NatWest Bank Europe GmbH transfers

In December 2024, it was announced that NWM N.V. would become NatWest Group's primary European corporate and institutional customer-facing entity. As part of this strategic transition, certain customer loans, contingent liabilities and commitments were transferred during 2025 from NWBE, a fellow subsidiary of NatWest Group plc, to NWM N.V. These transfers were conducted on an arm's length basis and at carrying value, with no resulting gain or loss recognised. In addition, certain loans were subject to funded sub participation arrangements with NatWest Bank Plc that transfer substantially all risks and rewards of ownership.

Refer to Note 27 to the consolidated financial statements for further details.

25 Post balance sheet events

Other than as disclosed in Note 28 to the consolidated financial statements, there have been no other significant events between 31 December 2025 and the date of approval of these accounts which would require a change to or additional disclosure.

The publication of these accounts was approved by the Supervisory Board on 17 February 2026. The financial statements will be presented for adoption at the forthcoming General Meeting. With regard to the adoption of the financial statements of NWM N.V., the Articles of Association state: 'The resolution to adopt the financial statements will be passed by an absolute majority of votes passed by an absolute majority of votes validly cast by the General Meeting of Shareholders.'

Amsterdam, 17 February 2026

Supervisory Board

Maarten Klessens
Annelies van der Pauw
Robert Begbie
Julio Alvaro
Sylvie Billion
Carola von Schmettow

Managing Board

Vincent Goedegebuure
Cornelis Visscher
Britta Achmann
Mickey van Wieringen

Other information

Articles of Association

The description set out below is a summary of the material information relating to the Company's share capital, including summaries of certain provisions of the Articles of Association and applicable Dutch law in effect at the relevant date. The Articles of Association of NWM N.V. were last amended by a notarial deed executed by Mr B.J. Kuck, civil law notary in Amsterdam on 30 April 2018, under register entry number 33002587.

As stated in the Articles of Association the object of the Company is:

- The participation in, collaboration with and financing, administration and management of other enterprises and companies and the performance of all acts, activities and services which are related or may be conducive thereto.
- The engagement in banking and stockbroking activities, the management of third-party assets, acting as trustee, administrator, executor of wills and executive director, non-executive director or liquidator of companies or other organisations, the provision of insurances and the performance of all other acts and activities which are related or may be conducive thereto, all in the broadest possible sense.
- The fostering of the direct and indirect interests of all those who are involved in any way in the Company and the safeguarding of the continuity of the Company and its affiliated enterprise(s).

Shares and voting rights

The company's share capital at 31 December 2025 consisted of 11,112 issued and fully paid ordinary shares of €4.50 each. The Company's authorised share capital amounts to €225,000. It comprises 41,500 ordinary shares, each with a nominal value of €4.50 and 8,500 preference shares, each with a nominal value of €4.50.

When shares are issued, each holder of shares shall have pre-emptive right, in proportion to the aggregate amount of their shares, except in the case of an issue of shares for a consideration other than in cash or an issue of shares to employees of the company or of a group company (art.9).

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts will be distributed to the shareholders of ordinary shares on a pro-rata basis (art 39.3).

Relations with shareholders

Rights of shareholders

Any resolution to amend the Articles of Association or dissolve NWM N.V. may only be passed by the General Meeting of Shareholders following a proposal by the Managing Board which has been approved by the Supervisory Board. A copy of the proposal containing the literal text of the proposed amendments shall be made available for inspection by the holders of shares of NWM N.V. at the offices of NWM N.V. and at the offices stated in the convocation to the meeting, from the day of convocation to the end of the Meeting. Each Shareholder may obtain a full copy of the proposal free of charge.

Meetings of shareholders and convocation

General meetings of shareholders shall be held in Amsterdam, or in The Hague, Rotterdam, Utrecht or Haarlemmermeer (Schiphol). The Annual General Meeting of Shareholders must be held within six months of the end of each financial year. In addition, General meetings of shareholders shall be held as frequently as deemed necessary by the Managing Board or the Supervisory Board and when required by law or by the Articles of Association. General meetings of shareholders shall be convened by the Managing Board or the Supervisory Board, without prejudice to the provisions of Sections 110, 111 and 112 of Book 2 of the Netherlands Civil Code. Convocation shall take place not later than on the fifteenth day prior to the day of the meeting. Convocation shall state the items to be discussed or alternatively notice shall be given that such items may be inspected at the company's offices.

Proposals to amend the Articles of Association or proposals relating to a reduction of the company's capital shall always be included in the actual convocation.

Code of conduct

The code of conduct applies to everyone who works for the NWM N.V. Group.

It promotes honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships. The NWM N.V. Group recognises that personal conduct, business integrity and the NWM N.V. Group's security are crucial, and the code of conduct serves to inform those who work for us of the NWM N.V. Group's expectations of their behaviour and practices.

The code of conduct is available on the NatWest Group's website, natwestgroup.com, and will be provided to any person without charge, upon request, by contacting Company Secretariat on the telephone number listed below.

Important addresses

Corporate Governance

Claude Debussylaan 94
1082 MD Amsterdam
The Netherlands
Telephone: + 31 20 464 26 99
Email: nvcorporategovernancesecretariat@natwestmarkets.com

Investor Relations

250 Bishopsgate
London EC2M 4AA
Telephone: +44 (0)207 672 1758
Email: investor.relations@natwest.com

Registered office

Claude Debussylaan 94
1082 MD Amsterdam
The Netherlands

Website

<https://www.natwestmarkets.com/natwest-markets/about-us/board-and-governance/natwest-markets-n-v-.html>

Independent auditor's report

To: the shareholder and Supervisory Board of NatWest Markets N.V.

Report on the audit of the financial statements 2025 included in the Annual Report and Accounts

Our opinion

We have audited the accompanying financial statements for the financial year ended 31 December 2025 of NatWest Markets N.V. (NWM N.V., the Company or the group) based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the parent company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of NWM N.V. as at 31 December 2025 and of its result and its cash flows for 2025 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The parent company financial statements give a true and fair view of the financial position of NWM N.V. as at 31 December 2025 and of its result for 2025 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2025
- The following statements for the year ended 31 December 2025: the consolidated income statement, the consolidated statements of comprehensive income and changes in equity and the consolidated cash flow statement
- The notes comprising material accounting policy information and other explanatory information

The parent company financial statements comprise:

- The company balance sheet as at 31 December 2025
- The company income statement for the year ended 31 December 2025
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of NWM N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

NWM N.V. is a licensed bank which operates as an investment banking firm serving corporates and financial institutions in the European Economic Area ('EEA'). The group consist of multiple branches and entities and is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€21 million (2024: €20 million)
Benchmark applied	1% of total equity as at 31 December 2025 (2024: 1%)
Explanation	Based on our professional judgement, a benchmark of 1% of total equity is an appropriate quantitative indicator of materiality and it reflects the focus of users of the financial statements on the financial position of the Company. Equity is the basis for determining regulatory capital and dividend payment capacity. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

NWM N.V. is at the head of a group of entities and is structured in components. The financial information of this group is included in the financial statements. The banking activities of NWM N.V. are structured in geographical segments: the Netherlands and the rest of the world. Further, NWM N.V. has one insurance subsidiary in Switzerland that is in run-off.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

Based on our understanding of the group and its environment, the applicable financial framework and the group's system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures. Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the group components at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group. We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

We have performed the audit procedures centrally for the banking activities in the geographical segments mentioned above. We have involved EY component auditors to perform audit work for central operations focused on for example commercial lending, credit, treasury, and financial control and reporting functions. The EY component teams of the central operations performed audit procedures under our coordination and supervision.

This resulted in a coverage of 100% of the operating profit before tax, 100% of total equity, 98.7% of total income and 99.7% of total assets. The percentages of coverage are presented net of positive and negative contributions. For other components, we performed analytical procedures to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with EY component teams of the central operations in the United Kingdom, observe the component operations, discuss the group risk assessment and the risks of material misstatements. We reviewed and evaluated the adequacy of the deliverables from all component teams and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and closing meetings with all component teams. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed.

By performing the audit work mentioned above at components of the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the banking industry. We included specialists in the areas of IT audit, forensics, treasury, income tax and transfer pricing and have made use of our own experts in the areas of financial instrument valuation and modelling, macro-economic forecasting and expected credit losses.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda and lead to significant change for many businesses and society. In the "Sustainability reporting approach" section of the annual report and accounts the Managing Board sets out how the Company is reporting on climate-related and environmental risks in the "Climate and Nature Risk", "Financial Review", "Credit Risk", and "Corporate Governance" sections of its Annual Report and Accounts.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions especially in the area of "Valuation of financial instruments with higher risk characteristics", "Valuation of deferred tax assets" and "Expected credit losses" as disclosed in Note "Accounting Policies - Basis of preparation - How Climate risk affects our accounting judgments and estimates", as well as in the design of relevant internal control measures. Furthermore, we read the other information included in the annual report and accounts and considered whether there is any material inconsistency between the non-financial information.

We describe the audit procedures responsive to the impact of climate change on the financial statements in the description of our audit approach for the key audit matter "Valuation of financial instruments with higher risk characteristics including related income from trading activities".

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of NMW N.V. and its environment and the components of the system of internal control, including the risk assessment process and the Managing Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to section "Risk factors" of the annual report and accounts 2025 for the Managing Board's (fraud) risk assessment

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have, among other things, performed procedures to evaluate whether the selection and application of accounting policies by the Company, particularly those relating to subjective measurements and complex transactions, as disclosed in Note "Accounting policies – 3. Critical accounting policies" to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

As described in our key audit matter "Valuation of financial instruments with higher risk characteristics, including related income from trading activities", we considered the risks of management bias that may represent a risk of material misstatement due to fraud and the presumed risk of fraud in revenue recognition in connection with valuation of financial instruments with higher risk characteristics which requires significant judgement. Further, we considered the risk of management bias that may represent a risk of material misstatement due to fraud in connection with the recognition of deferred tax assets as described in our key audit matter "Transfer pricing arrangements and recognition of deferred tax assets".

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and business heads and the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Managing Board specifically about the procedures management performs to be compliant with the banking regulations, inspection of the systematic integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. We assessed whether NWM N.V. has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether NWM N.V. implemented remediation plans as discussed in section "Risk and Capital Management". Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in Note "Basis of preparation" to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Managing Board made a specific assessment of NWM N.V.'s ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with the Managing Board exercising professional judgment and maintaining professional skepticism.

We considered whether the Managing Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern or the Managing Board's use of the going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Transfer pricing arrangements and recognition of deferred tax assets

<p>Risk.</p>	<p>As at 31 December 2025, NWM N.V. has approximately €2.5 billion in available tax credits and tax losses carried forward. Based on its strategic plans, NWM N.V. expects to generate taxable income for future periods, against which the tax losses and tax credits can be utilized, management has recorded a deferred tax assets ('DTA') of €151 million as at 31 December 2025 (2024: €100 million). In 2025, for DTA recognition purposes, the forecast period has been extended from five to seven years, as several factors have increased management's confidence in NWM N.V.'s ability to generate sustainable taxable profits beyond the five-year budget horizon.</p> <p>Given the high level of estimation uncertainty involved over the assumptions and judgments used for forecasting future taxable income, including the allocation of transfer pricing income among NWM N.V. branches, we identified a risk of material misstatement. We also identified the risks of management override of controls with regard to the recognition of deferred tax assets.</p> <p>Further, NWM Group plc, which includes NWM N.V. and its branches, applies a transfer pricing framework, including a set of profit allocation models for its activities based on cost plus, return on equity and revenue split. The transfer pricing arrangements related to intergroup transactions and services require the application of judgment and require compliance with complex local tax regulations. NWM N.V. received transfer pricing revenues of €156 million in 2025 (2024: €153 million). Given the judgment applied in the selection of the transfer pricing models and assumptions used, we identified a risk of material misstatement relating to transfer pricing revenues.</p> <p>Reference is made to the 'Accounting Policies' to the consolidated financial statements, Note 2 'Non-interest income', Note 6 'Tax' and Note 27 'Related parties'.</p>
<p>Our audit approach</p>	<p>We have obtained an understanding of entity's system of internal control, including control activities, evaluated the design and implementation of internal controls across the processes relevant to transfer pricing arrangements, recognition of deferred tax asset and assessment of its recoverability. This included, amongst other, controls governing budget processes, transfer pricing model inputs, posting of journal entries and disclosures.</p> <p>We have tested how management has assessed the recognition of deferred tax assets and the data on which these were measured. We have evaluated the appropriateness of the methods and the reasonableness of assumptions used, mainly being the approved forecast of taxable income for future periods including transfer pricing income and the assessment of future strategic plans. Further, we have evaluated the appropriateness of extending the forecast period from five years to seven years with a focus on the increased uncertainty associated with this longer time horizon. We obtained an understanding of back testing procedures performed by NWM N.V. and tested the outcome of these procedures to evaluate the reliability of the forecast of the taxable income. Furthermore, we have evaluated the outcome of alternative scenarios and sensitivity analyses performed to assess whether the deferred tax asset recognized is within a reasonable range.</p> <p>With the support of our internal transfer pricing and income tax specialists, we have assessed the completeness, measurement and accuracy of transfer pricing income and related documentation. In order to understand and evaluate management's judgements, we have considered the status of current tax authority enquiries and correspondences, current estimates and developments in the tax environment and challenged management's key assumptions.</p> <p>We have evaluated whether NWM N.V. has appropriately applied the requirements of the IAS 1 'Presentation of Financial Statements', IAS 12 'Income Taxes' and IFRIC 23 'Uncertain Tax Positions' and whether the methods for making estimates are appropriate and were applied consistently in connection with the recognition of deferred tax assets and transfer pricing income.</p> <p>Finally, we have evaluated the completeness and accuracy of the disclosures relating to the deferred tax assets and transfer pricing arrangements in compliance with EU-IFRSs. This includes evaluation of particularly whether disclosures adequately convey the degree of estimation uncertainty and adequately disclose the impact of change in estimates in the current period.</p>
<p>Key observations</p>	<p>We are satisfied that the models and assumptions used by management to determine transfer pricing income and to recognise deferred tax assets are reasonable. The related disclosures in the financial statements are considered adequate and appropriate in accordance with EU-IFRSs.</p>

Valuation of financial instruments with higher risk characteristics including related income from trading activities	
Risk	<p>As at 31 December 2025 the Company held financial instruments with higher risk characteristics. These included (but are not limited to) reported level 3 assets of €39 million (2024: €169 million) and level 3 liabilities of €88 million (2024: €94 million) whose value is dependent upon unobservable inputs. Refer to Note 8 'Financial instruments – valuation' to the financial statements.</p> <p>The valuation of those financial instruments with higher risk characteristics can include both significant judgement and the risk of inappropriate recognition of income from trading activities through incorrect pricing as outlined below. The fair value of these instruments can involve complex valuation models and significant fair value adjustments, both of which may be reliant on data inputs where there is limited market observability. Management's estimates which required significant judgement include:</p> <ul style="list-style-type: none"> • Complex models – Complex model dependent valuations of financial instruments, the most significant being interest rate swaps linked to pre-payment behaviour and interest rate options with exotic features; • Inputs used in valuation of illiquid instruments ("Illiquid Inputs") - Pricing inputs and calibrations for illiquid instruments. Additionally derivative instruments whose valuation is dependent on discount rates associated with complex collateral arrangements; and • Fair value adjustments - The appropriateness of fair value adjustments made to derivative valuations including Funding Valuation Adjustments (FVA) and Credit Valuation Adjustments (CVA) relating to counterparties whose credit spread may not be observable, and material product and deal specific valuation adjustments on long dated derivative portfolios. <p>Due to the identified risk of management override of controls, the presumed fraud risk of revenue recognition and the significant judgement included, we identified the valuation of financial instruments with higher risk characteristics, including related income from trading activities as key audit matter.</p>
Our audit approach	<p>We evaluated the design and operating effectiveness of controls relating to financial instrument valuation including independent price verification, valuation models governance, collateral management, income statement analysis and the associated controls over relevant information technology systems. We also observed the Valuation Committee meetings where valuation inputs, assumptions and adjustments were discussed and approved.</p> <p>We involved our financial instrument valuation and modelling specialists to assist us in performing procedures including the following:</p> <ul style="list-style-type: none"> • Complex models: Testing a sample of complex model-dependent valuations by performing independent revaluation to assess the appropriateness of models and the adequacy of assumptions and inputs used by NWM N.V.; • Illiquid inputs: Independently re-pricing a sample of financial instruments that had been valued using illiquid pricing inputs, using alternative pricing sources where available, to evaluate management's valuation; and • Fair value adjustments: Comparing fair value adjustment methodologies to current industry standards and assessing the appropriateness and adequacy of the valuation adjustment framework in light of emerging market practice and changes in the risk profile of the underlying portfolio; and revaluing a sample of counterparty level CVA, independently challenging illiquid CVA inputs. <p>Throughout our audit procedures we considered the current uncertain geopolitical and economic outlook, including market volatility and the impact of climate change on the valuation of financial instruments. We performed analysis focusing on long-dated illiquid positions to understand if there were indicators that pricing did not appropriately capture climate related risks.</p> <p>We assessed whether there were any indicators of aggregate bias in financial instrument marking and methodology assumptions.</p> <p>We performed back-testing analysis of recent trade activity and asset disposals to evaluate the drivers of significant differences between book value and trade value to assess the impact on the fair value of similar instruments within the portfolio. We performed an analysis of significant collateral discrepancies with counterparties to assess the potential impact on the fair value of the underlying (and similar) financial instruments.</p>
Key observations	<p>We are satisfied that the models and assumptions used by management to reflect the fair value of financial instruments with higher risk characteristics and the recognition of related income are reasonable and in accordance with EU-IFRSs.</p>

IT systems and controls impacting financial reporting	
Risk	<p>As discussed in the 'Risk factors' section under 'Operational and IT resilience risk', NWM N.V.'s IT environment is complex and pervasive to the operations and financial reporting of NWM N.V. due to the large volume of transactions processed in numerous locations daily, with extensive reliance on automated controls. The risk is also impacted by the greater dependency on other NatWest Group entities and third-parties, increasing use of cloud platforms, decommissioning of legacy systems and migration to new systems. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Such controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</p> <p>NWM N.V has implemented user access management controls across IT applications, databases and operating systems. We have identified user access-related deficiencies and thus the risk of inappropriate access remains.</p> <p>We therefore consider the IT systems and controls impacting the financial reporting a key audit matter.</p>
Our audit approach	<p>We evaluated the design and operating effectiveness of IT general controls, including access over the applications, operating systems and databases relevant to financial reporting. During our planning and test of design phases of our audit, we performed procedures to assess the cybersecurity program and how management evaluates cyber risks.</p> <p>We tested user access by assessing the controls in place for in-scope applications, in particular testing the addition and periodic recertification of users' access. We continue to focus on key controls enforced by NWM N.V.'s user access management tools, including ensuring the completeness of user data, automated identification of movers and leavers and the adequacy of the overall control environment in addressing access-related IT risks to financial reporting. There have been no significant changes in the suite of access management controls operated by NWM N.V. in the current year. Improvements have been made to further standardise IT access management processes and controls, however privileged access control deficiencies continue to be identified, including instances where the underlying systems are subject to change within the year, including migrations., We tested compensating controls and performed additional substantive procedures to address the residual risk.</p> <p>We tested change management controls in relation to amendments to applications. We tested IT application and controls over data interfaces between applications. For systems outsourced to third party service providers, we tested IT general controls through evaluating the relevant Service Organisation Controls ('SOC') reports (where available). This included assessing the timing of the reporting, the controls tested by the service auditor and whether they addressed relevant IT risks. We also tested required complementary user entity controls performed by management. Where a SOC report was not available we identified and reviewed compensating business controls to address risks to financial reporting. Several systems have been migrated to a cloud-hosted infrastructure model, however access management processes and controls remained in-house and they formed part of our testing.</p> <p>Where in-scope applications underwent transformations or data migrations during the current year, we tested management's controls on the transformations, including inspecting the project plans, the results of testing, and the "go-live" approval process.</p> <p>We assessed automated controls within business processes and the reliability of relevant reports used as part of manual controls. This included assessing the integrity of system interfaces, the completeness and accuracy of data feeds, automated calculations and specific input controls.</p> <p>Where control deficiencies were identified, we tested remediation activities performed by management and/or compensating controls in place and assessed the impact, of any residual risk over financial statement reporting. This included aggregation analysis of the deficiencies identified to consider the pervasiveness of findings and the impact on our overall approach to access management testing. Where the residual risk was not appropriately addressed by compensating controls additional substantive testing was performed.</p>
Key observations	<p>Our testing procedures (controls and substantive) enabled us to rely on the adequate and continued electronic data processing relevant for our audit of the annual financial statements</p>

Report on other information included in the Annual Report and Accounts

The annual report and accounts contain other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

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 these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of NWM N.V. on 22 July 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

NWM N.V. has prepared the annual report and accounts in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report and accounts prepared in the XHTML format, including the marked-up consolidated financial statements as included in the reporting package by NWM N.V., complies in all material respects with the RTS on ESEF.

The Managing Board is responsible for preparing the annual report and accounts, including the financial statements, in accordance with the RTS on ESEF, whereby the Managing Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report and accounts in this reporting package comply with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report and accounts do not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - o Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
 - o Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Amsterdam, 17 February 2026
EY Accountants B.V.
J.G. Kolsters

Risk factors

Principal Risks and Uncertainties

Set out below are certain risk factors that could have a material adverse effect on NWM N.V. Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, and directly or indirectly impact the value of its securities. These risk factors are broadly categorised and should be read in conjunction with other risk factors in this section and other parts of this annual report, including the top and emerging risk section, and the risk and capital management section. They should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing NWM N.V. Group.

Economic and political risk

NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments.

NWM N.V. Group is affected by global economic and market conditions, particularly those in the EU. Uncertain and volatile economic conditions in the EU or globally can create a challenging operating environment for financial services companies such as NWM N.V. Group. The outlook for the EU and the global economy is affected by many factors including: GDP growth, unemployment, inflation, interest rates, asset prices (including residential and commercial property), commodity and energy prices, supply chain disruption (including the sourcing of rare earths and critical minerals), protectionist policies or trade barriers (including tariffs), and monetary and fiscal policy.

Economic and market conditions could be exacerbated by a number of factors including: instability in the UK, the EU or global financial systems, market volatility and change, fluctuations in the value of the pound sterling and euro, new or extended economic sanctions, volatility in commodity prices, political uncertainty or instability, concerns regarding sovereign debt (including sovereign credit ratings), any lack or perceived lack of creditworthiness of a counterparty or borrower that may trigger market-wide liquidity problems, changing demographics in the markets that NWM N.V. Group and its customers serve, or rapid changes to the economic environment due to the adoption of technology, digitisation, automation and artificial intelligence (including machine learning, and generative and agentic artificial intelligence), or due to climate change, biodiversity loss, environmental degradation, and widening social and economic inequalities.

NWM N.V. Group is also exposed to risks arising out of geopolitical events or political developments that may hinder economic or financial activity levels, and may directly or indirectly impact European, regional or global trade and/or NWM N.V. Group's customers and counterparties. Political, military or diplomatic events, geopolitical tensions, armed conflict (for example, the Russia-Ukraine conflict and Middle East conflicts), terrorist acts or threats (including to critical infrastructures), more severe and frequent extreme weather events, widespread public health crises, and the responses to any of the above scenarios by various governments and markets, may have a material adverse effect on the business and performance of NWM N.V. Group.

The value of NWM N.V. Group's own and other securities may be materially affected by market risk (including as a result of market fluctuations). Market volatility, illiquid market conditions and disruptions in the financial markets may make it very difficult to value certain of NWM N.V. Group's own and other securities, particularly during periods of market displacement. This could cause a decline in the value of NWM N.V. Group's

financial instruments, or inaccurate carrying values for certain securities. Similarly, NWM N.V. Group trades a considerable amount of own and other securities (including derivatives) and volatile market conditions could result in a significant decline in NWM N.V. Group's net trading income or result in a trading loss.

In addition, financial markets are susceptible to severe events evidenced by, or resulting in, rapid depreciation in asset values, which may be accompanied by a reduction in asset liquidity. Under these conditions, hedging and other risk management strategies may not be as effective at mitigating losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously (and often automatically) and on a large scale, increasing NWM N.V. Group's counterparty risk. NWM N.V. Group's risk management and monitoring processes seek to quantify and mitigate NWM N.V. Group's exposure to extreme market moves. However, market events have historically been difficult to predict and NWM N.V. Group, its customers and its counterparties could realise significant losses if severe market events were to occur.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Changes in interest rates will continue to affect NWM N.V. Group's business and results.

NWM N.V. Group's performance is affected by changes in interest rates. Benchmark overnight interest rates decreased in 2025, and forward rates at 31 December 2025 suggest that the key ECB interest rates will remain stable in 2026. On the one hand, stable interest rates support more predictable income flow and less volatility in asset and liability valuations, although persistently low and negative interest rates, may adversely affect NWM N.V. Group, as it limits the income from lending activities. On the other hand, volatility in interest rates may result in unexpected outcomes both for interest income and asset and liability valuations which may adversely affect NWM N.V. Group. For example, decreases in key benchmark rates such as the key ECB interest rates may adversely affect NWM N.V. Group's net interest margin, and unexpected movements in spreads between key benchmark rates such as sovereign and swap rates may, in turn, affect liquidity portfolio valuations. In addition, unexpected sharp rises in rates may also have an adverse effect on some asset and derivative valuations.

Furthermore, customer and investor responses to rapid changes in interest rates can have an adverse impact on NWM N.V. Group. For example, customers may make deposit choices that provide them with higher returns than those then being offered by NWM N.V. Group, and NWM N.V. Group may not respond with competitive products as rapidly, for example following an interest rate change which may in turn decrease NWM N.V. Group's net interest income. Movements in interest rates also influence and reflect the macroeconomic situation more broadly. Affecting factors such as business and consumer confidence, property prices, default rates on loans, customer behaviour and other indicators may have an indirect adverse effect on NWM N.V. Group and the effectiveness of its hedging strategy.

Any of the above may have an adverse effect on its future results, financial condition, prospects, and/or reputation.

Business change and execution risk

NWM N.V. is NatWest Group's operating entity located in the EU to serve European customers and is directly supervised by the ECB.

NWM N.V. is NatWest Group's banking and trading entity headquartered in the Netherlands with branches in France, Germany, Italy, and Sweden to serve EEA customers. Certain aspects of the services provided by NatWest Group in the EU require local licences or individual equivalence decisions (temporary or otherwise) by relevant regulators. However, following the approval of CRR III and CRD VI, non-EU firms providing 'banking services' will be required from 11 January 2027 to apply for and obtain authorisation to operate as third country branches in each relevant EU member state where they provide such services, unless an exemption applies. A failure to obtain the appropriate authorisations may have an adverse effect on NWM Group (including N.V. Group).

As NWM N.V. and its parent company, RBS Holdings N.V., are classified as a "significant supervised group", NWM N.V. is directly supervised by the ECB, which may have an adverse effect on NWM N.V. Group's business strategy, operating model (including any compliance cost) and prudential and regulatory requirements.

NatWest Group continues to evaluate its EU operating model, making adaptations as necessary. For instance, in December 2024, NWM N.V. became the primary corporate and institutional customer-facing entity of the NatWest Group in Europe. This new structure may lead to a significant increase in assets and liabilities within NWM N.V. Group and may require NWM N.V. to significantly increase its funding requirements, add additional skilled personnel, allocate increased management attention, and grow its technological capabilities. A failure by NWM N.V. Group to address any of these changes, if and when they arise, may have an adverse impact on NWM N.V. Group. See, 'NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements', 'NWM N.V. Group relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations', and 'NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group'.

Changes to, or uncertainty regarding NatWest Group's and NWM Group's (including NWM N.V. Group) EU operating model have been, and may continue to be, costly and may (i) adversely affect customers and counterparties who are dependent on trading with the EU or personnel from the EU; and/or (ii) result in further costs and/or regulatory sanction due to a failure to receive the required regulatory permissions and/or further changes to NatWest Group's and NWM Group's business operations, product offering, customer engagement, and regulatory requirements (including as a result of CRD VI).

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change.

As part of NatWest Group's strategy (including the strategic priorities of disciplined growth, leveraging simplification and active balance sheet and risk management), NWM Group and NWM N.V. Group's strategies have evolved to mostly focus on serving NatWest Group's corporate and institutional customer base via the creation of NatWest Group's C&I business segment, which was established to promote closer operational and strategic alignment to support NatWest Group growth and offer more integrated services to customers across NatWest Group entities. As a result, NWM N.V. Group results are reported on a standalone legal entity basis, and under the C&I operating segment structure.

NWM N.V. Group's ability to serve its customers may be potentially impacted by the execution of NatWest Group's strategy in respect of its C&I business segment and customer responses to the changes in NWM Group's (including NWM N.V. Group's) business model and may be more adverse than expected. Previously anticipated revenue and profitability levels may not be realised (including in relation to: the ability to support customer transactions whilst meeting NWM Group capital targets, and changes to the availability of risk capital, in the timescales envisaged, or at all). A challenging macroeconomic environment, political and regulatory uncertainty, market volatility, market competition, the emergence of digital assets and digital currencies operating alongside the traditional monetary system, and/or the complexity of deployment and integration of artificial intelligence in NWM N.V. Group's processes, controls, and products may require NWM N.V. Group to make adjustment to its strategy or planned implementation timeline.

As a subsidiary of NWM Plc (and ultimately NatWest Group plc), NWM N.V. Group utilises a number of NWM Group and NatWest Group systems, policies and frameworks (via a shared services model) including in relation to: technology (including innovation) and network infrastructure, marketing, risk frameworks, financial accounting systems, reporting, onboarding processes, model development and validation, certain administrative and legal services and governance. Any change to the cost and/or scope of services provided by NatWest Group may impact NWM Group's (including NWM N.V. Group's) competitive position and its ability to meet its other targets. In addition, the products that NWM N.V. Group offers are based on those offered by NWM Group. As such, any changes made to systems, policies, frameworks or products of NatWest Group or NWM Group, or any failure of NWM Group to receive these services may have a corresponding impact on NWM N.V., and may increase NWM N.V. Group operational risk. See, 'Operational risks (including reliance on third-party suppliers and outsourcing of certain activities) are inherent in NWM N.V. Group's businesses'.

NWM Group's (which includes NWM N.V. Group) strategy requires it to focus on bank-wide simplification, a proportion of which is dependent on simplification of its IT systems and therefore may not be realised if IT capabilities are not delivered in line with assumptions. The scale of changes that have been concurrently implemented require the implementation and application of robust governance and controls frameworks and robust IT systems. There is a risk that NWM Group (including NWM N.V. Group) may not be successful in maintaining such governance and control frameworks and IT systems.

As part of NWM Group's strategy, NWM Group has set a number of financial, capital and operational targets and expectations. The financial, operational and capital targets and expectations envisaged by NWM's strategy may not be met or maintained in the timeframes expected or at all. In addition, targets and expectations for NWM Group are based on management plans, projections and models, and are subject to a number of key assumptions and judgements, any of which may prove not to materialise.

NWM N.V. Group's strategy entails legal, execution, operational and regulatory, conflicts, IT system, cybersecurity, culture, people, conduct, business and financial risks to NWM N.V. Group. As a result, NWM N.V. Group may not be able to successfully implement some or all aspects of its strategy or may not meet any or all of the related strategic targets or expectations. Each of these risks, and others identified in this section entitled 'Principal Risks and Uncertainties', individually or collectively, could adversely affect NWM N.V. Group's products and services offering or office locations, competitive position, ability to meet targets and commitments, reputation with customers or business model and may result in higher-than-expected costs. There is a risk that the intended benefits of NatWest Group's and NWM Group's (which includes NWM N.V. Group) strategies may not be realised in the timelines or in the manner contemplated, or at all. Various aspects of NWM Group's strategy may not be successful, may not be completed as planned, or at all, or could be phased or could progress in a manner other than as expected. This could lead to additional management actions by NWM N.V. Group, regulatory action or reduced liquidity and/or funding opportunities.

Any of the above may lead to NWM Group (and NWM N.V. Group) not being viable, competitive or profitable, and may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group operates in markets that are highly competitive, with competitive pressures and technology disruption.

NWM N.V. Group operates in markets for which competition is expected to continue and intensify due to: evolving customer behaviour, technological changes (including digital currencies, stablecoins, and the growth of digital banking), competitor behaviour, new market entrants, competitive foreign exchange offerings, industry trends resulting in increased disaggregation or unbundling of financial services, or, conversely the re-intermediation of traditional banking services, and the impact of regulatory actions, among others. In particular, NWM N.V. Group may be unable to grow or retain market share due to new (or more competitive) banking, lending, and payment offerings by rapidly evolving incumbents and challengers (including shadow banks, alternative or direct lenders and new entrants). These competitive pressures may result in a shift in customer behaviour and impact NWM N.V. Group's revenues and profitability. Moreover, innovations in biometrics, artificial intelligence, automation, cloud services, blockchain, cryptocurrencies and quantum computing may rapidly facilitate industry transformation.

Increasingly, many of NWM N.V. Group's products and services are, and will become, more technology intensive, including through digitalisation, automation and the use of artificial intelligence, while needing to continue complying with applicable and evolving regulations. NWM N.V. Group's ability to develop or acquire digital solutions and their integration into NWM N.V. Group's structures, systems and controls has become increasingly important for retaining and growing NWM N.V. Group's market share and customer-facing businesses. NWM N.V. Group's innovation strategy (which includes investments in its IT capability intended to improve its core infrastructure and customer interface capabilities as well as investments and strategic partnerships with third-party technology providers) may not be successful or may not result in NWM N.V. Group offering innovative products and services in the future.

Furthermore, competitors may outperform NWM N.V. Group in deploying technologies to deliver products or services to customers, which may adversely affect NWM N.V. Group's competitive position. In addition, continued industry consolidation and/or technological developments could result in the emergence of new competitors or strengthening NWM N.V. Group's current competitors, including in their ability to offer a broader and more attractive or better value range of products and services and geographic diversity. For example, new market entrants, including non-traditional financial services providers, such as technology conglomerates, may benefit from scale, technology and may be able to develop and deliver financial services at a lower cost base.

Failure to offer competitive, attractive, innovative, and profitable products that are also released in a timely manner, may result in lost market share, losses on some or all of NWM N.V. Group's initiatives and missed growth opportunities. For example, NWM N.V. Group is investing in the automation of certain solutions and interactions within its customer-facing businesses, including through artificial intelligence. There can be no certainty that such initiatives will allow NWM N.V. Group to compete effectively or will deliver the expected cost savings for NWM N.V. Group. In addition, the implementation of NatWest Group's strategy, delivery on its climate ambition and cost-controlling measures may also have an adverse effect on competitiveness and returns.

Risk factors continued

NWM Group and NWM N.V. Group may also fail to identify opportunities or derive benefits from technological innovation, shifting customer behaviour or regulatory changes. Competitors may better attract and retain customers and key employees, operate more effective IT systems, and have access to lower cost funding and/or be able to attract deposits or provide investment-banking services on more favourable terms than NWM N.V. Group. Although NWM Group invests in new technologies and participates in industry and research-led technology development initiatives, such investments may be insufficient or ineffective, especially given NWM Group's focus on business simplification and cost efficiencies. This could affect NWM N.V. Group's ability to offer innovative products or technologies to customers.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

The transfer of NatWest Group's EU corporate portfolio involves certain risks.

To improve efficiencies and best serve customers, certain assets, liabilities, transactions and activities of NatWest Group (including its Western European corporate portfolio principally consisting of term funding and revolving credit facilities) (the 'Transfer Business'), have been or may be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group (including NWM N.V. Group), and/or (ii) transferred to the ring-fenced subgroup of NatWest Group from NWM Group (including NWM N.V. Group), subject to customer and regulatory requirements, such as CRD VI. The timing, success and quantum of any of these transfers remain uncertain as is the impact of these transactions on NWM N.V. Group's results of operations and financial condition.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Financial resilience risk

NWM Group, including NWM N.V. Group, may not achieve its ambitions or targets, meet its guidance, generate returns or implement its strategy effectively.

NWM N.V. Group's ability to meet its ambitions, targets, guidance, and make discretionary capital distributions is subject to various internal and external factors, risks and uncertainties. These include but are not limited to: EU and global macroeconomic, political, market and regulatory uncertainties, customer behaviour, operational risks and risks relating to NWM N.V. Group's business model and strategy (including risks associated with climate and other sustainability-related issues). See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

As part of NatWest Group's strategy, NWM N.V. Group has set a number of financial, capital and operational targets including in respect of: CET1 ratio targets, leverage ratio targets, targets in relation to local regulation, funding plans and requirements, employee engagement, diversity and inclusion as well as it contributes to NatWest Group's climate and sustainability-related ambitions, targets and commitment and the implementation of NatWest Group's climate transition plan. A number of factors may impact NWM N.V.'s abilities to maintain its CET1 ratio target, including the macroeconomic environment, impairments, the extent of organic capital generation, and the receipt and payment of dividends. Furthermore, the focus on maintaining a disciplined cost base may result in limited investment in other areas which could affect NWM N.V. Group's long-term product offering or competitive position and its ability to meet its other targets, including those related to customer satisfaction.

NWM N.V. Group is also subject to transfer pricing arrangements with NWM Plc (NWM N.V.'s parent company). These are governed by arm's length transfer pricing legislation in both the Netherlands and UK, require the approval by both counterparties and are subject to audit and/or assessment by Dutch and UK tax authorities. A portion of NWM N.V. Group's income derives from transfer pricing income received from NatWest Group entities. Should the level of such income change as a result of regulatory intervention or otherwise, this may have a material and adverse effect on NWM N.V. Group's profitability, and its ability to meet its financial targets

Any of the above may lead to NWM N.V. Group not being a viable, competitive or profitable banking business, and may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. may not meet the prudential regulatory requirements for capital.

NWM N.V. Group is required by the ECB to maintain adequate financial resources. Adequate capital provides NWM N.V. Group with financial flexibility in the face of turbulence and uncertainty in the global economy and specifically in its core European operations. NWM Plc's and NWM N.V.'s target CET1 ratios (see the targets set forth in each respective entity's Outlook section) are based on regulatory requirements and management actions that rely on internal modelling and risk appetite (including under stress). As at 31 December 2025, NWM N.V. Group's CET1 ratio (on a consolidated basis) was 18.5% and its CET1 ratio target for the medium term is around 14 %. NWM N.V.'s current capital strategy is based on the management of RWAs and other capital management initiatives.

Other factors that could influence NWM N.V.'s CET1 ratios include:

- a depletion of NWM N.V.'s capital resources through reduced profits (which would in turn impact retained earnings) and may result from revenue attrition or increased liabilities, sustained periods of low interest rates, reduced asset values resulting in write-downs or reserve adjustments, impairments, changes in accounting policy, accounting charges or foreign exchange movements;
- a change in the quantum of NWM N.V.'s RWAs, stemming from exceeding target RWA levels, regulatory changes (including their interpretation or application), foreign exchange movements or a failure in internal controls or procedures to accurately measure and report RWAs/leverage exposure. An increase in RWAs would lead to a reduction in the CET1 ratio (and increase the amount of internal MREL required for NWM N.V.);
- changes in prudential regulatory requirements including the Total Capital Requirement for NWM N.V. (as regulated by the ECB), including Pillar 2 requirements and regulatory buffers as well as any applicable scalars;
- further losses (including as a result of extreme one-off incidents such as cyberattack, fraud or conduct issues) would deplete capital resources and place downward pressure on the CET1 ratio; or
- the timing of planned liquidation, disposal and/or capital releases of capital including on activity or legacy entities owned by NWM Plc and NWM N.V. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

Management actions taken under a stress scenario may affect, among other things, NWM N.V. Group's product offering, its credit ratings, its ability to operate its businesses and pursue its strategy, any of which may negatively impact investor confidence and the value of NWM N.V. Group's securities. See also, 'NWM N.V. may not manage its capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options', and 'NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities).' Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.

Liquidity and the ability to raise funds continues to be a key area of focus for NWM N.V. Group and the industry as a whole. NatWest Group and NWM N.V. are required by regulators in the UK, the EU and other jurisdictions in which they undertake regulated activities to maintain adequate liquidity and funding resources. To satisfy its liquidity and funding requirements, NWM N.V. Group may therefore access sources of liquidity and funding through deposits and wholesale funding, including debt capital markets and trading liabilities such as repurchase agreements. As at 31 December 2025, NWM N.V. Group held €5.9 billion in deposits from banks and customers.

The level of deposits and wholesale funding may fluctuate due to factors outside NWM N.V. Group's control. These factors include: loss of customers, changes in customer behaviour, loss of customer and/or investor confidence (including in individual NWM N.V. Group entities or the European banking sector or the banking sector as a whole), macroeconomic developments, political uncertainty, changes in interest rates, market volatility, increasing competitive pressures for bank funding (including from new entrants, fintech companies, or new deposit offerings (such as digital assets), or the reduction or cessation of deposits and other funding by counterparties, any of which could lead to a significant outflow of deposits or reduction in wholesale funding within a short period of time, higher funding costs and failure to comply with regulatory capital, funding and leverage requirements. As a result, NWM N.V. Group and its subsidiaries could be required to change their funding plans and/or their operations, which could, in turn, exacerbate NWM N.V. Group's funding and liquidity risk. An inability to grow, roll-over, or any material decrease in, NWM N.V. Group's deposits, short-term wholesale funding and short-term liability financing could, particularly if accompanied by one of the other factors described above, have an adverse effect on NWM N.V. Group's ability to satisfy its liquidity needs.

NWM N.V. Group engages from time to time in 'fee based borrow' transactions whereby collateral (such as government bonds) is borrowed from counterparties on an unsecured basis in return for a fee. This borrowed collateral may be used by NWM N.V. Group to finance parts of its balance sheet, either in its repo financing business, derivatives portfolio or more generally across its balance sheet. If such 'fee based borrow' transactions are unwound whilst used to support the financing of parts of NWM N.V. Group balance sheet, then unsecured funding from other sources would be required to replace such financing. There is a risk that NWM N.V. Group would be unable to replace such financing on acceptable terms or at all, which may have an adverse effect on its liquidity position and may adversely affect NWM N.V. Group. In addition, because 'fee based borrow' transactions are conducted off-balance sheet (due to the collateral being borrowed) investors may find it more difficult to gauge NWM N.V. Group's creditworthiness, which may be affected if these transactions were to be unwound in a stress scenario. Any lack of, or perceived lack of, creditworthiness may adversely affect NWM N.V. Group.

As at 31 December 2025, NWM N.V. Group reported a liquidity coverage ratio of 181% on a consolidated basis. If its liquidity position were to come under stress and if NWM N.V. Group is unable to raise funds through deposits, wholesale funding sources, or other reliable funding sources, on acceptable terms or at all, its liquidity position would likely be adversely affected. This would mean that NWM N.V. Group might be unable to: meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature, meet its obligations under committed financing facilities, comply with regulatory funding requirements, undertake certain capital and/or debt management activities, or fund new loans, investments and businesses.

If, under a stress scenario, the level of liquidity falls outside of NWM N.V. Group's risk appetite, there are a range of recovery management actions that NWM N.V. Group could take to manage its liquidity levels, but any such actions may not be sufficient to restore adequate liquidity levels. NWM N.V. Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM N.V. Group's applicable liquidity requirements would trigger consideration of NWM N.V.'s recovery actions. This in turn may prompt consideration of NatWest Group's recovery plan to attempt to remediate a deficient liquidity position. NWM N.V. Group may need to liquidate assets to meet its liabilities, including disposals of assets not previously identified for disposal to reduce its funding or payment commitments or trigger the execution of certain management actions or recovery options. This could also lead to higher funding costs and/or changes to NWM N.V. Group's funding plans or its operations. In a time of reduced liquidity or market stress, NWM N.V. Group may be unable to sell some of its assets or may need to sell assets at depressed prices, which in either case may adversely affect NWM N.V. Group.

NWM N.V. Group independently manages liquidity risk on a standalone basis, including through holding its own liquidity portfolio. It has restricted access to liquidity or funding from other NatWest Group entities. As a result, NWM N.V.'s liquidity position could be adversely affected, which may also require assets to be liquidated or may result in higher funding costs which may adversely affect NWM N.V. Group's margins and profitability. NWM N.V.'s management of its own liquidity portfolio and the structure of capital support are subject to operational and execution risk, as NWM N.V. is required to meet its own liquidity and capital requirements.

Continuing market volatility may have a negative effect on NWM N.V. Group's access to liquidity and funding, which could mean that NWM N.V. Group is required to adapt its funding plan or change its operations in order to satisfy its liquidity and funding requirements, which could have an adverse effect on NWM N.V. Group. Market volatility may also result in increases to leverage exposure.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements.

NWM N.V.'s funding requirements are based on its current and anticipated business activities, and may increase in the future (including as a result of changes to NatWest Group's and NWM Group's (including NWM N.V. Group) EU operating model). Therefore, NWM N.V. Group is reliant on frequent access to the capital markets for funding, at a cost that can be passed through to its customers.

This access entails execution risk, regulatory risk, risk of reduced commercial activity, risk of loss of market confidence in NWM N.V. Group if it cannot finance its activities and risk of a ratings downgrade, which could be influenced by a number of internal or external factors, including, those summarised in 'NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments' and 'NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.'

In addition, NWM N.V. receives capital ultimately from NWM Group plc and NWM N.V. is therefore reliant on the willingness of NWM Group plc to fund its internal capital targets. NWM N.V. Group has set target levels for different tiers of capital as percentages of its RWAs. The level of capital required for NWM N.V. to meet its internal targets is therefore a function of the level of RWAs and its leverage exposure in NWM N.V. and this may vary over time.

Any inability of NWM N.V. Group to adequately access the capital markets, to manage its balance sheet in line with assumptions in its capital and funding plans, may adversely affect NWM N.V. Group, such that NWM N.V. Group may not constitute a viable banking business and/or NWM N.V. may fail to meet its regulatory capital and funding requirements (at present, NWM N.V. does not yet have its own MREL).

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. may not manage its capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options.

Under the EU Bank Recovery and Resolution Directives I and II ('BRRD'), as implemented in the Netherlands, NWM N.V. Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM N.V.'s applicable capital or leverage, liquidity or funding requirements would trigger consideration of NWM N.V.'s recovery action, and in turn may prompt consideration of NatWest Group's recovery actions. If, under stressed conditions, the liquidity, capital or leverage ratio were to decline, there are a range of recovery management actions (focused on risk reduction and mitigation) that NWM N.V. could undertake that may or may not be sufficient to restore adequate liquidity, capital and leverage ratios. Additional management options relating to existing capital issuances, asset or business disposals, capital payments and dividends from NWM Plc to its parent, could also be undertaken to support NWM N.V.'s capital and leverage requirements.

NatWest Group may also address a shortage of capital in NWM N.V. by providing parental support to NWM N.V., subject to evidence that the conditions set out in Article 23 of the BRRD, as implemented into Dutch law article 3:301 and 3:305 of the Dutch Financial Markets Supervision Act ('FMSA') have been met. NatWest Group's and/or NWM N.V.'s regulator may also request that NWM N.V. Group carry out additional capital management actions. The Bank of England ('BoE') has identified single point-of-entry at NatWest Group plc, as the preferred resolution strategy for NatWest Group.

However, under certain conditions set forth in the BRRD, as implemented by the FMSA, De Nederlandsche Bank ('DNB') or the Single EU Resolution Board ('SRB'), also have the power to execute the 'bail-in' of certain securities of NWM N.V. without further action at NatWest Group level.

Any capital management actions taken under a stress scenario may, in turn affect: NWM N.V. Group's product offering, credit ratings, ability to operate its businesses and pursue its strategy as well as negatively impacting investor confidence and the value of NWM N.V. Group's securities. See also, 'NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities)'. In addition, if NWM N.V.'s liquidity position was to be adversely affected, this may require assets to be liquidated or may result in higher funding costs, which may adversely affect NWM N.V. Group's operating performance.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Any reduction in the credit rating and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWM Plc or NWM N.V.) or any of their respective debt securities could adversely affect the availability of funding for NWM N.V. Group, reduce NWM N.V. Group's liquidity and funding position and increase the cost of funding.

Rating agencies regularly review NatWest Group plc, NWM Plc, NWM N.V. and other NatWest Group entities' credit ratings and outlooks. NWM N.V. Group entities' credit ratings and outlooks, could be negatively affected (directly and indirectly) by a number of factors that can change over time, including without limitation: credit rating agencies' assessment of NWM N.V. Group's strategy and management's capability; its financial condition including in respect of profitability, asset quality, capital, funding and liquidity, and risk management practices; the level of political support for the sectors and regions in which NWM N.V. Group operates; the legal and regulatory frameworks applicable to NWM N.V. Group's legal structure; business activities and the rights of its creditors; changes in rating methodologies; changes in the relative size of the loss-absorbing buffers protecting bondholders and depositors; the competitive environment, political, geopolitical and economic conditions in NWM N.V. Group's key markets (including fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments); any reduction of the UK's sovereign credit rating and market uncertainty. In addition, credit rating agencies take into consideration sustainability-related factors, including climate, environmental, social and governance related risk, as part of the credit rating analysis, as are investors in their investment decisions.

Any reductions in the credit rating of NatWest Group plc, NWM Plc, NWM N.V. or of certain other NatWest Group entities could significantly affect NWM N.V. Group. Adverse consequences for NWM N.V. Group from downgrades could include, without limitation, a reduction in the access to capital markets or in the size of NWM N.V.'s deposit base, and trigger additional collateral or other requirements in its funding arrangements or the need to amend such arrangements, which could adversely affect NWM Group's liquidity and funding position and cost of funding, which could in turn limit the range of counterparties willing to enter into transactions with NWM N.V. Group on favourable terms, or at all. This may in turn adversely affect NWM N.V. Group's competitive position and threaten its prospects.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWM N.V. Group.

NWM N.V., a subsidiary of NWM Plc, has a portfolio of loans and loan commitments to Western European corporate customers. As a result, NWM N.V. Group has exposure to many different sectors, customers and counterparties with a range of various credit quality. Risks arising from actual or perceived changes in credit quality and the recoverability of monies due from borrowers and other counterparties are inherent in a wide range of NWM N.V. Group's businesses. These risks may be concentrated for those businesses for which customer income is heavily weighted towards a specific geographic region, industry or customer base. Furthermore, these risks are likely to increase due to the expected transfer of NatWest Group's Transfer Business. See 'The transfer of NatWest Group's EU corporate portfolio involves certain risks'.

Credit risk may arise from a variety of business activities, including, but not limited to: extending credit to customers through various lending commitments; entering into swap or other derivative contracts under which counterparties have obligations to make payments to NWM N.V. Group (including uncollateralised derivatives); providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools, whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans. See also, 'Risk and Capital Management — Credit Risk'. Any negative developments in the activities listed above may negatively impact NWM N.V. Group's customers and credit exposures, which may, in turn, adversely affect NWM N.V. Group's profitability. The credit quality of NWM N.V. Group's borrowers and other counterparties may be affected by global macroeconomic and political uncertainties, as well as prevailing economic and market conditions. See 'NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments'. Any further deterioration in these conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality or impact the enforcement of contractual rights, increasing credit risk.

Further, the value or effectiveness of any credit protection that NWM N.V. Group has acquired through credit default swaps depends on the value of the underlying assets and the financial condition of the counterparties, and prevailing market spread. Changes in credit spreads, deterioration in counterparty creditworthiness, the outcome of determination committees, or disputes over contractual terms may result in valuation adjustments, impairments or increased collateral requirements, creating potential liquidity pressures on NWM N.V. Group.

NWM N.V. Group is exposed to the financial sector, including sovereign debt securities, financial institutions, financial intermediation providers (including providing facilities to financial sponsors and funds, backed by assets or investor commitments) and securitised products (typically senior lending to special purpose vehicles backed by pools of segregated financial assets). Concerns about, or a default by, a financial institution or intermediary could lead to significant liquidity problems and losses or defaults by other financial institutions or intermediaries, since the commercial and financial soundness of many financial institutions and intermediaries is closely related and interdependent as a result of credit, trading, clearing and other relationships. Any perceived lack of creditworthiness of a counterparty or borrower may lead to market-wide liquidity problems and losses for NWM N.V. Group.

In addition, the value of collateral may be correlated with the probability of default by the relevant counterparty ('wrong way risk'), which would increase NWM N.V. Group's potential loss. This systemic risk may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which NWM N.V. Group interacts on a regular basis. See also, 'NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements', and 'NWM N.V. Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options'. As a result, adverse changes in borrower and counterparty credit risk may cause additional impairment charges under IFRS 9, increased repurchase demands, higher costs, additional write-downs and losses for NWM N.V. Group and an inability to engage in routine funding transactions. NWM N.V. Group has applied an internal analysis of multiple economic scenarios (MES) together with the determination of specific overlay adjustments to inform its IFRS 9 ECL (Expected Credit Loss). See 'Risk and Capital Management – Credit Risk'. The assumptions and judgements used in the MES and ECL assessment at 31 December 2025 may not prove to be adequate resulting in incremental ECL provisions for NWM N.V. Group.

Due to NWM N.V. Group's exposure to the financial industry, it also has exposure to shadow banking entities (i.e., entities which carry out activities of a similar nature to banks without the same regulatory oversight). NWM N.V. Group is required to identify and monitor its exposure to shadow banking entities, implement and maintain an internal framework for the identification, management, control and mitigation of the risks associated with exposure to shadow banking entities, and/or ensure effective reporting and governance in respect of such exposure. If NWM N.V. Group is unable to properly identify and monitor its shadow banking exposure, maintain an adequate framework, or ensure effective reporting and governance in respect of shadow banking exposure.

Any of the above may adversely affect NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.

Given the complexity of NWM N.V. Group's business, strategy and capital requirements, NWM N.V. Group relies on models for a wide range of purposes, including to manage its business, assess the value of its assets and its risk exposure, as well as to anticipate capital and funding requirements (including to facilitate NatWest Group's mandated stress testing).

In addition, NWM N.V. Group utilises models for valuations, credit approvals, calculation of loan impairment charges on an IFRS 9 basis, financial reporting and for financial crime (criminal activities in the form of money laundering, terrorist financing, bribery and corruption, tax evasion and sanctions as well as external or internal fraud (collectively, 'financial crime')). NWM N.V. Group's models, and the parameters and assumptions on which they are based, are periodically reviewed.

Model outputs are inherently uncertain, because they are imperfect representations of real-world phenomena, are simplifications of complex real-world systems and processes, and are based on a limited set of observations. NatWest Group (which includes NWM N.V. Group) also continues to invest in building new capabilities that employ new artificial intelligence technologies, such as generative artificial intelligence, and it expects its use of these technologies to increase over time. However, there are significant risks involved in utilising more sophisticated modelling approaches, including artificial intelligence, and no assurance can be provided that NWM N.V. Group's use of artificial intelligence in its models will enhance its business or produce only intended or beneficial results. NWM N.V. Group may face adverse consequences as a result of actions or decisions based on models that are poorly developed, incorrectly implemented, non-compliant, outdated or used inappropriately. This includes models that are based on inaccurate or non-representative data (for example, where there have been changes in the micro or macroeconomic environment in which NWM N.V. Group operates) or as a result of the modelled outcome being misunderstood, or used for purposes for which it was not designed. This could result in findings of deficiencies by NatWest Group's (and in particular, NWM Group's or NWM N.V. Group's) regulators (including as part of NatWest Group's mandated stress testing), increased capital requirements, rendering some business lines uneconomical, requiring management action or subjecting NWM N.V. Group to regulatory sanction, any of which in turn may also have an adverse effect on NWM N.V. Group and its customers.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's financial statements are sensitive to underlying accounting policies, judgements, estimates and assumptions.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, exposures and RWAs. While estimates, judgements and assumptions take into account historical experience and other factors (including market practice and expectations of future events that are believed to be reasonable under the circumstances), actual results may differ due to the inherent uncertainty in making estimates, judgements and assumptions (particularly those involving the use of complex models).

Furthermore, accounting policy and financial statement reporting requirements increasingly require management to adjust existing judgements, estimates and assumptions for the effects of climate-related, sustainability and other matters that are inherently uncertain and for which there is little historical experience which may affect the comparability of NWM N.V. Group's future financial results with its historical results. Actual results may differ due to the inherent uncertainty in making climate-related and sustainability estimates, judgements and assumptions. See 'There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.'

Accounting policies deemed critical to NWM N.V. Group's results and financial position, based upon materiality and significant judgements and estimates, involve a high degree of uncertainty and may have a material impact on its results. For 2025, these include fair value and deferred tax. These are set out in the section 'Critical accounting policies'.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Changes in accounting standards may materially impact NWM N.V. Group's financial results.

NWM N.V. Group prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union. Changes in accounting standards or guidance by accounting bodies and/or changes in accounting standards requirements by regulatory bodies or in the timing of their implementation, whether immediate or foreseeable, could result in NWM N.V. Group having to recognise additional liabilities on its balance sheet, or in further write-downs or impairments to its assets, which may have an adverse effect on its results. Additionally, auditors may have different interpretations of these accounting standards, and any change of auditor may lead to unfavourable changes in NWM N.V. Group's accounting policies.

NWM N.V. Group's trading assets amounted to €6.5 billion as at 31 December 2025. The valuation of financial instruments, including derivatives, measured at fair value can be subjective, in particular where models are used which include unobservable inputs, to establish the fair value of these instruments, NWM N.V. Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently credible, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to prevailing market conditions. In these circumstances, NWM N.V. Group's internal valuation models require NWM N.V. Group to make assumptions, judgements and estimates to establish fair value, which are complex and often relate to matters that are inherently uncertain. Any of these factors could require NWM N.V. Group to recognise fair value losses which may adversely affect NWM N.V. Group's income generation and financial position.

From time to time, the International Accounting Standards Board may issue new accounting standards or interpretations that could materially impact how NWM N.V. Group calculates, reports and discloses its financial results and financial condition, and which may affect NWM N.V. Group capital ratios, including the CET1 ratio and the required levels of regulatory capital. New accounting standards and interpretations that have been issued by the International Accounting Standards Board but which have not yet been adopted by NWM N.V. Group are discussed in 'Future accounting developments'.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group could be adversely affected if NWM N.V. Group or NatWest Group fail to meet the requirements of regulatory stress tests, or if NatWest Group's resolution preparations are deemed inadequate.

NWM N.V. Group is subject to stress testing by the ECB, as is NatWest Group, its ultimate parent company, by its regulators in the UK. Stress tests are designed to assess the resilience of banks to potential adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. If the stress tests reveal that a bank's existing regulatory capital buffers are not sufficient to absorb the impact of the stress, then it is possible that NWM N.V. Group, NatWest Group and/or NWM Group may need to take action to strengthen their capital positions.

Failure by NWM N.V. Group (or NatWest Group) to meet its quantitative and qualitative requirements of the stress tests set forth by the ECB or UK regulators, as applicable, may result in: NWM N.V. Group and/or NatWest Group's regulators requiring NWM N.V. Group (or NatWest Group) to generate additional capital, reputational damage, increased supervision and/or regulatory sanctions and/or loss of investor confidence.

NatWest Group is subject to regulatory oversight by the BoE and the PRA, and is required (under the PRA Rulebook) to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA, and disclose a summary of this report. In August 2024 the BoE's assessment of NatWest Group's preparations did not identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments. If any future BoE assessments identify any such areas in NatWest Group's ability to achieve the resolvability outcomes, or reveals that NatWest Group is not adequately prepared to be resolved, or does not have adequate plans in place to meet resolvability requirements, NatWest Group may be required to take action to enhance its preparations to be resolvable, resulting in additional cost and the dedication of additional resources. These actions may have an impact on NWM N.V. Group, as depending on the BoE's assessment, potential NWG Group's required actions may include, but are not limited to, restrictions on maximum individual and aggregate exposures, a requirement to dispose of specified assets, a requirement to change legal or operational structure, a requirement to cease carrying out certain activities and/or to maintain a specified amount of MREL. This may also impact NatWest Group's and NWM N.V. Group's strategic plans and may lead to a loss of investor confidence. Additionally, DNB and the SRB may exercise similar powers if the recovery and resolution plans of NWM N.V. Group are not satisfactory.

Any of the above have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities).

The BRRD establishes a common approach within the EU for the recovery and resolution of banks. In the UK and the Netherlands, the BRRD has been implemented via national legislation which grants powers to a national resolution authority (the 'NRA'). The UK implementation of the BRRD remains in force now that the transition following the UK's withdrawal from the EU has ended.

In the EU the BRRD is also (partly) implemented by a directly binding regulation which established a Single Resolution Mechanism ('SRM') and the SRB with powers which exceed the powers of the EU NRAs.

The Netherlands – NWM N.V.

The BRRD and the SRM provide the SRB and DNB (the 'N.V. Authorities') with substantial powers to resolve and stabilise financial institutions incorporated in the Netherlands. The N.V. Authorities are responsible for resolution in relation to RBS Holdings N.V. and its subsidiaries (including NWM N.V.). As a result, the SRB assumes direct resolution responsibility for NWM N.V. Group, while DNB participates in the planning and execution of resolution measures in coordination with the SRB within the SRM framework. The N.V. Authorities have broad powers to implement resolution measures with respect to financial institutions incorporated in the Netherlands which meet the conditions for resolution, which may include (without limitation) measures analogous to the Resolution Stabilisation Tools (options set out at points (i) to (iv) below under the UK Banking Act 2009 (the 'Act'). These powers and tools are designed to be used prior to the point at which any insolvency proceedings with respect to NWM N.V. could have been initiated.

In addition to the resolution powers of the N.V. Authorities described above, the Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets and liabilities of, claims against or securities issued by or with the consent of NWM N.V., if in the Minister of Finance's opinion, the stability of the financial systems is in serious and immediate danger as a result of the situation in which the firm finds itself (the 'Minister of Finance Powers'). There remains uncertainty regarding the ultimate nature and scope of these powers, and any exercise of the resolution regime powers by the N.V. Authorities or the Minister of Finance Powers may adversely affect holders of NWM N.V.'s Eligible Liabilities that fall within the scope of such powers.

United Kingdom – NatWest Group plc and its UK subsidiaries

The BoE, the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA'), and HM Treasury (the 'UK Authorities'), and together, with the N.V. Authorities, the 'Authorities') are granted substantial powers to resolve and stabilise UK-incorporated financial institutions. Five stabilisation options exist: (i) transfer of all of the business of a relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' wholly or partially-owned by the BoE; (iii) transfer of part of the assets, rights or liabilities of the relevant entity to one or more asset management vehicles for management of the transferor's assets, rights or liabilities; (iv) the write-down, conversion, transfer, modification, or suspension of the relevant entity's equity, capital instruments and liabilities; and (v) temporary public ownership of the relevant entity. These options may be applied to NatWest Group plc as the parent company or to NWM Group, as a subsidiary, where certain conditions are met (such as, whether the firm is failing or likely to fail, or whether it is reasonably likely that action will be taken (outside of resolution) that will result in the firm no longer failing or being likely to fail). Moreover, there are modified insolvency and administration procedures for relevant entities within NatWest Group, and the Authorities have the power to modify or override certain contractual arrangements in certain circumstances and amend the law for the purpose of enabling their powers to be used effectively and may promulgate provisions with retrospective applicability.

Similar powers may also be exercised with respect to NWM N.V. in the Netherlands by the relevant Dutch regulatory authorities.

Under the Act, the UK Authorities are generally required to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the UK. However, the provisions of the Act remain largely untested in practice, particularly in respect of resolutions of large financial institutions and groups. As a result, uncertainty exists as to how the Authorities may exercise their powers including the determination of actions to be undertaken in relation to the ordinary shares and other securities issued by the NatWest Group, which, may have an adverse effect on NWM N.V. Group regardless of the financial condition of NWM N.V. Group.

If NatWest Group is at or is approaching the point such that regulatory intervention is required, there may correspondingly be a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Operational and IT resilience risk

Operational risks (including reliance on third-party suppliers and outsourcing of certain activities) are inherent in NWM N.V. Group's businesses.

Operational risk is the risk of loss or disruption resulting from inadequate or failed internal processes, procedures, people or systems, or from external events. NWM N.V. Group operates in several countries, offering a diverse range of products and services supported directly or indirectly by third-party suppliers. As a result, operational risks or losses can arise from a number of internal or external factors (including, for example, payment errors or financial crime and fraud), for which there is continued scrutiny by third parties on NWM Group's compliance with financial crime requirements.

These risks are also present when NWM N.V. Group relies on critical service providers (suppliers) or vendors to provide services to it or its customers, as is increasingly the case as NWM N.V. Group outsources certain activities, including with respect to the implementation of technologies, innovation (such as cloud services and artificial intelligence) and responding to regulatory and market changes. Furthermore, NWM N.V. is subject to the European Banking Authority's ('EBA') guidelines on outsourcing arrangements. If the systems and services provided by NatWest Group, NWM Group or any third party do not comply with such EBA requirements, there is a risk of increase in operational and compliance costs, which may negatively affect NWM N.V. Group's business continuity and reputation.

Operational risks also exist due to the implementation of NatWest Group's strategy, and the organisational and operational changes involved, including NatWest Group's cost-controlling and simplification measures, continued digitalisation and the integration of artificial intelligence in the business, acquisition, divestments and other transactions; the implementation of recommendations from internal and external reviews with respect to certain governance processes, policies, systems and controls of NatWest Group entities; and conditions affecting the financial services industry generally (including macroeconomic and other geopolitical developments) as well as the legal and regulatory uncertainty resulting from these conditions. Any of the above may place significant pressure on NWM N.V. Group's ability to maintain effective internal controls and governance frameworks.

Financial crime continues to evolve, whether through fraud, scams, cyberattacks or other criminal activity (including through the use of artificial intelligence). These risks are exacerbated as NWM N.V. Group continues to innovate its product offering and increasingly offers digital solutions to its customers. Financial crime assessment, systems and controls, Internal stress tests and models are critical to financial risk management. Ineffective risk management may arise from a wide variety of factors, including lack of transparency or incomplete risk reporting, manual processes and controls, inaccurate data, inadequate IT systems, unidentified conflicts or misaligned incentives, lack of accountability control and governance, incomplete risk monitoring (including trade surveillance) and failures of systems to properly process all relevant data, risks related to unanticipated behaviour or performance and management, insufficient challenges or assurance processes, or a failure to commence or timely complete risk remediation projects. Weak or ineffective financial crime processes and controls may risk NWM N.V. Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage. Further, failure to manage these risks effectively, or within regulatory expectations, could adversely affect NWM N.V. Group's reputation or its relationship with its regulators, customers, shareholders or other stakeholders. See 'NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group'.

In recent years, NWM Group (including NWM N.V. Group) has materially increased its dependence on NatWest Bank Plc for numerous critical services and operations, including without limitation, property, technology, finance, accounting, treasury, legal, risk, regulatory compliance and reporting, financial crime, human resources, and certain other support and administrative functions. In addition, NWM N.V. Group has materially increased its dependence on NWM Plc for numerous critical services similar to those outlined above and for certain sales activities, which due to their complexities could potentially trigger regulatory, tax, reputational, financial crime and conduct risks. A failure by NatWest Bank Plc or NWM Plc to adequately supply these services may expose NWM N.V. Group to critical business failure risk, increased costs, regulatory sanctions, and other liabilities. These and any increases in the cost of these services may adversely affect NWM N.V. Group. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

NWM N.V. Group also faces operational risks as it continues to invest in automation of certain solutions and customer interactions, including through artificial intelligence. Such initiatives may result in operational, reputational and conduct risks if the technology is not used appropriately, is defective, or inadequate or is not fully integrated into NWM N.V. Group's current solutions, systems, and controls. The effective management of operational risks is critical to meeting customer service expectations and retaining and attracting customer business. Although NWM N.V. Group has implemented risk controls and mitigation actions, with resources and planning having been devoted to mitigate operational risk, such measures may not be effective in controlling each of the operational risks faced by NWM N.V. Group. Ineffective management of such risks may adversely affect NWM N.V. Group.

Ineffective management of such risks may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.

NWM N.V. Group experiences a constant threat from cyberattacks across the entire NatWest Group (including NWM N.V. Group) and against NatWest Group and NWM N.V. Group's supply chain networks, reinforcing the importance of due diligence of, ongoing risk management of and a close working relationship with, the third parties on which NWM N.V. Group relies. NWM N.V. Group is reliant on technology, against which there is a constantly evolving series of attacks, that are increasing in terms of frequency, sophistication, impact and severity. The increased availability of malicious tools and the rapid advancement of artificial intelligence capabilities reduce entry barriers for malicious actors and accelerate the exploitation of vulnerabilities leading to cyberattacks evolving and becoming more sophisticated. As a result, NWM Group (which includes NWM N.V. Group) is required to continue to invest significant resources in additional capability designed to defend against a variety of existing and emerging threats. Third parties continue to make hostile attempts to gain access to, introduce malware (including ransomware) into, and exploit potential vulnerabilities of, financial services institutions' IT systems, including those of NWM Group. For example, in 2025, NatWest Group and its supply chain were subjected to a small number of attempted Distributed Denial of Service and ransomware attacks. These hostile attempts were addressed without material impact on NatWest Group or its customers by deploying cybersecurity capabilities and controls that seek to manage the impact of any such attacks, and sustain availability of services for NWM Group's customers. Consequently, NWM N.V. Group continues to invest significant resources in developing and evolving cybersecurity capabilities and controls that are designed to mitigate the potential effect of such attacks.

However, given the nature of the threat, there can be no assurance that these capabilities and controls will prevent the potential adverse effect of any attack from occurring. See also, 'NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group'.

Any failure in NWM Group's (including NWM N.V. Group's) information and cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of, or ability to access, data or systems or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these factors could increase costs (including but not limited to costs, relating to notification of, or compensation for customers and credit monitoring), result in regulatory investigations or sanctions being imposed or may affect NWM N.V. Group's ability to retain and attract customers.

Regulators in the UK, US, Europe and Asia recognise cybersecurity as an important systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyberattacks, and to provide timely reporting or notification of them, as appropriate (including the EU Digital Operational Resilience Act ('DORA')). Furthermore, cyberattacks on NWM N.V. Group's counterparties may also have an adverse effect on NWM N.V. Group's operations.

Additionally, malicious third parties may induce employees, customers, third-party providers or other users with access to NWM N.V. Group's systems to wrongfully disclose sensitive information to gain access to NWM N.V. Group's data or systems or that of NWM N.V. Group's customers or employees. Cybersecurity and information security events can derive from groups or factors such as: internal or external threat actors, human error, fraud or malice on the part of NWM N.V. Group's employees or third parties, including third-party providers, or may result from technological failure (including defective, inadequate or inappropriately used artificial intelligence-based solutions).

NWM N.V. Group expects greater regulatory engagement, supervision and enforcement by the ECB to continue in relation to its overall resilience to withstand IT and IT-related disruption, either through a cyberattack or some other disruptive event. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may have an adverse effect on NWM N.V. Group. Due to NWM N.V. Group's reliance on technology, the adoption of innovative solutions, the integration of automated processes and artificial intelligence in its business, and the increasing sophistication, frequency and impact of cyberattacks, such attacks may adversely affect NWM N.V. Group.

In accordance with applicable UK, Dutch and EU data protection, and cybersecurity laws and regulations (including the EU General Data Protection Regulation ('EU GDPR')), NWM N.V. Group is required to ensure it implements timely appropriate and effective organisational and technological safeguards against unauthorised or unlawful access to the data of NWM N.V. Group, its customers and its employees. In order to meet this requirement, NWM N.V. Group relies on the effectiveness of its internal policies, controls and procedures to protect the confidentiality, integrity and availability of information held on its IT systems, networks and devices as well as with third parties with whom NWM N.V. Group interacts. As NatWest Group develops new artificial intelligence-based products, proprietary, sensitive, or confidential NWM N.V. Group's customer information may be inputted into third-party generative or other artificial intelligence or machine learning platforms, and could potentially be accessed by others, including if such information is used to train third-party artificial intelligence models. This may increase the risk of data leakage, data poisoning, potential bias, discrimination, errors, and misuse. A failure to monitor and manage data in accordance with applicable requirements may result in financial losses, regulatory fines and investigations and associated reputational damage.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group.

NWM N.V. Group's operations are highly dependent on the ability to process a very large number of transactions efficiently and accurately while complying with applicable laws and regulations (including DORA). The proper functioning of NatWest Group's (including NWM N.V. Group's) transactional and payment systems, financial crime, and fraud detection systems and controls, risk management, credit analysis and reporting, accounting, customer service and other IT systems, including cloud services providers (some of which are owned and operated by other entities in NatWest Group or third parties), is critical to NWM N.V. Group's operations. NWM N.V. Group's reliance on a limited number of cloud services providers increases its exposure to disruption events affecting these cloud services providers.

Individually or collectively, whether operated by NWM N.V. Group or by a third-party supplier, any system failure, loss of service availability (including defective or inadequate automated processes or artificial intelligence based solutions), or breach of data security could potentially cause significant damage to (i) important business services across NWM N.V. Group; and (ii) NWM N.V. Group's ability to provide services to its customers, which could result in reputational damage, significant compensation costs and regulatory sanctions (including fines resulting from regulatory investigations) or a breach of applicable regulations and could affect NWM N.V. Group's regulatory approvals, competitive position, business and brands, which could undermine its ability to attract and retain customers and talent. NWM N.V. Group outsources certain functions as it innovates and offers new digital solutions to its customers. Outsourcing, alongside remote working, heightens the above risks.

NWM N.V. Group uses IT systems that enable remote working interface with third-party systems. NWM N.V. Group could experience service denials or disruptions if such systems exceed capacity or if a third-party system fails or experiences any interruptions, all of which could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations.

In 2025, NWM Group (which includes NWM N.V. Group) continued to make considerable investments to further simplify, upgrade and improve its IT and technology capabilities (including migration of certain services to cloud platforms and risk-based removal of technology obsolescence). As part of NWM's strategy, NWM Group, including NWM N.V. Group, also continues to develop and enhance digital services for its customers and seeks to improve its competitive position through enhancing controls and procedures and strengthening the resilience of services including cybersecurity.

Any failure of these investment and rationalisation initiatives to achieve the expected results, due to cost challenges, poor implementation, defects, or otherwise, may adversely affect NWM Group's operations, its reputation and ability to retain or grow its customer business or adversely affect its competitive position, thereby negatively impacting NWM N.V. Group. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group operations and strategy are highly dependent on the accuracy and effective use of data.

NWM N.V. Group relies on the availability, sourcing, and effective use of accurate and high quality data to support, monitor, evaluate, manage and enhance its operations, innovate its products offering, meet its regulatory obligations, and deliver its strategy. Investment is being made in data tools and analytics, including raising awareness around ethical data usage (for example, in relation to the use of artificial intelligence) and privacy across NWM N.V. Group.

The availability and accessibility of current, complete, detailed, accurate and, wherever possible, machine-readable customer segment and sub-sector data, together with appropriate governance and accountability for data, is fast becoming a critical strategic asset, which is subject to increased regulatory focus. Failure to have or to be able to access that data or the ineffective use or governance of that data could result in a failure to manage and report important risks and opportunities or satisfy customers' expectations including the inability to deliver products and services. This could also place NWM N.V. Group at a competitive disadvantage by increasing its costs, inhibiting its efforts to reduce costs or its ability to improve its systems, controls and processes. Any of the above could result in a failure to deliver NWM N.V. Group's strategy.

These data weaknesses and limitations, or the unethical or inappropriate use of data, and/or non-compliance with data protection laws could give rise to, conduct and litigation risks and may increase the risk of operational challenges, losses, reputational damage or other adverse consequences due to inappropriate models, systems, processes, decisions or other actions.

Risk factors continued

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations.

NWM N.V. Group's success depends on its ability to attract, retain, and develop highly skilled and qualified diverse workforce, including senior management, and other employees in critical roles (such as in client-facing, technology, artificial intelligence and data), in a highly competitive market.

The inability to compensate employees competitively and/or any reduction of compensation, heightened regulatory oversight of banks compared to firms outside of banking and ongoing restrictions placed on employee compensation arrangements, particularly in the EU, or other factors, may adversely affect NWM N.V. Group's ability to hire, retain and engage well qualified employees, especially at a senior level, which could adversely affect NWM N.V. Group.

In addition, certain economic, market and regulatory conditions may reduce the pool of candidates for key management and non-executive roles, including non-executive directors with the right skills, knowledge and experience, or may increase the number of departures of existing employees. Moreover, a failure to foster a diverse workforce and an inclusive work environment may adversely affect NWM N.V. Group's employee engagement and the execution of its strategy and could also have an adverse effect on its reputation with customers, investors and regulators.

NWM N.V. Group's businesses are also exposed to risks from employee, contractor, or service providers misconduct including non-compliance with policies and regulations, negligence or fraud (including financial crimes and fraud), any of which could result in regulatory fines or sanctions and serious reputational or financial harm to NWM N.V. Group. Hybrid working arrangements for NWM N.V. Group employees place heavy reliance on the IT systems that enable remote working and may place additional pressure on NWM N.V. Group's ability to maintain effective internal controls, governance frameworks, and increase operational risk. Hybrid working arrangements are also subject to regulatory scrutiny to ensure adequate recording, surveillance and supervision of regulated activities and compliance with regulatory requirements and expectations, including requirements to: meet threshold conditions for regulated activities; ensure the ability to oversee functions (including any outsourced functions); ensure no detriment is caused to customers; and ensure no increased risk of financial crime.

Some of NWM N.V. Group's employees are represented by employee representative bodies, including works councils. Engagement with its employees and such bodies is important to NWM N.V. Group in maintaining good employee relations. Any breakdown of these relationships may adversely affect NWM N.V. Group.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

A failure in NWM N.V. Group's risk management framework could adversely affect NWM N.V. Group, including its ability to achieve its strategic objectives.

Risk management is a fundamental component of NatWest Group's operations and is critical to the effective delivery of its long-term strategic objectives. NWM N.V. Group operates within NWM Group's Risk Management Framework ('NWM RMF'), which sets the approach for risk management and outlines key principles for sound risk governance and setting of risk appetite with respect to: financial risk (capital risk, liquidity and funding risk, credit risk, traded market risk, non-traded, market risk, pension risk, earning stability risk) and non-financial risk (model risk, reputational risk, financial crime, operational risk, and compliance and conduct risk). Non-compliance with this framework, including deviations from risk appetite, or any significant shortcomings in related controls and procedures, may have an adverse effect on NatWest Group's financial condition, strategic delivery, or result in inaccurate reporting of risk exposures.

NWM N.V. Group promotes a risk-aware culture and invests in policies and resources to manage risks. However, these measures may not entirely prevent a failure in NatWest Group's risk management framework within which NWM N.V. Group operates. For example, instances of misconduct may arise from: business decisions, actions or reward mechanisms that fail to comply with NWM N.V. Group's regulatory obligations, do not adequately address customers' needs or are misaligned with NWM N.V. Group's strategic objectives, ineffective product management, unethical or inappropriate use of data, information asymmetry, implementation and utilisation of new technologies, outsourcing of customer service and product delivery, inappropriate behaviour towards customers, customer outcomes, the possibility of mis-selling of financial products and mishandling of customer complaints. Any failure in the NWM RMF may result in the inability for NWM N.V. Group to achieve its strategic objectives for its customers, employees and wider stakeholders.

Furthermore, NWM N.V. Group has policies and controls in place to prevent and detect financial crime and has invested in technology and capability to enhance financial crime controls. NWM N.V. Group also relies on NatWest Group to operate a certain number of its financial crime controls. If these risk policies and controls are inadequate to combat financial crime, particularly in NWM N.V. Group's branches (where there is less direct supervision), there could be an adverse effect on NWM N.V. Group.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's operations are subject to inherent reputational risk.

Reputational risk relates to stakeholder and public perceptions of NWM N.V. Group arising from an actual or perceived failure to meet stakeholder or the public's expectations, including with respect to NatWest Group's strategy and related targets, NWM Group's strategy, or due to any events, behaviour, action or inaction by NWM N.V. Group, its employees or those with whom NWM N.V. Group is associated. See also, 'NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.' This includes harm to its brand, which may be detrimental to NWM N.V. Group's business, including its ability to build or sustain business relationships with customers, stakeholders and regulators, and may cause low employee morale, regulatory censure or reduced access to, or an increase in the cost of, funding.

Reputational risk may arise whenever there is, or there is perceived to be, a material lapse in standards of integrity, controls, compliance, customer or operating efficiency, or regulatory or press scrutiny, and may adversely affect NWM N.V. Group's ability to attract and retain customers. In particular, NWM N.V. Group's ability to attract and retain customers and talent, and engage with counterparties may be adversely affected by factors including: negative public opinion resulting from the actual or perceived manner in which NWM N.V. Group or any other member of NatWest Group conducts or modifies its business activities and operations, media coverage (whether accurate or otherwise), employee misconduct, NWM N.V. Group's financial performance, IT systems failures or cyberattacks, data breaches, financial crime and fraud, the actual or perceived practices in the banking and financial industry in general, or a wide variety of other factors.

Technologies, in particular online social networks and other broadcast tools that facilitate communication with large audiences in short timeframes and with minimal costs, may also significantly increase and accelerate the impact of damaging information and allegations. Although NWM N.V. Group has a Reputational Risk Policy and framework to identify, measure and manage material reputational risk exposures, NWM N.V. Group cannot be certain that it will be successful in avoiding damage to its business from reputational risk.

Any of the above aspects of reputational risk may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Legal, regulatory and conduct risk

NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.

NWM N.V. Group is subject to extensive laws, regulations, guidelines, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates, which represents ongoing compliance and conduct risk. Many of these are constantly evolving and are subject to further material changes, which may increase compliance and conduct risks, particularly as the laws of different jurisdictions (including those of the EU/EEA and UK) diverge.

NWM N.V. Group is subject to (i) direct prudential supervision by the ECB; (ii) direct market conduct supervision by the AFM and indirect market conduct supervision by the European Securities and Markets Authority; and (iii) supervision by DNB, as home state supervisor, in respect of NWM N.V. Group's branches in the Netherlands, France, Germany, Italy, and Sweden, and to supervision by local regulators in these jurisdictions, as host state supervisors, in respect of certain regulatory aspects of NWM N.V. Group's branches operations that are subject to home or host state supervision (e.g. anti-money laundering laws). NWM N.V. Group expects government and regulatory intervention in the financial services industry to remain high for the foreseeable future.

Prudential regulatory requirements:

Regulators and governments continue to focus on reforming the prudential regulation of the financial services industry and the manner in which the business of financial services is conducted. Measures have included: enhanced capital, liquidity and funding requirements through initiatives such as the Basel 3.1 standards implementation (and any resulting effect on RWAs and models), the UK ring-fencing regime, the strengthening of the recovery and resolution framework applicable to financial institutions in the Netherlands, the EU proposed reform of bank crisis management and deposit insurance framework, the EU, the UK and the US, financial industry reforms (such as the Financial Services and Markets Act 2023 ('FSMA 2023'), corporate governance requirements, rules relating to the compensation of senior management and other employees, financial market infrastructure reforms, enhanced regulations in respect of the provision of 'investment services and activities'.

There is also increased regulatory focus in certain areas, including conduct, model risk governance, client protection in financial markets, competition and disputes regimes, anti-money laundering, anti-corruption, anti-bribery, anti-tax evasion, payment systems, sanctions and anti-terrorism laws and regulations. This has resulted in NWM N.V. Group facing greater regulation and scrutiny in the Netherlands and the other countries in which it operates. Should NWM N.V. not meet certain supervisory criteria, remedial action or changes to the business may be required. Any such actions or changes may harm the reputation of NWM N.V. Group and may also require additional resources and funds which may need to be diverted from other parts of the business which may, in turn, adversely affect NWM N.V. Group.

Regulatory requirements:

Uncertainties remain as to the extent to which EU/EEA laws will diverge from UK law. For example, bank regulation in the UK may diverge from European bank regulation following the enactment of the FSMA 2023 and the Retained EU Law (Revocation and Reform) Act 2023. In particular, FSMA 2023 provides for the revocation of retained EU laws relating to financial services regulation, but sets out that this process will likely take a number of years and that the intention is that specific retained EU laws will not be revoked until such time as replacement regulatory rules are in place. Significant uncertainties remain as to whether and what equivalence determinations will be made by the various regulators, whether banking services will be harmonised across the EEA and, therefore, what the respective legal and regulatory arrangements will be, under which NWM N.V. Group as a subsidiary of NWM Group will operate. This divergence could lead to further market fragmentation. The actions taken by regulators in response to any new or revised bank regulation and other rules affecting financial services, may adversely affect NWM Group, including its business, non-UK operations, group structure (including NWM N.V. Group), compliance costs, intragroup arrangements and capital requirements.

Moreover, recent regulatory changes and heightened levels of public and regulatory scrutiny in the EU have resulted in changes in the competitive landscape, changes in other regulatory requirements and increased operating costs, and have impacted, and will continue to impact, product offering and business models. For example, there is significant oversight by competition authorities of the jurisdictions in which NWM N.V. Group operates. The competitive landscape for banks and other financial institutions in Europe, the UK and the US is rapidly changing. Recent regulatory and legal changes have and may continue to result in new market participants and changed competitive dynamics in certain key areas. Regulatory and competition authorities are also looking at and focusing more on how they can support competition and innovation in digital and other markets.

Other areas in which, and examples of where, governmental policies, regulatory and accounting changes and increased public and regulatory scrutiny may adversely affect (some of which could be material) NWM N.V. Group include, but are not limited to, the following:

- general changes in government, central bank, regulatory or competition policy, or changes in regulatory regimes that may influence investor decisions in the jurisdictions in which NWM N.V. Group operates;
- rules relating to foreign ownership, expropriation, nationalisation and confiscation or appropriation of assets;
- new or increased regulations relating to customer data protection as well as IT controls and resilience;
- the introduction of, and changes to, taxes, levies or fees applicable to NWM N.V. Group's operations, which may require increased payments of tax, changes in tax rates, restrictions on the tax deductibility of interest payments or further restrictions on the set-off of carry-forward tax losses;
- increased innovation in private digital asset propositions, such as stablecoin or tokenised deposits, which may challenge traditional payment methods and have other potential adverse effects on the banking industry (such as higher funding costs or a reduced deposit base);
- increased risk of legal action against NWM N.V. Group for financing or contributing to climate change and nature-related degradation, or greenwashing;

- new or increased regulations relating to financial crime; and
- any regulatory requirements relating to the use of artificial intelligence and large language models across the financial services industry (such as the European Union Artificial Intelligence Act).

Any of these developments (including any failure to comply with, or correctly interpret, new rules and regulations) could also have a significant impact on NWM N.V. Group's authorisations and licences, the products and services that NWM N.V. Group may offer, its reputation and the value of its assets, NWM N.V. Group's operations or legal entity structure, and the manner in which NWM N.V. Group conducts its business. Material consequences could arise should NWM N.V. Group be found to be non-compliant with these regulatory requirements.

Regulatory developments may also result in an increased number of regulatory investigations and proceedings and have increased the risks relating to NWM N.V. Group's ability to comply with the applicable body of rules and regulations in the manner and within the timeframes required. See also, 'NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group'.

Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, including contradictory or conflicting laws, rules or regulations by key regulators or policymakers in different jurisdictions, or failure by NWM N.V. Group to comply with such laws, rules and regulations, may adversely affect NWM N.V. Group's business, results of operations and outlook. In addition, uncertainty and insufficient international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect NWM N.V. Group's reputation, ability to engage in effective business, capital and risk management planning.

Any of the above could have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group.

NWM N.V. Group's operations are diverse and complex and it operates in legal and regulatory environments that expose it to potentially significant civil actions (including those following on from regulatory sanction), as well as criminal, regulatory and governmental proceedings. NWM N.V. Group and NWM Plc have resolved a number of legal and regulatory actions over the past several years but continues to be, and may in the future be, involved in such actions in the US, the UK, Europe and other jurisdictions.

NWM N.V. Group and/or NWM Plc are, have recently been and will likely be involved in a number of significant legal and regulatory actions, including investigations, proceedings and ongoing reviews (both formal and informal) by governmental law enforcement and other agencies and litigation proceedings, including in relation to the offering of securities, conduct in the foreign exchange market, the setting of benchmark rates such as LIBOR and related derivatives trading, the issuance, underwriting, and sales and trading of fixed-income securities (including government securities), product mis-selling, customer mistreatment, anti-money laundering, antitrust, VAT recovery, record keeping, reporting, and various other issues. There is also an increasing risk of activist actions, particularly relating to climate change and sustainability-related matters. Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing, amount of fines, damages or settlements or the form of any settlements, which may be material and in excess of any related provisions, are often difficult to predict, particularly in the early stages of a case or investigation. NWM N.V. Group's expectation for resolution may change and substantial additional provisions and costs may be recognised in respect of any matter.

The resolution of significant investigations includes NWM Plc's December 2021 spoofing-related guilty plea in the United States that was agreed with the US Department of Justice ('DOJ'), and involves a multi-year period of probation, ongoing commitments to improve the compliance programme and reporting obligations. In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as findings that NWM Plc violated its probation term and possible re-sentencing, and/or increased costs, amongst other consequences. For additional information relating to this and other legal and regulatory proceedings and matters to which NatWest Group is currently exposed, see 'Litigation and regulatory matters' at Note 25 to the NatWest Group consolidated accounts.

Recently resolved matters or adverse outcomes or resolution of current or future legal or regulatory matters, could increase the risk of greater regulatory and third-party scrutiny and could have material financial, reputational, or collateral consequences for NWM Group's (including NWM N.V. Group's) business and result in restrictions or limitations on NWM Group's (including NWM N.V. Group's) operations.

These may include the effective or actual disqualification from carrying on certain regulated activities and consequences resulting from the need to reapply for various important licences or obtain waivers to conduct certain existing activities of NWM N.V. Group, particularly but not solely in the US, which may take a significant period of time and the results and implications of which are uncertain. Disqualification from carrying on any activities, whether automatically as a result of the resolution of a particular matter or as a result of the failure to obtain such licences or waivers could adversely affect NWM N.V. Group's business, in particular in the US. This in turn and/or any fines, settlement payments or penalties may have an adverse effect on NWM N.V. Group. Similar consequences could result from legal or regulatory actions relating to other parts of NatWest Group.

Failure to comply with undertakings made by NWM N.V. Group to its regulators, or the conditions of probation resulting from the spoofing-related guilty plea may result in additional measures or penalties being taken against NWM N.V. Group. In addition, any failure to administer conduct redress processes adequately, or to handle individual complaints fairly or appropriately, could result in further claims as well as the imposition of additional measures or limitations on NWM N.V. Group's operations, additional supervision by NWM N.V. Group's regulators, and loss of investor confidence.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Climate and sustainability-related risks

NWM N.V. Group and its Value Chain face climate and sustainability-related risks that may adversely affect NWM N.V. Group.

NWM N.V. Group is subject to financial and non-financial risks associated with climate change, nature-related and social matters (together sustainability-related matters). These matters impact NWM N.V. Group directly through its own operations and employees, and indirectly through its value chain, including its investors, customers, counterparties and suppliers, and business partners, (collectively, our 'Value Chain'), and business activities. Financial and non-financial risks from climate change can arise through physical and transition risks. In addition, NWM N.V. Group may also be exposed to legal, regulatory or financial consequences arising from NWM N.V. Group's actions or omissions related to climate and sustainability-related matters, giving rise to liability risk.

Climate-related physical risks are associated with increasing frequency and intensity of extreme weather events, including floods, wildfires and changes in climate conditions. Such events can impact employee health and safety, negatively impact local communities where NWM N.V. Group operates, damage assets, property and infrastructure, and disrupt operations and supply chains, resulting in changes in asset value, deterioration of the value of collateral or insurance shortfalls and increased costs and credit defaults. This can negatively impact the creditworthiness of customers and their ability and/or willingness to pay fees, afford new products or repay their debts, leading to increased default rates, delinquencies, write-offs and impairment charges in NWM N.V. Group's portfolios while simultaneously increasing NWM N.V. Group's own operational costs and exposing it to potential business continuity challenges. In addition, NWM N.V. Group's premises and operations, or those of its critical outsourced functions may experience damage or disruption leading to increased costs for NWM N.V. Group.

Climate-related transition risks arise from The Netherlands' and global economies' shift to net zero. The pace and nature of transition, whether orderly or disorderly, depends significantly on timely and appropriate government policy and regulatory changes, immediate actions from national and regional governments, new technological innovation, changes to supply and demand systems within industries, customer behaviour and market sentiment. In addition, there is significant uncertainty about how climate change and the world's transition to a net-zero economy will unfold over time and how and when climate and other sustainability-related risks will manifest. This could adversely impact profitability, market stability and the resilience of financial institutions, including NWM N.V. Group. In addition, the transition may affect NWM N.V. Group's customers and businesses across sectors in different ways and at different levels of risk. These timeframes are considerably longer than NWM N.V. Group's historical and current strategic, financial, resilience and investment planning horizons. Transition risks may also trigger reputational and liability exposures, especially if NatWest Group (including NWM N.V. Group) is perceived as not meeting its climate ambitions, targets and commitments, or not making progress against NatWest Group's climate transition plan.

Moreover, beyond climate change, NWM N.V. Group and its Value Chain may face financial and non-financial risks arising from acute or chronic nature-related physical risks, (such as wildfires, pollution, water stress and loss of biodiversity), nature-related transition risks (such as risk arising directly or indirectly due to changes in policy, market and technology, changes in perception concerning an organisation's actual or perceived nature impacts and from legal claims) and social issues (such as data protection and privacy, impact of increased adoption of artificial intelligence technology, human rights abuse, conflict and security, land rights, labour rights and unjust working conditions, modern slavery and child labour, discrimination and lack of support for the vulnerable, negative impact on people's standard of living and health, inequality, accessible banking and financial inclusion, and financial crime). There are heightened regulatory expectations, growing scrutiny from investors, civil society, and other external stakeholders, with businesses being increasingly expected to be transparent about their efforts to identify, assess, mitigate and manage nature-related and social risks. NWM N.V. Group may face reputational, regulatory non-compliance and litigation risks if it is directly or indirectly linked to adverse nature-related or social impacts and fails to adequately manage the risks associated with those impacts.

Climate and sustainability-related risks are inter-linked and may (i) adversely impact the broader economy – affecting interest rates, inflation and growth – which in turn may reduce profitability and financial stability; (ii) adversely impact asset pricing and valuations of NWM N.V. Group's and other securities, potentially triggering wider disruptions across the financial system; (iii) adversely impact the viability or resilience of business models over the medium to longer term, particularly those business models most vulnerable to climate and sustainability-related risks; (iv) result in losses from liability or reputational damage, such as negative media, activist pressure, or public criticism, if NWM N.V. Group or its Value Chain are linked to adverse climate or sustainability-related impacts; and (v) may intensify existing exposures across multiple risk categories, including credit, operational (e.g. business continuity), market and liquidity, model, reputational regulatory compliance, conduct and pension risks.

Failure by NWM N.V. Group to timely identify, assess, mitigate and manage climate and sustainability-related risks, as well as failure to respond to emerging opportunities, evolving regulatory requirements, and shifting market and external expectations, may have a material adverse effect on NWM N.V. Group's business, financial condition, future results, access to finance, cost of capital, reputation, and the value of its securities.

NatWest Group's (including NWM N.V. Group) strategy relating to climate and sustainability is subject to execution and reputational risks. NatWest Group's (including NWM N.V. Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, and NatWest Group's climate transition plan may not be implemented, without timely and appropriate government policy, technology developments, and suppliers, customers and society supporting the transition.

NatWest Group has an ambition to be net zero across its financed emissions, assets under management and operational value chain by 2050. NatWest Group also has an ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by portfolio-level activity-based targets. NatWest Group may also announce other climate and sustainability-related ambitions, targets and commitments, and may withdraw, retire, amend, replace or supersede existing ones from time to time, whether or not they have been achieved, where it considers this to be appropriate having regard to its strategic objectives, or where required or appropriate to do so by applicable law, regulation or supervisory expectations.

NWM N.V. Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, may require NWM N.V. Group to make changes to its business, operating model, existing exposures, and products and services. This may include reducing its estimated financed emissions and discontinuing certain activities over time. NatWest Group (including NWM N.V. Group) acknowledge that (i) emission reductions are unlikely to be linear; (ii) UK Parliament will set a new legal limit on greenhouse emissions as part of the Seventh Carbon Budget in June 2026 which may have an impact on the achievement of NatWest Group's (including NWM Group) climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan; and (iii) increases in lending and financing activities may wholly or partially offset some or all of these reductions, which may increase the extent of changes and reductions necessary.

NWM N.V. Group's ability to contribute to achieving NatWest Group's strategy, including its climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan is dependent on many factors and uncertainties beyond NWM N.V. Group's control. These include (but are not limited to): (i) the extent and pace of climate change, including the timing and manifestation of physical and transition risks and nature loss; (ii) the macroeconomic environment; (iii) the effectiveness of actions of governments, legislators, regulators and businesses; (iv) the response of wider society, NWM N.V. Group's Value Chain and other stakeholders to mitigate the impact of climate and sustainability-related risks; (v) changes in customer and societal behaviour and demand; (vi) availability of commercially viable opportunities in sustainable finance markets, competition dynamics, capital markets appetite, investor expectations, and external credit and concentration risk appetites which may constrain the scale or risk profile of opportunities accessible to NWM N.V. Group; (vii) developments in available technology; (viii) the rollout of low carbon infrastructure; and (ix) the availability of accurate, verifiable, reliable, auditable, consistent and comparable data.

These external factors and other uncertainties, including the potential for increased exposure to customers in hard-to-abate sectors as a result of the Transfer Business, may make it complex for NWM N.V. Group to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and there is a risk that some or all of NatWest Group's ambitions, targets and commitments may not be achieved, or NatWest Group's climate transition plan may not be implemented, within the intended timescales, or at all.

Moreover, the rising energy demand associated with artificial intelligence workloads, whether generated internally or through third-party providers, may increase NatWest Group's (including NWM N.V. Group's) own operational footprint. While NatWest Group (including NWM N.V. Group) have taken initial steps to assess the potential impacts of increased AI usage, its full effects on NatWest Group's (including NWM N.V. Group's) own operational footprint remain uncertain but could have an adverse effect on NatWest Group's (including NWM N.V. Group's) progress towards NatWest Group's (including NWM N.V. Group's) climate and sustainability-related ambitions, targets and commitments and on the progress against NatWest Group's climate transition plan.

Any delay or failure by NWM N.V. Group in putting into effect, making progress against or contributing to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contributing to the implementation of NatWest Group's climate transition plan may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation and may increase the climate and sustainability-related risks NWM N.V. Group faces.

There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.

NWM N.V. Group's ability to assess, manage, and report climate and sustainability-related impacts, risks, and opportunities, including the effective measurement, governance and reporting of progress against our climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan, heavily depends on the availability of accurate, reliable, verifiable, auditable, consistent and comparable internal and external data from customers, counterparties, suppliers, and third parties. Our internal data on customer groups, which is used to source financial exposure and emissions data, and the systems and controls supporting our non-financial reporting are considerably less sophisticated than those data, systems and controls used for financial reporting and continue to involve manual processes.

These factors may increase the risk of inaccuracies or gaps in our non-financial reporting, which could adversely affect our ability to meet regulatory, investor or stakeholder expectations. In the absence of accurate, reliable, verifiable, auditable, consistent and comparable data, NWM N.V. Group may rely on estimates, proxies, or third-party methodologies - such as sectoral averages or aggregated emissions data - that may be outdated, prepared using varying assumptions, or not accurately reflect specific counterparties or customers. These limitations can affect the reliability of disclosures, including financed and facilitated emissions, and may hinder decision-making, risk management, regulatory compliance, and data consolidation. This may result in misjudging progress against climate ambitions, targets, and commitments, misallocating capital, or underestimating financial and reputational risks, while also reducing comparability across institutions and increasing scrutiny from stakeholders and regulators.

NWM N.V. Group's assessment of climate and sustainability-related impacts, risks, and opportunities is expected to evolve as data quality and methodologies improve. Current data gaps, limitations, and reliance on estimates or third-party inputs may materially impact NWM N.V. Group's ability to make informed decisions on climate and sustainability-related matters, manage risks, comply with disclosure requirements, and monitor progress against NatWest Group's climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan. As a result, climate and sustainability-related disclosures may be amended, updated, or restated from time to time as methodologies, data quality or regulatory expectations evolve. NWM N.V. Group does not undertake to restate prior disclosures except as required by applicable law or regulation, even where subsequently available data or methodologies differ from those used at the time of the original disclosure. Climate risks are inherently forward-looking and complex to model. The lack of historical data, evolving scientific understanding, and immature measurement frameworks introduce significant uncertainty into scenario analysis and financial forecasting. The outputs of climate risk modelling, such as emissions pathways and reduction targets, are subject to long timeframes and assumptions that differ significantly from traditional financial planning cycles.

Risk factors continued

NWM N.V. Group's internal capabilities to assess, model, report on and manage climate and sustainability-related risks continue to evolve. However, even when such capabilities are suitably developed, the high level of uncertainty regarding any assumptions modelled, the highly subjective nature of risk measurement and mitigation techniques coupled with persistent data gaps may result in inadequate risk management information and frameworks, or ineffective business adaptation or mitigation strategies or regulatory non-compliance.

Any of the above may have a material adverse effect on NWM N.V. Group's business, future results, financial condition, prospects, reputation and the price of its securities.

NWM N.V. Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations and there is an increasing risk of regulatory non-compliance, investigations, litigation, and enforcement actions.

NWM N.V. Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations, which may vary significantly and remain fragmented across the UK, The Netherlands, the EU, US, and other jurisdictions in which NWM N.V. Group operates. This growing divergence creates legal and operational uncertainty, may expose NWM N.V. Group to conflicting legal and regulatory requirements, and may increase the risks of regulatory non-compliance, regulatory enforcement and reputational damage.

The growing politicisation and polarisation of climate and sustainability-related matters across jurisdictions may further exacerbate existing risks and result in reduced market access, adverse public perception, or stakeholder disengagement. Customers, investors, or stakeholders may choose not to engage with NWM N.V. Group if they perceive NatWest Group's (including NWM N.V. Group) strategy in relation to climate and sustainability as either lacking ambition or progress, or conversely, as overly focused on climate and sustainability, or if they object to specific climate or sustainability-related decisions or sectoral policies adopted by NatWest Group (including NWM N.V. Group), which may adversely affect customer relationships, investor sentiment or stakeholder engagement. For example, financing the transition of hard-to-abate sectors may be viewed by some as misaligned with climate goals, potentially resulting in reputational damage. At the same time, regulatory and enforcement approaches to climate and sustainability-related matters are increasingly diverging and, in some cases, conflicting across jurisdictions. While some authorities are advancing stricter requirements, others are introducing sanctions targeting institutions that pursue climate and sustainability-related initiatives.

Furthermore, NWM N.V. Group may face litigation, complaints or other forms of challenge from shareholders, customers, campaign groups or other stakeholders arising from allegations of actual or perceived environmental or social harm, including climate-related impacts, nature-related degradation, human rights abuses, or deficiencies in governance and due diligence practices. At the same time, NWM N.V. Group may face contradictory legal or regulatory action asserting that it has placed undue or disproportionate focus on climate and sustainability-related considerations.

Failure by NWM N.V. Group to comply with evolving legal and regulatory requirements, or supervisory expectations - including divergent and fragmented frameworks across jurisdictions, where relevant - may increase the risk of regulatory non-compliance, may adversely impact NWM N.V. Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and may adversely impact its investor base and reputation. It may also result in regulatory non-compliance investigations, litigation and enforcement actions, which in turn may have a material adverse effect on NWM N.V. Group's business, future results, financial condition, prospects, reputation, and the price of its securities.

Additional information

Major shareholders

NatWest Markets N.V. is 100% owned by RBS Holdings N.V. In turn, RBS Holdings N.V. is a 100% subsidiary of NatWest Markets Plc.

Stock exchange listings

None of the shares in the NatWest Markets N.V. Group are listed.

Issued share capital

The issued share capital of NWM N.V. consists of 11,112 ordinary shares with a nominal value of €4.50 each.

Dividends

The NatWest Markets N.V. Group's policy is to pay dividends on ordinary shares taking account the capital position and prospects. For further information on the payment of dividends, refer to Note 18 to the consolidated financial statements.

Off-balance sheet arrangements

NatWest Markets N.V. Group has no off-balance sheet arrangements that have or are reasonably likely to have an adverse effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

For further information on off-balance sheet commitments and contingent liabilities refer to Note 22 to the consolidated financial statements.

Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM N.V. Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability-related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NWM N.V. Group's beliefs and expectations, are forward-looking statements. Words, such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: NWM N.V. Group's economic and political risks, financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NWM N.V. Group's strategy and NWM Plc Group's strategy, its climate and sustainability-related ambitions and targets, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments such as artificial intelligence, interest and exchange rate fluctuations, general economic and political conditions and uncertainties, exposure to third party risk, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk and the impact of climate and sustainability-related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWM N.V. Group's actual results are discussed in NWM N.V. Group's 2025 Annual Report and Accounts, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM N.V. Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Additional cautionary statement regarding climate and sustainability-related data, metrics and other matters

Data availability, accuracy, verifiability and data gaps

Our climate and sustainability-related disclosures are limited by the availability of high-quality, verifiable, accurate, reliable, auditable, consistent and comparable data in some areas and our own ability to timely collect and process such data. These limitations affect the accuracy and completeness of climate and sustainability-related disclosures. Users are therefore advised to interpret the disclosures with appropriate caution, taking into account the assumptions, data sources and constraints.

Use of proxies or aggregated sector-level data

Significant data gaps persist across sectors and sub-sectors. When adequate climate and sustainability-related data is not publicly available or cannot be obtained directly from individual counterparties, financial institutions often rely on proxies or aggregated sector-level data provided by third parties. However, this data may be based on varying methodologies, assumptions, or interpretations, which may not accurately reflect underlying climate and sustainability-related characteristics and can lead to inconsistencies and reduce its accuracy. In addition, there is currently no single global data provider that offers comprehensive, consistent coverage of the data needed to assess emissions and climate and sustainability-related risks across sectors and portfolios. Climate and sustainability-related reporting frameworks differ in how they define and measure data quality, and customers vary widely in how they collect and disclose climate and sustainability-related data.

Reliance on assumptions, scenarios and uncertainty in climate and sustainability-related metrics

The climate and sustainability-related disclosures included in this report are inherently complex and rely on assumptions, scenarios, and forward-looking estimates, all of which involve material risks and uncertainty. Key judgements and estimates used in the preparation of the climate and sustainability-related parts of this report are likely to change over time, and, when coupled with the longer timeframes used in such disclosures, make any assessment of key topics inherently uncertain. The key areas involving significant judgement or complexity include the assessment of climate and sustainability-related risk and the calculation of facilitated emissions. There is a high risk that these assumptions or estimates may prove inaccurate.

Lack of common standards for classification.

There is currently no globally recognised or accepted, consistent and comparable standard or definition (legal, regulatory or otherwise) of, nor widespread cross-market consensus as to what (i) constitutes 'green', 'sustainable', or similarly labelled activities, products, or assets; or (ii) precise attributes are required for a particular activity, product or asset to be defined as 'green', or 'sustainable' or such other equivalent label. Interpretations vary across markets and institutions, and while several initiatives are working toward harmonisation, a consistent, comparable, and widely accepted framework has yet to emerge. Therefore, users of this report must not assume that NWM N.V. Group's reporting or description of activities, products or assets will meet those users' past, present or future expectations or requirements for describing or classifying funding, financing and facilitation activities as 'green', or 'sustainable' or attributing similar labels (unless a definition or standard is specified in this report).

Variation of climate and sustainability-related reporting standards.

Climate and sustainability-related reporting standards continue to develop. While internationally recognised standards have been developed, there is no universal standard accepted for institutions like NWM N.V. Group to fully align with and those that exist remain subject to refinement and jurisdictional adoption.

Immature systems and controls.

Climate and sustainability-related reporting is less mature than traditional financial reporting. Non-financial reporting systems are less developed than financial reporting systems, often involving manual processes and less robust controls, which may affect data quality and consistency.

Please also refer to the 'Climate and sustainability-related risk factors' on pages 143 to 146 of this report and the cautionary statement in the section entitled 'Caution about climate-related metrics and data required for climate reporting' on pages 70 -72 of the NatWest Group plc 2025 Climate Transition Plan Report published by NatWest Group plc for the consolidated group, including NatWest Markets N.V.

Caution on climate and sustainability-related metrics.

The processes we have adopted to define, collect and report data on our climate and sustainability-related performance, as well as the associated metrics and disclosures in this document, are not subject to the same formal processes adopted for financial reporting in accordance with established reporting standards. They involve a higher degree of judgement, assumptions and estimates, including in relation to the classification of climate and sustainability-related (including social, sustainability, sustainability-linked, green, climate and transition) funding, financing and facilitation activities, than is required for our reporting of historical financial information prepared in accordance with established reporting standards. As a result, climate and sustainability-related disclosures may be amended, updated or restated over time. However, NWM N.V. Group does not undertake to restate prior disclosures except where required by applicable law or regulation, even if subsequently available data or methodologies differ from those used at the time of the original disclosure.

Caution about sustainability-related funding, financing and facilitation.

Sustainability-related (including social, sustainability, sustainability-linked, green, climate, transition) funding, financing and facilitation currently represents only a relatively small proportion of NWM N.V. Group's overall funding, financing and facilitation activities. Accordingly, disclosures relating sustainability-related funding, financing and facilitation should be read in the context of NWM N.V. Group's broader balance sheet, risk profile and funding, financing and facilitation activities, and should not be interpreted as indicative of NWM N.V. Group's overall funding, financing or facilitation strategy.