



NatWest
Group

RBS Holdings N.V.

Financial review

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Presentation of information

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

RBSH 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

RBSH N.V. is a financial holding company, and its primary subsidiary is NWM N.V. 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.

Intermediate EU parent undertaking

NatWest Group, as a third-country group with two or more subsidiary banking institutions in the European Union (EU), was approved by the ECB in 2023 to establish a dual Intermediate EU Parent Undertaking (IPU) structure on behalf of its European subsidiaries. As a result, RBSH N.V. acts as the non-ring-fenced IPU.

Depository assets

Through RBSI DS S.A., RBSH N.V. Group holds depository assets in a fiduciary capacity which are not included on its balance sheet. These assets are owned by Alternative Investment Funds (AIFs), which are mainly established and regulated in Luxembourg.

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

RBSH N.V. Group reported an attributable profit of €134 million for 2025, down from €160 million in 2024, mainly due to a €45 million decrease in net interest income and a €35 million increase in operating expenses. This was partially offset by a €50 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 €316 million compared with €311 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 €10 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

- RBSH 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 RBSH N.V. Group from NWBE.
- RBSH N.V. Group remained well-capitalised, with a RBSH N.V. Group CET1 ratio of 18.7%, 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, RBSH 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, RBSH N.V. Group diversified its funding base further with a syndicated loan, providing €0.5 billion of funding. During 2025, RBSH 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).
- RBSH 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. RBSH 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)	89	126
Capital and liquidity		
Common Equity Tier (CET1) ratio (%) (1)	18.7	19.1
CRR leverage ratio (%)	6.3	7.2
Total capital ratio (%) (1)	23.3	23.8
Liquidity Coverage Ratio (LCR) (%)	181	233
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 20.5% to 19.1% and the Total Capital ratio from 25.6% to 23.8%.

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.

Chief Executive's Statement

In 2025, we delivered a resilient operating performance while continuing to support our customers with financing, risk solutions, advisory services and operating depositary services for regulated AIFs. 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 €134 million for 2025, compared with €160 million in 2024. This decrease was primarily driven by a €45 million reduction in net interest income and a €35 million increase in operating expenses, partially offset by a €50 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 €2,130 million, an increase of €71 million compared with 31 December 2024. At 31 December 2025, our total capital ratio was 23.3% with a CET1 ratio of 18.7% and Tier 1 ratio of 21.8%.

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 through our NWM N.V. subsidiary.

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 through our NWM N.V. subsidiary.

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.

I believe that, in 2026, we will be in an even stronger position to support the C&I and CIB segments by delivering excellence to our customers in Europe.

Vincent Goedegebuure
Chairman and CEO, RBS Holdings 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	255	246	9	4%
Fees and commissions payable	(28)	(29)	1	(3%)
Income from trading activities	40	21	19	nm
Other operating income	(26)	(47)	21	(45%)
Non-interest income	241	191	50	26%
Total income	316	311	5	2%
Staff costs	(100)	(89)	(11)	12%
Premises and equipment	(6)	(6)	-	-
Other administrative expenses	(113)	(89)	(24)	27%
Depreciation and amortisation	(2)	(2)	-	-
Operating expenses	(221)	(186)	(35)	19%
Profit before impairment losses/releases	95	125	(30)	(24%)
Impairment (losses)/releases	(6)	1	(7)	nm
Operating profit before tax	89	126	(37)	(29%)
Tax credit	45	34	11	nm
Profit for the year	134	160	(26)	(16%)
Attributable to:				
Ordinary shareholders	118	136	(18)	(13%)
Paid-in equity holders	16	24	(8)	(33%)
	134	160	(26)	(16%)

nm = not meaningful

Operating profit before tax was €89 million compared with €126 million in 2024. The decrease was mainly due to a €45 million decrease in net interest income and a €35 million increase in operating expenses. This was partially offset by a €50 million increase in non-interest income.

Profit for the year was €134 million compared with €160 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 €50 million to €241 million compared with €191 million in 2024. Net fees and commissions were an income of €227 million (2024 - €217 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 €67 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 €35 million to €221 million (2024 - €186 million). The increase was primarily driven by higher other administrative expenses, which rose by €24 million to €113 million, mainly reflecting increased cost recharges from NatWest Group companies of €15 million. Staff costs increased by €11 million to €100 million, largely due to 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 €6 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	1,304	1,210	94	8%
Other financial assets	1,959	2,111	(152)	(7%)
Other assets	185	130	55	42%
Total assets	28,502	30,212	(1,710)	(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	2,114	2,559	(445)	(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	82	71	11	15%
Total liabilities	26,372	28,153	(1,781)	(6%)
Total equity	2,130	2,059	71	3%
Total liabilities and equity	28,502	30,212	(1,710)	(6%)

Total assets were €28,502 million at 31 December 2025, a decrease of €1,710 million, or 6%, compared with €30,212 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 €94 million to €1,304 million, mainly driven by an increase in loans to banks of €228 million to €278 million and an increase in settlement balances of €154 million to €166 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 €55 million to €185 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 - €4,060 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 €445 million to €2,114 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 €71 million, or 3%, to €2,130 million, mainly driven by the profit for the period of €134 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.

Risk and capital management

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RBSH N.V. is a financial holding company, and its primary subsidiary is NWM N.V.. NWM N.V., a licensed bank, operates as an investment banking firm serving corporates and financial institutions in the European Economic Area. RBSH N.V. itself does not have any customers or employees and solely acts as a financial holding company. RBSH N.V. and NWM N.V. 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 the Managing Board and Supervisory Board of RBSH N.V. and NWM N.V. are the same. The NWM N.V. and RBSH N.V. board meetings are held jointly, except in special circumstances. RBSI DS S.A. is incorporated under Luxembourg law with a Board consisting of Non-Executive Directors and Authorised Managers. RBSH N.V. Group CFO is the RBSH N.V. representative on the RBSI DS S.A. Board.

Risk and capital management is generally conducted on an overall basis within NatWest Group such that common policies, procedures, frameworks and models apply across NatWest Group. Therefore, for the most part, discussion on these qualitative aspects reflects those in NatWest Group as relevant for the businesses and operations in RBSH N.V. including NWM N.V. Group and RBSI DS S.A..

Where marked as audited in the section header, certain information in the Risk and capital management section (pages 6 to 38) is within the scope of the Independent auditor's report.

Risk management framework

Introduction

RBSH 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 RBSH 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 RBSH N.V. Group. It aligns risk management with RBSH 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. RBSH N.V. Group 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 RBSH 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 RBSH N.V. Group's Chief Risk Officer plays an integral role in providing the Board with advice on RBSH 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. RBSH N.V. Group identifies and manages specific legal entity threats, as part of NWM Group's process, and are monitored by the underlying entity Boards.

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 RBSH N.V. Group to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base.

RBSH 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 RBSH 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 RBSH 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 FCA, DNB, the ECB, the Commission de Surveillance du Secteur Financier (CSSF) and the AFM.

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 RBSH N.V. Group legal entity 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 RBSH 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 RBSH N.V. Group legal entity 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 RBSH 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 RBSH N.V. Group's subsidiary legal entities 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 RBSH N.V. Group's subsidiary legal entities 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.

RBSH N.V. Group's subsidiary legal entity boards review and approve the risk appetite framework.

Establishing risk appetite

In line with the risk appetite framework, risk appetite is maintained across RBSH N.V. Group's subsidiary legal entities 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 RBSH 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 RBSH N.V. Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that RBSH 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.

RBSH N.V. Group's subsidiary legal entities operate within risk appetite set at NatWest Group level unless specific entity level considerations need to prevail, for example, specific capital structure considerations.

In addition to operating within NatWest Group risk appetite, RBSH N.V. Group legal entity boards set additional risk appetite limits for its own strategic and most material risks where necessary. RBSH N.V. Group's subsidiary legal entities 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 RBSH N.V. Group legal entity boards.

Risk appetite is reviewed at least annually 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 Board Risk Committee at least annually.

Identification and measurement

Identification and measurement within the risk management process across RBSH N.V. Group 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.

The financial and non-financial risks that RBSH 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 RBSH N.V. Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that RBSH N.V. Group faces.

Mitigation

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

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.

NatWest 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 across RBSH N.V. Group legal entity boards.

This activity is carried out to confirm to both internal and external stakeholders – including the Board, senior management, Internal Audit and RBSH 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)

From a market risk perspective, activities are focused on rates, currencies and traded credit.

RBSH N.V. Group, through its primary subsidiary NWM N.V., 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.

RBSI DS S.A. has no trading book.

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 RBSH 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 legal entity-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 legal entity 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 the Market Risk function and the business. The loss triggers are set using both a fall-from-peak approach and an absolute loss level.

Measurement

A comprehensive set of methodologies and techniques is used to measure traded market risk. 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.

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%.

The 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 37. More information relating to pricing and market risk models is presented in the NatWest Group 2025 Pillar 3 Report.

Traded market risk

One-day 99% traded internal VaR (audited)

The table below analyses the internal VaR for 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) RBSH 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.

- Open risk was maintained 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.

	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 RBSH N.V. Group, through its primary subsidiary NWM N.V., are interest rate risk, foreign exchange risk and credit spread risk.

RBSI DS S.A. has limited non-traded market risk exposure.

Interest rate risk

Non-traded interest rate risk in RBSH N.V. Group, through its primary subsidiary NWM N.V., 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 RBSH N.V. Group arises from the bond portfolio maintained as a liquidity buffer in Treasury.

Key developments in 2025

- The structural hedging programme of common equity and reserves remains in place. At 31 December 2025, the notional amount of the structural hedge was €1.5 billion. The policy is to align the notional of the hedge to business strategy.
- Euro medium term notes (EMTNs) and short and medium term notes (SMTNs) were issued out of Treasury and the Investor Products desk for funding purposes.
- 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. Limits 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 the CET1 ratio.

Monitoring and measurement

Non-traded market risk positions are reported to legal entity boards.

Interest rate risk

Interest rate sensitivity in banking book portfolios is managed within defined risk limits, which are monitored and approved by legal entity senior management. Interest rate swaps are used to hedge some exposures externally.

Key measures used to evaluate non-traded interest rate risk are subject to approval. 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 legal entity board approval.

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 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 RBSH 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 legal entity 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 the NatWest Group plc 2025 Annual Report and Accounts on page 234.

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 December 2024. The EU implementation date is 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 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 RBSH N.V. level which is an approved intermediate parent undertaking (IPU), to the extent that internal models are being used within RBSH N.V. Group.

Key elements of the CRR:

Higher and better capital requirements. Banks and financial holding companies must have a total amount of capital that 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 8.1%, including the minimum capital requirement of 4.5%. The CCyB is based on the weighted average of RBSH N.V. Group’s geographical exposures.
- In addition, RBSH 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 and funding measures. To ensure banks and financial holding companies 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%.

RBSH 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.

Capital, liquidity and funding risk continued

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 IV but also have an additional buffer reflecting risks or elements of risks not covered by the minimum requirements in CRD IV. 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. The ECB assumed direct supervision of RBSH N.V. on 1 January 2024.

Capital management

RBSH 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. Capital monitoring, planning and forecasts, and ICAAP are prepared in order to determine appropriate capital levels. Capital plans are subjected to internal governance reviews, legal entity board oversight and approval, as well as review of the appropriate supervisory authority.

A rigorous capital planning process is followed, aimed at ensuring the capital position is controlled within the agreed parameters. This incorporates regular re-forecasts of the capital. In the event that the projected position deteriorates below acceptable levels, the business plans would be revised accordingly.

Consideration is given to 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, the desired capital levels are determined based on three complementary perspectives: the normative baseline, normative adverse and economic internal perspective. The normative baseline perspective ensures capital is managed to comply with current and known future changes in regulatory capital requirements. In the normative adverse perspective, 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, 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 the risk appetite statement, which is reviewed and approved by legal entity boards.

The risk appetite statement defines key metrics, risk trigger levels and capacity for liquidity and funding management. Legal entity boards also set the appetite for funding risk to ensure that stable sources of funding are used to fund core assets. RBSH N.V. Group monitors its liquidity position against this risk tolerance on a daily basis. In setting risk limits, legal entity boards consider the nature of RBSH N.V. Group's activities, overall risk appetite, market best practice and regulatory compliance.

In implementing the 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.

RBSH 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, RBSH 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 commercial paper and capital instruments. During 2025, the RBSH N.V. Group issued €0.5 billion in senior unsecured notes through private placements under the Euro Medium Term Note (EMTN) programme of NWM N.V. (2024 – €0.5 billion).

Capital, liquidity and funding risk continued

Capital ratios and risk-weighted assets

RBSH N.V. Group aims to maintain an appropriate level of capital to meet its business needs and regulatory requirements. RBSH N.V. Group's capital ratios and RWAs on an end-point 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)	18.7	19.1
Tier 1 (1)	21.8	22.0
Total (1)	23.3	23.8
Risk-weighted assets	€m	€m
Credit risk (1)	6,550	6,974
Market risk (2)	740	1,107
Operational risk	608	496
Total RWAs (1)	7,898	8,577

(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 20.5% to 19.1%, the Tier 1 ratio from 23.7% to 22.0%, and the Total Capital ratio from 25.6% to 23.8%.

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

- The CET1 ratio decreased from 19.1% to 18.7%, driven by reductions in both CET1 capital and RWAs.
- CET1 capital decreased by €163 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.
- CET1 RWAs decreased from €8.6 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 RBSH 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)	2,009	10.8	2,380	14.2
Total funding	18,672	100.0	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 €30 million (2024 – €32 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)

RBSH N.V. Group, through its primary subsidiary NWM N.V., is exposed to credit risk through lending, derivatives and off-balance sheet products such as trade finance and guarantees. RBSH N.V. Group, through its primary subsidiary NWM N.V., 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.
- RBSH 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 RBSH 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, RBSH N.V. Group collaborates closely with customers to support them.

RBSH 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, RBSH 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 RBSH 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

Economic drivers (audited)

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

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.

Credit risk continued

Economic drivers (audited)

Probability weightings of scenarios

RBSH 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 RBSH 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 RBSH N.V. Group operates are exposed to, RBSH 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.

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. RBSH 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 aligned is with IFRS 9 requirements:
 - o Term lending – the contractual maturity date is used and adjusted for behavioural trends where applicable, such as expected prepayment and amortisation.
 - o 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 RBSH 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.

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, RBSH 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. RBSH 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) Variations in future undrawn exposure values across the scenarios are modelled. However, the exposure position reported is that used to calculate modelled ECL as at 31 December 2025 and therefore does not include variation in future undrawn exposure values.
- (2) Reflects ECL for all modelled exposure in scope for IFRS 9. The analysis excludes non-modelled portfolios and exposure relating to bonds and cash.
- (3) 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.
- (4) Refer to the Economic drivers section for details of economic scenarios.
- (5) Refer to the RBSH N.V. 2024 Annual Report and Accounts for 2024 comparatives.

Credit risk – Trading activities

This section details the credit risk profile of RBSH 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						
	€bn	€bn	€bn	€bn	€bn	€m	€m	€bn	€m	€m
Gross exposure						5,974	5,291		8,093	6,799
IFRS offset						(178)	(178)		(293)	(293)
Carrying value	28	95	1,204	45	1,372	5,796	5,113	1,127	7,800	6,506
Of which:										
Interest rate (1)	10	15	1,144	1	1,170	3,954	2,539	918	3,969	2,596
Exchange rate	18	80	60	44	202	1,840	2,567	209	3,831	3,903
Credit	-	-	-	-	-	2	7	-	-	7
Carrying value					1,372	5,796	5,113	1,127	7,800	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)		(887)	(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 RBSH 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 RBSH N.V. Group's external rating.

(4) Mainly large corporates with which RBSH 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 RBSH 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 7 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) 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 €m	2024 €m
Loans - amortised cost and FVOCI		
Stage 1	1,901	996
Stage 2	121	118
Stage 3	-	34
Inter-group (1)	296	71
Total	2,318	1,219
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 losses		
ECL charge - third party (3)	5	(1)
Amounts written-off	1	-

(1) The RBSH N.V. Group's 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 24 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) RBSH N.V. Group held collateral against third party loans in Stage 3 of nil (2024 – nil) and against Stage 1 and Stage 2 third party loans of €462 million (2024 – €242 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	Corporate & other €m	Financial institutions €m	Sovereign €m	Total €m
Loans by geography	930	1,092	-	2,022
- 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 - ECL measurement (years) (2)	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 (release)/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	Corporate & other €m	Financial institutions €m	Sovereign €m	Total €m
Loans by geography	483	665	-	1,148
- Netherlands	36	45	-	81
- Other Europe	336	372	-	708
- RoW	111	248	-	359
Loans by asset quality (1)	483	665	-	1,148
- AQ1	-	38	-	38
- AQ2	-	184	-	184
- AQ3	12	4	-	16
- AQ4	192	437	-	629
- AQ5	22	-	-	22
- AQ6	107	-	-	107
- AQ7	111	2	-	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)/charge - Third party	-	(1)	-	(1)
Amounts written-off	-	-	-	-
Other financial assets by asset quality (1)	95	1,495	6,706	8,296
- AQ1-AQ4	92	1,421	6,706	8,219
- AQ5-AQ8	3	74	-	77
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

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 & 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						
RBSH 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 releases		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)	-	34	1	(2,909)	(2)
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		FI		Non-Personal	
	Loans €m	ECL €m	Loans €m	ECL €m	Loans €m	ECL €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		FI		Non-Personal	
	Loans €m	ECL €m	Loans €m	ECL €m	Loans €m	ECL €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 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. RBSH 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. RBSH 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 RBSH N.V. Group's competitiveness and profitability, as well as threaten reputational damage.

Liability risks may arise should stakeholders consider RBSH 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 RBSH 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 policy to reflect this. NatWest Group (including RBSH 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 RBSH N.V. Group's) EWRMF and a cross-cutting risk which impacts other principal risks. Accordingly, NWM Group (including RBSH N.V. Group) periodically refreshes its assessment of the impact of climate-related risk factors to other principal risks, where RBSH 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 RBSH 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 time horizons, noting these risks could amplify capital and liquidity risks themselves.

Risk type	Risks to RBSH 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 RBSH 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 RBSH N.V. Group) is required to comply with all applicable climate-related legal and regulation 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 RBSH 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.	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 RBSH N.V. Group's) ongoing, multi-year progressive pathway to mature climate risk management capabilities. RBSH N.V. Group's capability to manage climate risks is more mature than its capability to manage nature-related risks.

- NatWest Group (including RBSH 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 RBSH 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.
- RBSH 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 RBSH 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 RBSH N.V. Supervisory Board oversees the delivery against the agreed strategy and objectives of RBSH N.V. Group, including tracking progress against NatWest Group's ambitions and targets, and approves the risk appetite of RBSH N.V. Group.
- Risk oversight – The RBSH N.V. Board Risk Committee oversees RBSH N.V. Group's risk management, including its progress towards meeting legal and regulatory expectations over climate and environmental matters. The RBSH N.V. Managing Board and broader governance framework support the assessment and management of climate and environmental risks and opportunities across RBSH 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 8 and 9.

Work continued in 2025 to mature RBSH N.V. Group's climate-related risk management capabilities, while building out nature-related awareness. RBSH 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 RBSH 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 RBSH 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 RBSH 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 RBSH 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 RBSH 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.

Climate and nature risk continued

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.

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 RBSH 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 RBSH N.V. Group because of climate-related factors, over a 10 to 15-year horizon.

RBSH 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 RBSH 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 RBSH N.V. Group's) marketing and communications.

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

NatWest Group (including RBSH 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 RBSH 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 RBSH 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 RBSH 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 RBSH N.V. Group) has established a new E&S Energy Supply Sector Risk Acceptance Criteria.

Within RBSH 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 RBSH 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 RBSH 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.

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 RBSH 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 RBSH N.V. Group's subsidiary legal entities.

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 met the UK and EU regulatory requirements for operational resilience, within defined timeframes.

By meeting the 2025 compliance deadlines for these critical regulatory frameworks, RBSH 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 RBSH N.V. Group's commitment to building trust and stability within financial services.

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

Operational risk continued

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.

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.

RBSH N.V. Group's subsidiary legal entities sets out their 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.

Event and loss data management

The operational risk event and loss data management process ensures all legal entities capture and record 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.

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.

NWM N.V. Group has not experienced a cybersecurity breach or associated material loss in the last three years.

Compliance and conduct risk

Definition

Compliance risk is the risk that RBSH 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 RBSH 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 risks exist across all stages of RBSH N.V. Group's subsidiaries 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. ORX is the largest operational risk management association in the financial services sector and 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 'compliance and conduct level 1 risk' from 2026. These changes will enhance risk coverage, strengthen integration with the EWRMF and align more closely with industry practice.
- We are 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 Group defines appropriate standards of compliance and conduct and ensures adherence to those standards through its risk management framework.

Subsidiary legal entities within the RBSH N.V. Group follow the appropriate NatWest Group defined standards of compliance and conduct and ensure adherence to those standards.

Relevant compliance and conduct matters that have an impact on RBSH N.V. Group are escalated to and addressed by senior management at the subsidiary legal entity level.

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 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, complaints management, mapping of priority regulatory requirements and independent monitoring activity. Internal policies help support a strong customer focus across RBSH N.V. Group.

Financial crime risk

Definition

Financial crime risk is the risk that 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 RBSH N.V. Group's customers, employees or third parties undertake or facilitate financial crime, or if RBSH 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. RBSH N.V. 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.

Material financial crime risks and issues are managed at the subsidiary legal entity level within RBSH N.V. Group in line with the NatWest Group framework, policies and procedures.

Risk appetite

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

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 relevant legal entity senior management. Quantitative and qualitative data is reviewed and assessed to measure whether financial crime risk is within 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 RBSH 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

RBSH N.V. Group, through its primary subsidiary NWM N.V., 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 RBSH 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.
- 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.
- Deterministic quantitative methods, which are complex and material calculators that although not technically models still present similar risks, were brought in scope of the MRM framework.
- 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 NatWest Group in which RBSH N.V. Group, through its primary subsidiary NWM N.V., 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.

RBSH 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. RBSH N.V. Group, through its primary subsidiary NWM N.V., has an assigned model user representative role for each used model.

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 RBSH 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 RBSH 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 RBSH 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, RBSH N.V. Group processes or culture; RBSH N.V. Groups actions materially conflicting with stakeholder expectations; and contagion (when RBSH N.V. Group reputation is damaged by failures in key sectors including RBSH 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

Senior management at the subsidiary legal entity level within RBSH N.V. Group review matters which may give rise to reputational risk for RBSH N.V. Group. These arise from any aspect of RBSH N.V. Group's business, whether from a transaction, a product, a customer or any other activity or source.

(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.

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 approved at least annually by the relevant legal entity board to ensure they remain appropriate and aligned to strategy.

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

Measurement and monitoring

Senior management at subsidiary legal entity level within the RBSH N.V. Group monitor any relevant internal and external factors.

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.

RBSH N.V. Group monitors and reports any escalations to NatWest Group through its own boards.

Mitigation

Standards of conduct are in place across RBSH 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.

Corporate Governance

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Introduction

In order to achieve high standards of corporate governance, RBSH 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 RBSH 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.

RBSH N.V. is a wholly owned subsidiary of NWM Plc. RBSH N.V. Group refers to RBSH N.V. and its wholly owned subsidiaries NWM N.V. and RBSI DS S.A. The term 'NWM N.V. Group' comprises NWM N.V. and its subsidiary and associated undertakings. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' comprises NatWest Group plc and its subsidiary and associated undertakings.

RBSH N.V. is an authorised financial holding company and both NWM N.V. and RBSI DS S.A. are licenced credit institutions. All three entities are supervised by the ECB.

Corporate governance in the Netherlands

Code Banken

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. 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 in the annual report of NWM N.V. as published on 18 February 2026. While not applicable, where relevant RBSH N.V. also considered these Banking code requirements.

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 build 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 NV Group will implement and reflect any necessary changes.

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. RBSH N.V. Group has proposed to its Shareholder 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 RBSH N.V. and NWM N.V. are the same. The NWM N.V. and RBSH N.V. board meetings are held jointly, except in special circumstances. RBSI DS S.A. is incorporated under Luxembourg law with a Board consisting of Non-Executive Directors and Authorised Managers. Mr Cornelis Visscher is the RBSH N.V. representative on the RBSI DS S.A. Board.

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. Mr Frank Dangeard resigned from his role as Chair on 23 April 2025 ⁽¹⁾.

During 2025 the 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.

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 RBSH N.V. Group and its associated enterprises. It assists and advises the Managing Board and supervises the corporate governance structure of the whole of RBSH N.V. Group.

In performing their duties, the members of the Supervisory Board are guided by the interests of RBSH N.V., and the businesses connected to it, considering the relevant interests of RBSH N.V. Group's stakeholders. Certain powers are vested in the Supervisory Board, including the approval of certain resolutions of the Managing Board.

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 RBSH 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.

In case of a material (potential) conflict of interest between a member of the Supervisory Board and RBSH N.V., 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.

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.

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.

The Supervisory Board has set a Board diversity policy to promote diversity and inclusion in the composition of the Managing and Supervisory Boards of the RBSH N.V. Group. It is fully aligned to NatWest Group'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.

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

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 Performance & Remuneration Committee and the Nomination Committee

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

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

The appointment process for members of the Managing Board

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

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 RBSH N.V. Group and a member of the RBSH 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 RBSH N.V. Managing Board. He was also a member of NatWest Markets Executive Committee.

The Supervisory Board of RBSH N.V. 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.

The Chairman of the Managing Board leads the members of the Managing Board in its overall management of RBSH N.V. The Chairman of the Managing Board is the main point of liaison with the Supervisory Board.

Britta Achmann

Chief Risk Officer

Ms Achmann joined RBSH 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.

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 RBSH 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.

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, or upon request by contacting the Company Secretariat at the telephone number listed on page 96.

In the normal course of business of RBSH 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.

The RBSH 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, the RBSH N.V. Group employed 297 people within continuing operations (2024 – 289). A modest increase in staffing levels is expected. Details of related costs are included in Note 3 to the consolidated financial statements. RBSH N.V. itself does not have any employees and solely acts as a financial holding company.

Employee consultation

NatWest 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). NatWest Group has ongoing engagement and discussion with employee representatives given the scale of change taking place across NatWest 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.

Financial statements

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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		255	246
Fees and commissions payable		(28)	(29)
Income from trading activities		40	21
Other operating income		(26)	(47)
Non-interest income	2	241	191
Total income		316	311
Staff costs		(100)	(89)
Premises and equipment		(6)	(6)
Other administrative expenses		(113)	(89)
Depreciation and amortisation		(2)	(2)
Operating expenses	3	(221)	(186)
Profit before impairment losses/releases		95	125
Impairment (losses)/releases	12	(6)	1
Operating profit before tax		89	126
Tax credit	6	45	34
Profit for the year		134	160
Attributable to:			
Ordinary shareholders		118	136
Paid-in equity holders		16	24
		134	160

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	134	160
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	87	139
Attributable to:		
Ordinary shareholders	71	115
Paid-in equity	16	24
	87	139

(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	1,304	1,210
Other financial assets	13	1,959	2,111
Other assets	14	185	130
Total assets		28,502	30,212
Liabilities			
Bank deposits	7	975	597
Customer deposits	7	4,968	2,999
Amounts due to holding companies and fellow subsidiaries	7	2,114	2,559
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	82	71
Total liabilities		26,372	28,153
Total equity		2,130	2,059
Total liabilities and equity		28,502	30,212

Consolidated 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
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	222	185
Profit attributable to ordinary shareholders and other equity owners	134	160
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	319	222
Total equity at 31 December	2,130	2,059
Attributable to:		
Ordinary shareholders	1,880	1,809
Paid-in equity holders	250	250
	2,130	2,059

(1) Includes Ordinary share capital of €50,001 (2024 - €50,001) – 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		89	126
Adjustments for:			
Non-cash and other items	23	(31)	(162)
Changes in operating assets and liabilities	23	(12)	(3,144)
Income taxes paid		(13)	(3)
Net cash flows from operating activities (1)		33	(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		(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		175	(2,592)
Cash and cash equivalents at 1 January		9,025	11,617
Cash and cash equivalents at 31 December (2)	25	9,200	9,025

(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

RBSH 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.

RBSH N.V., is a wholly owned subsidiary of 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 RBSH 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 audited financial statements include these accounting policies, the accompanying notes to the financial statements on pages 54 to 87 and the audited sections of the Risk and capital management section on pages 6 to 38 which together form an integral part of the primary financial statements.

The financial statements are presented in the functional currency, Euro. The critical and material accounting policies and related judgements 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.

The consolidated accounts incorporate the financial statements of NWM N.V. and RBSI Depository Services S.A. Control is assessed by reference to our ability to enforce our will on the other entity, typically through voting rights.

On the acquisition of a business from a NatWest Group company, the assets, liabilities and IFRS reserves, such as cash flow hedging reserves are recognised at their inherited values taken from the consolidated accounts of the NatWest Group entity and include the accounting history since initial recognition.

The acquirer recognises, in related earnings, any difference between the consideration paid and the net items recognised at inherited values.

All inter-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared under uniform accounting policies. 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.

RBSH N.V. Group has applied the exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the RBSH 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. Measurement of deferred tax and expected credit losses are highly sensitive to reasonably possible changes in those anticipated conditions. 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 considerable uncertainty regarding a policy response of the Dutch government and the EU, including the effect of wider geo-political uncertainty on governmental ambitions regarding climate transition and the effect of decarbonisation on wider economic growth, technology development and customer behaviours.

Information used in other 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. Some physical and transition risks can manifest in the shorter term. The following items represent the most significant effects:

- The 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, 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.

3. Critical accounting policies

The judgements 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 of this document.

Information used for significant estimate

Policy	Judgement	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) (2024 – five year revenue forecasts).	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 judgements 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 on 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 (refer to '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.

4.3. 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.

4. Material accounting policies continued

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 judgemental 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 judgements 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)** 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.

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. 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. Material accounting policies continued

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.

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.

4.11. 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 are 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 are 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.

Judgement 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.

4. Material accounting policies continued

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	20	26
- Underwriting fees	67	60
- Other ⁽¹⁾	168	160
Total	255	246
Fees and commissions payable	(28)	(29)
Net fees and commissions	227	217
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	241	191

(1) Net fees and commissions 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, 4.3, 4.6 and 4.10.

3 Operating expenses

	2025	2024
	€m	€m
Staff costs	98	86
Temporary and contract costs	2	3
Premises and equipment	6	6
Other administrative expenses (1,2)	115	91
Operating expenses	221	186

(1) Includes €71 million (2024 - €56 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 297 people employed at 31 December 2025 (2024 – 289). The average number of persons employed during the year was 293 (2024 – 284).

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

4 Geographical segmental analysis

RBSH 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	109	227
Income from trading activities (dealing profits)	36	4	40
Other operating income	(26)	-	(26)
Total income	203	113	316
Operating profit before tax	73	16	89
Total assets	28,239	263	28,502
Total liabilities	26,187	185	26,372
Contingent liabilities and commitments (1)	8,146	-	8,146
2024			
Interest receivable	500	2	502
Interest payable	(382)	-	(382)
Net fees and commissions	117	100	217
Income from trading activities (dealing profits)	16	5	21
Other operating income	(41)	(6)	(47)
Total income	210	101	311
Operating profit before tax	108	18	126
Total assets	29,897	315	30,212
Total liabilities	27,970	183	28,153
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 RBSH 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 RBSH N.V. Group annual accounts	1.7	1.5
Audit related services (1)	1.2	1.0
Total audit and audit related services	2.9	2.5

The total fees of EY Accountants B.V. in the Netherlands, charged to RBSH 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 RBSH 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.

Judgement - RBSH 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. RBSH 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.

RBSH 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 RBSH 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%.

RBSH 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.

RBSH 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

Judgement: classification of financial assets

Classification of financial assets between amortised cost and fair value through other comprehensive income requires a degree of judgement 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 judgement 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 RBSH 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		461	22	1,304
Other financial assets		695	1,264		1,959
Other assets				185	185
31 December 2025	16,121	695	11,479	207	28,502

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		83	16	1,210
Other financial assets	1	595	1,515		2,111
Other assets				130	130
31 December 2024	19,660	595	9,811	146	30,212

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	30	2,114
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	75	82
31 December 2025	15,253	1,408	9,606	105	26,372

Bank deposits (2)			597		597
Customer deposits			2,999		2,999
Amounts due to holding company and fellow subsidiaries	1,218		1,310	31	2,559
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)			10	61	71
31 December 2024	18,789	1,121	8,151	92	28,153

(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 – €5million).

(3) The cumulative own credit adjustment, representing a reduction of the subordinated liability value, was €16 million (2024 – €14 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					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.

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.

RBSH 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 (refer to '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 judgement 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

RBSH 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

RBSH 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 judgement

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 RBSH N.V. Group means some products remain classified as level 3. Level 3 indicates a significant level of pricing uncertainty, where expert judgement is used. As such, extra disclosures are required in respect of level 3 instruments.

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

Where markets are liquid, little judgement is required. However, when the information regarding the liquidity in a particular market is not clear, a judgement 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 RBSH 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 judgement 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 RBSH 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 RBSH 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, represented by bid (long positions) or offer (short positions) levels. Non-derivative positions are typically marked directly to bid or offer prices. 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 RBSH 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

RBSH 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 RBSH 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 and FX derivatives	Option pricing	Correlation	%	-	60	-	60
		Volatility	%	44	82	41	99
		Constant prepayment rate	%	7	15	7	15
		Mean reversion	%	-	10	-	10

(1) RBSH N.V. Group does not have any material liabilities measured at fair value that are issued with an inseparable third-party credit enhancement.

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 €m	Favourable €m	Unfavourable €m	Level 3 €m	Favourable €m	Unfavourable €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 €m	Other trading assets (2) €m	Other financial assets (3) €m	Total assets €m	Derivatives liabilities €m	Other trading liabilities (2) €m	Other financial liabilities €m	Total liabilities €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)
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)
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	461	462	-	296	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	83	83	-	71	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, RBSH 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)	983	301	1,284	1,171	23	1,194
Other financial assets	624	1,335	1,959	603	1,508	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)	1,597	487	2,084	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 €20 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 €30 million (2024 - €32 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 RBSH 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 RBSH 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)	443	-	-	-	-	-
Other financial assets (2)	410	212	56	151	146	100
	8,849	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 (1)	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 (3)						
Guarantees (4)	527	-	-	-	-	-
Commitments (5)	7,374	-	-	-	-	-
	7,901	-	-	-	-	-
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 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)	62	-	-	-	-	-
Other financial assets (2)	400	133	71	59	290	452
	7,796	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 (1)	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 (3)						
Guarantees (4)	511	-	-	-	-	-
Commitments (5)	6,892	-	-	-	-	-
	7,403	-	-	-	-	-

(1) Excludes amounts due from holding companies and fellow subsidiaries relating to non-financial instruments.

(2) Other financial assets exclude equity shares.

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

(4) RBSH N.V. Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. RBSH N.V. Group expects most guarantees it provides to expire unused.

(5) RBSH 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. RBS Holdings N.V. 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

RBSH 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
	€bn	€bn	€bn	€m	€m	€m	€m	€m	€m
2025									
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. RBSH 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.

RBSH 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.

RBSH N.V. Group's interest rate hedging relates to the management of RBSH 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. RBSH 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 RBSH 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 RBSH N.V. Group and encompass the majority of the hedged item's fair value risk.

RBSH 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.

RBSH 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 RBSH 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, RBSH 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.

RBSH 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
Total	-	-

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 €bn	3-12 months €bn	1-3 years €bn	3-5 years €bn	5-10 years €bn	Over 10 years €bn	Total €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)	296	71
Total	2,318	1,219
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 losses		
ECL charge - third party (3)	5	(1)
Amounts written off	1	-

(1) RBSH 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 provision of debt securities or unutilised exposure may result in a not meaningful coverage.

(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 24 for Financial instruments within the scope of the IFRS 9 ECL framework in the NatWest Markets N.V. 2023 Annual Accounts and Report 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 billion (2024 - €2.1 billion).

(5) RBSH Group N.V. held collateral against third party loans in Stage 3 of nil (2024 - nil) and against Stage 1 and Stage 2 third party loans of €462 million (2024 - €242 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					Equity shares	Loans	Total
	UK	US	Other	Other debt	Total			
€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 were no significant acquisitions, disposal of equity shares and dividends on equity shares held at FVOCI in either year.

14 Other assets

	2025	2024
	€m	€m
Property and equipment	6	8
Deferred tax	154	103
Other assets	25	19
	185	130

15 Other financial liabilities

	2025	2024
	€m	€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	2024
					€m	€m
Dated loan capital						
€170 million	Floating rate notes	-	Feb-2041	Not applicable	271	282
\$150 million	7.125% notes	-	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	2024
					€m	€m
Dated loan capital						
€150 million	Floating rate notes	Dec-2024	Dec-2029	Tier 2	150	150
					150	150

17 Other liabilities

	2025	2024
	€m	€m
Lease liabilities	6	8
Provisions for liabilities and charges	11	5
Accruals	24	24
Deferred income	19	10
Current tax	6	7
Deferred tax (Note 6)	2	2
Other liabilities	14	15
Total	82	71

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 - €0.5million) and restructuring provisions of €10.5 million (2024 - €4 million). Arising out of its normal business operations, the RBSH 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 numerous proceedings; no individual provision is material. Detailed descriptions of the RBSH N.V. Group's legal proceedings and discussion of the associated uncertainties are given in Note 22.

For accounting policy information refer to Accounting policy 4.

18 Share capital and reserves

RBSH N.V.'s share capital at 31 December 2025 consisted of 89,287 issued and fully paid ordinary shares of €0.56 each. Its authorised share capital amounts to €224,000. It comprises 400,000 ordinary shares, each with a nominal value of €0.56. 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 RBSH 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 RBSH N.V. are taken into account for the purpose of making distributions and in determining the permissible applications of the share premium account. RBSH N.V. optimises capital efficiency by maintaining reserves in subsidiaries, including regulated entities. The remittance of reserves to RBSH 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

RBSH N.V. has not paid ordinary dividends in 2025. In 2024, RBSH N.V. paid ordinary dividends in March 2024 and in October 2024 of €470.40 per share and €336.00 per share respectively.

Paid-in equity

Additional Tier 1 instruments issued by RBSH 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 RBSH N.V.'s discretion. In September 2024 RBSH 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 RBSH N.V. Group, and which are established either by RBSH 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 RBSH 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 RBSH N.V. Group, provision of lending and loan commitments, financial guarantees and investment management agreements. RBSH 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. RBSH 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 RBSH 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 RBSH N.V. Group's interests in unconsolidated structured entities is summarised below.

	2025			2024		
	Asset-backed securitisation vehicles	Investment funds and other	Total	Asset-backed securitisation vehicles	Investment funds and other	Total
	€m	€m	€m	€m	€m	€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

RBSH 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 transactions. Securities sold under repurchase transactions and transactions with the substance of securities repurchase agreements are not derecognised if RBSH 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 RBSH N.V. Group's own transactions.

The following assets have failed derecognition	2025	2024
	€m	€m
Other financial assets	422	459

(1) Associated liabilities were €392 million (2024 - €418 million).

Assets pledged as collateral

RBSH N.V. Group pledges collateral with its counterparties primarily in respect of derivative liabilities. Under standard arrangements the counterparty has the right to sell or repledge the collateral. Where the RBSH N.V. Group retains exposure to the significant risks and rewards of the transferred collateral it is not derecognised from the RBSH 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 RBSH 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).

RBSH 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

RBSH N.V. Group's regulatory capital resources were as follows:

	2025 €m	2024 €m
Tier 1		
Controlling interests	1,843	1,863
Adjustment for:		
- Other regulatory (1)	(370)	(228)
Common Equity Tier 1	1,473	1,635
Hybrid capital	250	250
Additional Tier 1	250	250
Total Tier 1	1,723	1,885
Tier 2		
Subordinated liabilities	119	150
IRB Excess of provisions over expected losses eligible	1	2
Total Tier 2 capital	120	152
Total regulatory capital	1,843	2,037

(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 16 for further details).

It is RBSH 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, RBSH 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). RBSH N.V. Group has complied with its capital requirements during the year.

A number of subsidiaries and sub-groups within RBSH N.V. Group are subject to various individual regulatory capital requirements. Furthermore, the payment of dividends by subsidiaries and the ability of members of RBSH N.V. Group to lend money to other members of RBSH 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 RBSH 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 RBSH N.V. Group's expectation of future losses.

	2025 €m	2024 €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. RBSH 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 RBSH N.V. Group's normal credit approval processes.

Guarantees - RBSH N.V. Group gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that RBSH N.V. Group will meet a customer's obligations to third parties if the customer fails to do so. The maximum amount that RBSH N.V. Group could be required to pay under a guarantee is its principal amount as disclosed in the table above. RBSH 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 RBSH 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 RBSH 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 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 2024 is €0.5 billion (2024 - €0.5 billion), which relates to RBSH 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. RBSH 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.

Net asset value of RBSI DS S.A. customers

The net asset value of the customers RBSI DS S.A. provides services to as at 31 December 2025 is €57.5 billion (2024: €48.8 billion).

22 Memorandum items continued

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.

RBSH 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.

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 RBSH 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. RBSH N.V. Group and/or NWM N.V. 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 RBSH 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 RBSH 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 RBSH 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 RBSH N.V. Group, considered as a whole, in which RBSH 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 RBSH 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 RBSH N.V. Group.

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. RBSH N.V. Group cannot predict whether all or any of these claims will be pursued.

22 Memorandum items continued

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.

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 assert 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 NV, 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

RBSH 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 RBSH N.V. Group, remediation of systems and controls, public or private censure, restriction of RBSH N.V. Group business activities and/or fines. Any of these events or circumstances could have a material adverse effect on RBSH 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)	6	(1)
Depreciation and amortisation	2	2
Change in fair value taken to profit or loss on subordinated liabilities	(13)	8
Elimination of foreign exchange differences	49	(62)
Foreign exchange recycling gains	(3)	-
Other non-cash items	(21)	11
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)	(162)
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	2	(2)
Change in bank deposits	378	186
Change in customer deposits	1,969	(1,532)
Change in amounts due to holding companies and fellow subsidiaries	(445)	(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	5	(1)
Change in operating assets and liabilities	(12)	(3,144)

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)	1
Changes in fair value			(13)	8
Interest payable			8	10
Other	-	-	2	3
At 31 December	1,800	1,800	440	453

(1) Subordinated liability includes 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 €m	2024 €m
Cash and balances at central banks	7,608	6,187
Trading assets (1)	782	2,138
Loans to banks including intragroup balances	810	700
Cash and cash equivalents	9,200	9,025

(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 RBSH 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 Wiering

Members receive pension benefits through their employment in RBSH N.V. Group.

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 RBSH 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.

	2025 €000	2024 €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 RBSH 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 March 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 €000	2024 €000
Remuneration (1)	299	252

- (1) There were no loans from RBSH 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

RBSH N.V.'s subsidiary 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 2024 transfer pricing arrangements, RBSH N.V. Group 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.

Judgement and estimation uncertainty – RBSH 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 RBSH N.V. Group's non-interest income and hence its taxable profit and unused taxable losses and tax credits. For the cost-plus, RBSH 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) RBSH 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. In accordance with IAS 24, transactions, or balances between RBSH N.V. Group entities that have been eliminated on consolidation are not reported.
- (b) RBSH 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 note.

27 Related parties continued

Holding companies and fellow subsidiaries

Transactions RBSH 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 RBSH 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 administrative expenses (1)	(8)	(63)	(71)	(10)	(46)	(56)
	116	(67)	49	92	(49)	43

(1) Includes internal service recharges of €71 million (2024- €56 million).

Amounts due from/to holding companies and fellow subsidiaries are as below:

	2025			2024		
	Holding companies	Fellow subsidiaries	Total	Holding companies	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	18	278	40	10	50
Loans to customers - amortised cost	19	-	19	21	-	21
Settlement balances	166	-	166	12	-	12
Other assets	20	-	20	16	-	16
Amounts due from holding companies and fellow subsidiaries	1,235	69	1,304	1,200	10	1,210
Derivatives (1)	2,994	-	2,994	4,060	-	4,060
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	-	3	3	-	2	2
Other financial liabilities - subordinated liabilities	150	-	150	150	-	150
Settlement balances	75	-	75	147	-	147
Other liabilities	10	20	30	15	17	32
Amounts due to holding companies and fellow subsidiaries	2,086	28	2,114	2,540	19	2,559
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.

In February 2026, NatWest Group announced the acquisition of Evelyn Partners. Its Irish subsidiary is expected to transfer to RBSH N.V. upon completion. This subsequent event does not require any adjustment to these financial statements and is not financially material.

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

RBSH N.V. financial statements are prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. RBSH 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 RBSH N.V. financial statements are the same as those applied in the consolidated financial statements on pages 45 to 48.

Investments in subsidiaries are accounted for using the equity method.

The financial statements are presented in euros, which is the presentation currency of the RBSH 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 1 January 2026 or later. RBSH N.V. 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		7	9
Interest payable		(7)	(9)
Net interest income		-	-
Result before tax		-	-
Tax (charge)/credit	2	-	-
Income from subsidiaries	6	134	160
Profit for the year		134	160
Attributable to:			
Ordinary shareholders		118	136
Paid-in equity		16	24
		134	160

The accompanying notes on pages 90 to 95 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			
Amounts due from holding companies and fellow subsidiaries	3,4,5	150	150
Investment in subsidiaries	6	2,130	2,059
Total assets		2,280	2,209
Amounts due to holding companies and fellow subsidiaries	3,4,5,8	150	150
Total liabilities		150	150
Share capital and share premium account		1,550	1,550
Legal reserves		61	91
Other reserves		151	62
Paid-in equity		250	250
Unappropriated results		118	106
Total equity	9	2,130	2,059

The accompanying notes on pages 90 to 95 form an integral part of these financial statements.

Company 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
Legal reserves		
At 1 January	91	129
Changes in non-distributable profit participations	(30)	(38)
At 31 December	61	91
Other reserves		
At 1 January	62	3
Transfer from unappropriated results	106	42
Changes in non-distributable profit participations	30	38
Other movements (2)	(47)	(21)
At 31 December	151	62
Paid-in equity		
At 1 January	250	250
Redeemed	-	(250)
Issued	-	250
At 31 December	250	250
Unappropriated results		
At 1 January	106	84
Transfer to other reserves	(106)	(42)
Net result for the year	134	160
Paid-in equity dividends paid	(16)	(24)
Ordinary dividends paid	-	(72)
At 31 December	118	106
Total equity at 31 December	2,130	2,059

(1) Includes ordinary share capital of €50,001 (2024 - €50,001). Refer to Note 9 for further details.

(2) Other movements relate to other comprehensive income of subsidiaries.

1 Operating expenses

RBSH N.V. did not have any employees in 2025 or 2024.

Fees for the audit and audit related services provided to RBSH N.V. are incurred by its subsidiary NWM N.V. Refer to Note 5 to the consolidated financial statements for further details on auditor's remuneration.

2 Tax

RBSH N.V. is head of a fiscal unit for corporation tax together with NWM N.V. and is therefore jointly and severally liable for tax liabilities of the fiscal unit. RBSH N.V. settles with NWM N.V. as if NWM N.V. was independently taxable for corporation tax.

3 Financial instruments – classification

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

	Amortised cost €m	Other assets €m	Total €m
Assets			
Amounts due from holding companies and fellow subsidiaries	150	-	150
Investments in subsidiaries		2,130	2,130
31 December 2025	150	2,130	2,280
Amounts due from holding companies and fellow subsidiaries	150	-	150
Investments in subsidiaries		2,059	2,059
31 December 2024	150	2,059	2,209

	Amortised cost €m	Other liabilities €m	Total €m
Liabilities			
Amounts due to holding companies and fellow subsidiaries	150	-	150
31 December 2025	150	-	150
Amounts due to holding companies and fellow subsidiaries	150	-	150
31 December 2024	150	-	150

4 Financial instruments – valuation

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 approximates carrying value €m
			Level 1 €m	Level 2 €m	Level 3 €m	
2025						
Financial assets						
Amounts due from holding companies and fellow subsidiaries	150	150	-	150	-	-
Financial liabilities						
Amounts due to holding companies and fellow subsidiaries	150	152	-	152	-	-
2024						
Financial assets						
Amounts due from holding companies and fellow subsidiaries	150	151	-	151	-	-
Financial liabilities						
Amounts due to holding companies and fellow subsidiaries	150	151	-	151	-	-

5 Financial instruments - maturity analysis

Remaining maturity

The following table shows the RBSH 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	€m
Assets										
Amounts due from holding companies and fellow subsidiaries	-	-	-	-	-	-	150	-	-	-
Liabilities										
Amounts due to holding companies and fellow subsidiaries	-	-	-	-	-	-	150	-	-	-
	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	€m
Assets										
Amounts due from holding companies and fellow subsidiaries	-	-	-	-	-	150	-	-	-	-
Liabilities										
Amounts due to holding companies and fellow subsidiaries	-	-	-	-	-	150	-	-	-	-

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 RBSH 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 RBSH 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 RBSH N.V.'s liquidity position.

5 Financial instruments - maturity analysis continued

2025	0-3 months	3-12	1-3 years	3-5 years	5-10 years	10-20 years
	€m	months	€m	€m	€m	€m
Assets by contractual maturity						
Amounts due from holding companies and fellow subsidiaries	2	5	12	156	-	-
	2	5	12	156	-	-
Liabilities contractual maturity						
Amounts due to holding companies and fellow subsidiaries	2	5	12	156	-	-
	2	5	12	156	-	-

2024	0-3 months	3-12	1-3 years	3-5 years	5-10 years	10-20 years
	€m	months	€m	€m	€m	€m
Assets by contractual maturity						
Amounts due from holding companies and fellow subsidiaries	2	6	152	-	-	-
	2	6	152	-	-	-
Liabilities by contractual maturity						
Amounts due to holding companies and fellow subsidiaries	2	6	152	-	-	-
	2	6	152	-	-	-

6 Investment in subsidiaries

RBSH N.V.'s subsidiary undertakings are shown below. Their capital consists of ordinary shares and Additional Tier 1 notes which are unlisted. All of these subsidiaries are included in RBSH N.V. Group's consolidated financial statements and have an accounting reference date of 31 December.

	Nature of business	Country of incorporation and principal area of operation	Notes
NatWest Markets N.V.	Banking	The Netherlands	<i>i, (1)</i>
RBS International Depository Services S.A.	Depository services	Luxembourg	<i>i, (2)</i>

NWM N.V.'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, (3)</i>	Eris Finance S.R.L.	<i>ii, (6)</i>
Alternative Investment Fund B.V. in liquidation	<i>i, (1)</i>	Maja Finance S.R.L.	<i>iii, (6)</i>
KEB Investors, L.P.	<i>i, (4)</i>		
RBS Investments (Ireland) Ltd	<i>i, (5)</i>		
RBS Nominees (Ireland) Ltd	<i>i, (5)</i>		

Branches geographic location
France, Germany, Italy, Sweden

- i* Group interest of 100%
- ii* Group interest of 45%
- iii* Economic interest of 97.87%; no equity ownership

Registered addresses	Country of incorporation
(1) Claude Debussylaan 94, 1082 MD, Amsterdam	The Netherlands
(2) Avenue John F. Kennedy 46, L-1865, Luxembourg	Luxembourg
(3) Tirolerweg 8, Zug, CH-6300	Switzerland
(4) Clarendon House, Two Church Street, Suite 104, Reid Street, Hamilton, HM 11	Bermuda
(5) Ulster Bank Head Office, Bock B Central Park, Leopardstown, Dublin 18, D18 N153	Republic of Ireland
(6) 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 RBSH N.V.'s subsidiaries and participating investments are regulated entities and therefore their ability to transfer funds to RBSH 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 €m	2024 €m
At 1 January	2,059	2,016
Income from subsidiaries	134	160
Dividends received (1)	(16)	(96)
Other changes (2)	(47)	(21)
At 31 December	2,130	2,059

- (1) 2025 includes dividends of €16 million from NWM N.V. (2024 - €96 million).
- (2) Other changes relate to other comprehensive income of subsidiaries.

7 Contingent liabilities and commitments

The amounts shown in the table below pertain to debts for which RBSH N.V. has issued a statement of liability under article 403 of section 2 of Dutch Civil Code.

	2025 €m	2024 €m
Contingent liabilities and commitments		
Guarantees	300	316
Total	300	316

8 Subordinated liabilities

Following table analyses intercompany subordinated liabilities. These balances are included in amounts due to holding companies and fellow subsidiaries.

Dated loan capital		First call date	Maturity date	Capital treatment	2025 €m	2024 €m
€150 million	Floating rate notes	Dec-2024	Dec-2029	Tier 2	150	150
					150	150

9 Equity

Share capital

RBSH N.V.'s share capital at 31 December 2025 consisted of 89,286 issued and fully paid ordinary shares of €0.56 each. Its authorised share capital amounts to €224,000. It comprises 400,000 ordinary shares, each with a nominal value of €0.56. 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 RBSH 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).

Legal reserves

Legal reserves comprise non-distributable profit participations of €61 million (2024 - €91 million).

Paid-in equity

Additional Tier 1 instruments issued by RBSH 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 RBSH N.V.'s discretion. In September 2024 RBSH 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.

Dividends

RBSH N.V. has not paid ordinary dividends in 2025. In 2024, RBSH N.V. paid ordinary dividends in March 2024 and in October 2024 of €470.40 per share and €336.00 per share respectively.

10 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).

RBSH 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 Report and 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 €m	2024 €m
Addition to reserves	1	106
Available for dividend distribution	117	-
	118	106

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.

11 Incorporation and registration

RBSH 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. 33220369.

12 Remuneration of the Managing Board and Supervisory Board

Refer to Note 26 to the consolidated financial statements for further details.

13 Related parties

Refer to Note 27 to the consolidated financial statements for further details.

14 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 RBSH 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 RBS Holdings N.V. were last amended by a notarial deed executed by Mr B.J. Kuck, civil law notary in Amsterdam on 5 April 2013, under register entry number 33220369. 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 89,287 issued and fully paid ordinary shares of €0.56 each. The Company's authorised share capital amounts to €224,000. It comprises 400,000 ordinary shares, each with a nominal value of €0.56.

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 38.3).

Relations with shareholders

Rights of shareholders

Any resolution to amend the Articles of Association or dissolve RBS Holdings 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 RBS Holdings N.V. at the offices of RBS Holdings 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;

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 RBS Holdings N.V.

Report on the audit of the financial statements 2025 included in the Annual Report and Accounts

Our opinion

We have audited the financial statements for the financial year ended 31 December 2025 of RBS Holdings N.V. ("RBSH N.V.", the "Company" or the "group") based in Amsterdam, the Netherlands. The financial statements comprise the consolidated and the parent company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of RBSH 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 RBSH 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 RBSH N.V. in accordance with 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 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.

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 RBSH 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 and capital management" 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, among other things, we have performed procedures to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note "Accounting Policies – Critical accounting policies" to the financial statements, including valuation of financial instruments with higher risk characteristics and recognition of deferred tax assets. 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.

Additionally, in order to respond to the identified risks of management override of controls, we have evaluated the appropriateness of the methods and the reasonableness of assumptions used in determination of deferred tax assets, mainly being the approved forecast of taxable income for future periods, including transfer pricing income.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered amongst other things the complex model-dependent valuations, inputs used in valuation of illiquid instruments and fair value adjustments used in valuation of financial instruments with higher risk characteristics. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

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, 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. 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 RBSH 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.

Compliance with SBR Regulatory Technical Standard, including XBRL mark-ups, unaudited

We did not examine the compliance with the requirements of the Regulatory Technical Standard of the SBR domain Trade Register (including the applied eXtensible Business Reporting Language (XBRL) mark-ups) and, accordingly, do not express an opinion thereon.

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 included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- 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.
- 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.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the group components 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.

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.

Amsterdam, 17 February 2026

EY Accountants B.V.

J.G. Kolsters

Additional information

Major shareholders

RBSH N.V. is a 100% subsidiary of NWM Plc.

Stock exchange listings

None of the shares in the RBSH N.V. Group are listed.

Issued share capital

The issued share capital of RBSH N.V. consists of 89,287 ordinary shares with a nominal value of €0.56 each.

Dividends

RBSH 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

RBSH N.V. 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.