NatWest Group

# The Royal Bank of Scotland International Limited

Interim Results 2025

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# The Royal Bank of Scotland International Limited

# Results for the half year ended 30 June 2025

The Royal Bank of Scotland International Limited (RBSI Ltd) is among the largest banks operating in the Channel Islands, Isle of Man and Gibraltar with wholesale branches in Luxembourg and the United Kingdom (UK). Our position outside the UK ring-fencing regime allows us to gather deposits and lend to retail, corporate and commercial customers and financial institutions.

We offer a range of financial products and services through our International Retail & Commercial Banking (IRCB) and Institutional Banking (IB) customer segments. IRCB acts as a trusted banking provider to personal, private, business and commercial customers. IB offers expert services to European fund asset managers, fund administrators and corporate service providers, helping them to look after their money and manage risk.

The ultimate holding company of RBSI Ltd is NatWest Group plc. RBSI Ltd uses the relationship with NatWest Group and its subsidiaries to continue to improve on the quality and efficiency of the services and products provided. RBSI Ltd is part of the Commercial & Institutional segment of NatWest Group, providing opportunities to deepen our customer relationships and help drive sustainable growth.

## Financial review

We achieved strong financial results in the first half of the year, whilst maintaining our ongoing robust capital and liquidity positions.

RBSI Ltd reported an operating profit before tax of £303 million for the period ending 30 June 2025 (30 June 2024 – £316 million). RBSI Ltd's Return on Tangible Equity was 33.1% (30 June 2024 – 38.4%).

| | Half year ended | |
|---|---|---|
| Performance key metrics and ratios | **30 June 2025** | 30 June 2024 |
| Total income | **£507m** | £477m |
| Operating profit before tax | **£303m** | £316m |
| Net interest margin | **2.38%** | 2.26% |
| Return on Tangible Equity (RoTE) | **33.1%** | 38.4% |
| | **As at** | |
| | **30 June 2025** | 31 December 2024 |
| Loans to customers - amortised cost | **£16.0bn** | £15.6bn |
| Customer deposits | **£32.1bn** | £32.3bn |
| Loan:deposit ratio | **50%** | 48% |
| Assets under Management (AuM) | **£3.0bn** | £2.7bn |
| RBSI Ltd regulatory metrics | | |
| Liquidity portfolio | **£19.1bn** | £19.5bn |
| Risk-weighted assets (RWAs) | **£7.6bn** | £7.4bn |
| Common Equity Tier 1 (CET1) ratio | **17.1%** | 17.5% |
| Tier 1 capital ratio | **21.0%** | 21.5% |
| Leverage ratio (1) | **3.9%** | 3.9% |
| Liquidity Coverage Ratio (LCR) | **132%** | 131% |

(1) Leverage ratio is Tier 1 capital as a percentage of on and off balance sheet exposures in line with current Jersey Financial Services Commission (JFSC) guidance. The primary driver of the leverage ratio is short term deposit balances, which RBSI Ltd typically holds in high quality liquid assets. Excluding unencumbered central bank balances would result in a leverage ratio of 5.7%.

## Income

Total income increased £30 million, or 6%, to £507 million compared with H1 2024. Higher net interest income reflected customer lending growth in our IB business and growth in debt securities which was partially offset by the impact of lower central bank rates. Non-interest income also increased in H1 2025 compared with the prior year supported by treasury activity and market movements.

## Operating expenses

Operating expenses increased by £42 million or 24% to £214 million, this reflects increased recharges from NatWest Group, notably in relation to supporting the ongoing strengthening of our non-financial risk agenda, as well as some non-repeat items including legal costs.

## Impairments

Net impairment releases of £10 million in H1 2025 (H1 2024 - £11 million release) were driven by provision releases across Stages 1, 2 and 3, reflecting the improved economic outlook on our performing loan book along with the low level of defaults. Total loan impairment provisions stood at £48 million with an expected credit loss (ECL) coverage ratio at 0.27% (31 December 2024 – 0.37%). Key disclosures underlying our credit provisions are outlined in Note 6 of this announcement.

## Loans to customers – amortised cost

Loans to customers – amortised cost increased by £0.4 billion to £16.0 billion during H1 2025, primarily within funds lending.

| | 30 June 2025 £bn | 31 December 2024 £bn |
|---|---|---|
| Institutional Banking | **12.4** | 11.9 |
| *of which: subscription lines and net asset value lines* | *10.1* | *9.2* |
| International Retail & Commercial Banking | **3.6** | 3.7 |
| *of which: residential mortgages* | *1.4* | *1.4* |
| *of which: buy to let mortgages* | *0.7* | *0.7* |
| Total loans to customers - amortised cost | **16.0** | 15.6 |

Climate and sustainable funding and financing continued to perform well, and up to 30 June 2025 we delivered an additional £1.7 billion (2024 - £1.6 billion) towards the NatWest Group target. Refer to the NatWest Group plc Interim Results 2025 for further details on climate and sustainable funding and financing targets.

## Customer deposits

Customer deposits decreased by £0.2 billion during H1 2025 to £32.1 billion.

| | 30 June 2025 £bn | 31 December 2024 £bn |
|---|---|---|
| Institutional Banking | **20.9** | 21.1 |
| International Retail & Commercial Banking | **11.2** | 11.2 |
| Total customer deposits | **32.1** | 32.3 |

## Capital and liquidity management

CET1 ratio of 17.1% decreased by 40 basis points from 31 December 2024 with increased RWAs and the addition of attributable profit offset by dividend payments. RWAs increased by £0.2 billion during H1 2025 to £7.6 billion. The movement was driven by customer lending growth and higher nostro balances.

RBSI Ltd's loan:deposit ratio was 50% as at 30 June 2025 (31 December 2024 – 48%).

LCR was 132% (31 December 2024 – 131%) evidencing effective balance sheet management and reflected our ability to support short-term liquidity requirements.

Customer deposits represent our primary funding source and we continued to focus on retaining our core operational deposits as well as attracting and retaining term products. As part of our ongoing funding diversification plan we increased wholesale funding over H1 2025 to £2.9 billion (2024 - £2.2 billion). This comprised commercial paper issuance, syndicated loans and private placement issuance reported within bank deposits and other financial liabilities. Refer to Note 5 of this announcement.

### Credit ratings

RBSI Ltd had the following credit ratings as at 30 June 2025.

| | |
|---|---|
| S&P | A / A-1 (Stable) |
| Moody's (1) | A1 / P-1 (Stable) |
| Fitch | AA- / F1+ (Stable) |

(1) Moody's Senior Unsecured Debt rating is A2.

There were no changes to ratings or outlooks from S&P and Moody's during H1 2025. Fitch upgraded the Long-term and Short-term Issuer Default Ratings during H1 2025, increasing to AA- from A, and to F1+ from F1, respectively.

## Condensed income statement
## for the half year ended 30 June 2025 (unaudited)

| | Half year ended | |
|---|---|---|
| | 30 June 2025 £m | 30 June 2024 £m |
| Interest receivable | **829** | 965 |
| Interest payable | **(396)** | (543) |
| Net interest income | **433** | 422 |
| Fees and commissions receivable | **43** | 42 |
| Fees and commissions payable | **(17)** | (18) |
| Other operating income | **48** | 31 |
| Non-interest income | **74** | 55 |
| Total income | **507** | 477 |
| Staff costs | **(74)** | (76) |
| Premises and equipment | **(8)** | (8) |
| Other administrative expenses | **(119)** | (77) |
| Depreciation and amortisation | **(13)** | (11) |
| Operating expenses | **(214)** | (172) |
| Profit before impairment releases | **293** | 305 |
| Impairment releases | **10** | 11 |
| Operating profit before tax | **303** | 316 |
| Tax charge | **(58)** | (49) |
| Profit for the period | **245** | 267 |

## Condensed statement of comprehensive income
## for the half year ended 30 June 2025 (unaudited)

| | Half year ended | |
|---|---|---|
| | 30 June 2025 £m | 30 June 2024 £m |
| Profit for the period | **245** | 267 |
| | | |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met: | | |
| Fair value through other comprehensive income (FVOCI) financial assets | **7** | 6 |
| Cash flow hedges (1) | **81** | (32) |
| Tax | **(13)** | 2 |
| Other comprehensive income/(losses) after tax | **75** | (24) |
| Total comprehensive income for the period | **320** | 243 |

(1) Refer to footnote 1 of the consolidated statement of changes in equity.

# Condensed balance sheet
## as at 30 June 2025 (unaudited)

| | 30 June 2025 £m | 31 December 2024 £m |
|---|---|---|
| **Assets** | | |
| Cash and balances at central banks | **13,177** | 14,264 |
| Derivatives | **125** | 221 |
| Loans to banks - amortised cost | **1,552** | 914 |
| Loans to customers - amortised cost | **15,962** | 15,621 |
| Amounts due from holding company and fellow subsidiaries | **901** | 813 |
| Other financial assets | **6,245** | 5,410 |
| Other assets | **163** | 173 |
| Total assets | **38,125** | 37,416 |
| | | |
| **Liabilities** | | |
| Bank deposits | **1,995** | 1,185 |
| Customer deposits | **32,115** | 32,305 |
| Amounts due to holding company and fellow subsidiaries | **474** | 474 |
| Derivatives | **278** | 280 |
| Other financial liabilities | **1,330** | 1,273 |
| Other liabilities | **189** | 230 |
| Total liabilities | **36,381** | 35,747 |
| | | |
| Equity attributable to controlling interests | **1,744** | 1,669 |
| | | |
| Total liabilities and equity | **38,125** | 37,416 |

## Condensed statement of changes in equity
## for the half year ended 30 June 2025 (unaudited)

| | Half year ended | |
|---|---|---|
| | 30 June 2025 £m | 30 June 2024 £m |
| Called-up share capital - at beginning and end of period | 97 | 97 |
| Paid-in equity - at beginning and end of period | 300 | 300 |
| Share premium account - at beginning and end of period | 5 | 5 |
| FVOCI reserve - at beginning of period | (16) | (14) |
| Unrealised gains | 8 | 4 |
| Realised (gains)/losses | (1) | 2 |
| Tax | (1) | (1) |
| At end of period | (10) | (9) |
| Cash flow hedging reserve - at beginning of period | (108) | (141) |
| Amount recognised in equity (1) | 36 | (110) |
| Amount transferred from equity to earnings (2) | 45 | 78 |
| Tax | (12) | 3 |
| At end of period | (39) | (170) |
| Retained earnings - at beginning of period | 1,391 | 1,454 |
| Profit attributable to ordinary shareholders and other equity owners | 245 | 267 |
| Paid-in equity dividends paid | (10) | (10) |
| Ordinary dividends paid | (235) | (295) |
| At end of period | 1,391 | 1,416 |
| Equity attributable to controlling interests at end of period | 1,744 | 1,639 |
| Attributable to: | | |
| Ordinary shareholders | 1,444 | 1,339 |
| Paid-in equity holders | 300 | 300 |
| | 1,744 | 1,639 |

(1) The change in the cash flow hedging reserve is driven by realised accrued interest being transferred to the income statement and a decrease in swap rates in the year, where the portfolio of swaps are net receive fixed.
(2) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised cost and balances at central banks and customer deposits.

# Condensed cash flow statement

## for the half year ended 30 June 2025 (unaudited)

| | Half year ended | |
|---|---|---|
| | 30 June 2025 £m | 30 June 2024 £m |
| Operating activities | | |
| Operating profit before tax | **303** | 316 |
| Adjustments for non-cash and other items | **(92)** | 298 |
| Net cash flows from trading activities | **211** | 614 |
| Changes in operating assets and liabilities | **448** | 828 |
| Net cash flows from operating activities before tax | **659** | 1,442 |
| Income taxes paid | **(80)** | (54) |
| Net cash flows from operating activities | **579** | 1,388 |
| Net cash flows from investing activities | **(648)** | (314) |
| Net cash flows from financing activities | **(255)** | (315) |
| Effects of exchange rate changes on cash and cash equivalents | **113** | (201) |
| Net (decrease)/increase in cash and cash equivalents | **(211)** | 558 |
| Cash and cash equivalents at beginning of period | **15,978** | 19,929 |
| Cash and cash equivalents at end of period | **15,767** | 20,487 |

# Notes

## 1. Presentation of condensed financial statements

The condensed financial statements should be read in conjunction with The Royal Bank of Scotland International Limited's 2024 Annual Report and Accounts. The accounting policies are the same as those applied in the financial statements.

The directors have prepared the condensed financial statements on a going concern basis after assessing the principal risks, forecasts, projections, and other relevant evidence over the twelve months from the date they are approved and in accordance with IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB).

## 2. Net interest income

| | Half year ended | |
|---|---|---|
| | **30 June 2025 £m** | 30 June 2024 £m |
| Interest receivable on assets: | | |
| Balances at central banks and loans to banks - amortised cost | **254** | 427 |
| Loans to customers - amortised cost | **457** | 478 |
| Amounts due from holding company and fellow subsidiaries | **15** | 22 |
| Other financial assets - debt securities | **103** | 38 |
| Interest receivable | **829** | 965 |
| | | |
| Interest payable on liabilities: | | |
| Bank deposits | **51** | 51 |
| Customer deposits: demand | **92** | 143 |
| Customer deposits: savings | **82** | 141 |
| Customer deposits: other time | **133** | 166 |
| Other financial liabilities | **26** | 27 |
| Amounts due to holding company and fellow subsidiaries | **12** | 15 |
| Interest payable | **396** | 543 |
| | | |
| Net interest income | **433** | 422 |

## 3. Non-interest income

| | Half year ended | |
|---|---|---|
| | **30 June 2025 £m** | 30 June 2024 £m |
| Fees and commissions receivable | | |
| - payment services | **9** | 9 |
| - credit & debit card fees | **4** | 4 |
| - lending (credit facilities) | **27** | 26 |
| - investment management | **2** | 2 |
| - other services | **1** | 1 |
| Fees and commissions payable (1) | **(17)** | (18) |
| Other operating income (2) | **48** | 31 |
| Total non-interest income | **74** | 55 |

(1) Fees and commissions payable primarily include intercompany balances for revenue sharing.
(2) Other operating income primarily includes income from economic hedging activity, impacted by mark to market movements.

## Notes

### 4. Tax

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard Jersey corporation tax rate of 15% (2024 - 10%) to RBSI Ltd's profit before tax.

| | Half year ended | |
|---|---|---|
| | 30 June 2025 | 30 June 2024 |
| | £m | £m |
| Expected tax charge | 45 | 31 |
| Rate differences on current tax (1) | 12 | 18 |
| Adjustments in respect of prior years | 1 | |
| Actual tax charge | 58 | 49 |

(1) RBSI Ltd operates in a number of jurisdictions. The 2025 tax rates in Jersey (2024 – 10%), Guernsey (2024 -10%), Isle of Man (2024 – 13.75%), and Gibraltar (2024 – 13.75%) have increased to 15%, as a result no top-up tax is due under Pillar 2 tax legislation. The 2025 tax rates in the UK 28% (2024 – 28%) and Luxembourg 24.94% (2024 – 24.94%) differ to the Jersey tax rate.

#### Net deferred tax assets

Net deferred tax assets of £19 million recognised at 31 December 2024 have decreased to £6 million at 30 June 2025 due to cash flow hedging movements.

### 5. Financial instruments - classification

The following tables analyse financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

| | MFVTPL | FVOCI | Amortised cost | Other assets | Total |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| **Assets** | | | | | |
| Cash and balances at central banks | | | 13,177 | | 13,177 |
| Derivatives | 125 | | | | 125 |
| Loans to banks - amortised cost (1) | | | 1,552 | | 1,552 |
| Loans to customers - amortised cost (1,2) | | | 15,962 | | 15,962 |
| Amounts due from holding company and fellow subsidiaries | 150 | - | 743 | 8 | 901 |
| Other financial assets | 147 | 4,237 | 1,861 | | 6,245 |
| Other assets | | | | 163 | 163 |
| 30 June 2025 | 422 | 4,237 | 33,295 | 171 | 38,125 |
| | | | | | |
| Cash and balances at central banks | | | 14,264 | | 14,264 |
| Derivatives | 221 | | | | 221 |
| Loans to banks - amortised cost (1) | | | 914 | | 914 |
| Loans to customers - amortised cost (1,2) | | | 15,621 | | 15,621 |
| Amounts due from holding company and fellow subsidiaries | 50 | - | 750 | 13 | 813 |
| Other financial assets | - | 3,657 | 1,753 | | 5,410 |
| Other assets | | | | 173 | 173 |
| 31 December 2024 | 271 | 3,657 | 33,302 | 186 | 37,416 |

| | Held-for-trading | Amortised cost | Other liabilities | Total |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| **Liabilities** | | | | |
| Banks deposits (1,3) | | 1,995 | | 1,995 |
| Customer deposits (1) | | 32,115 | | 32,115 |
| Derivatives | 278 | | | 278 |
| Other financial liabilities (4) | - | 1,330 | | 1,330 |
| Amounts due to holding company and fellow subsidiaries | - | 429 | 45 | 474 |
| Other liabilities (5) | | 28 | 161 | 189 |
| 30 June 2025 | 278 | 35,897 | 206 | 36,381 |
| | | | | |
| Banks deposits (1,3) | | 1,185 | | 1,185 |
| Customer deposits (1) | | 32,305 | | 32,305 |
| Derivatives | 280 | | | 280 |
| Other financial liabilities (4) | - | 1,273 | | 1,273 |
| Amounts due to holding company and fellow subsidiaries | - | 435 | 39 | 474 |
| Other liabilities (5) | | 30 | 200 | 230 |
| 31 December 2024 | 280 | 35,228 | 239 | 35,747 |

(1) RBSI Ltd balance sheet lines include instruments that are subject to IAS 32 netting, or contracts covered by legally enforceable master netting agreements with the right to offset assets and liabilities with the same counterparty, subject to certain conditions. Netting applied primarily relates to IAS 32 netting for reverse repo and repo contracts. Total netting adjustments recorded are:
   a. Loans to banks and bank deposits: £773 million (31 December 2024 - £970 million).
   b. Loans to customers and customer deposits: £325 million (31 December 2024 - £273 million).

(2) Includes finance lease receivables of £30 million (31 December 2024 - £31 million).

(3) Includes syndicated loans of £1,532 million (31 December 2024 - £997 million).

(4) Includes private placements of £227 million (31 December 2024 – £234 million) and commercial paper issuance of £1,097 million (31 December 2024 – £1,037 million).

(5) Includes lease liabilities of £27 million (31 December 2024 - £29 million), held at amortised cost.

# Notes

## 5. Financial instruments - valuation

Disclosures relating to the control environment, valuation techniques and related aspects pertaining to financial instruments measured at fair value are included in The Royal Bank of Scotland International Limited's 2024 Annual Report and Accounts. Valuation and input methodologies at 30 June 2025 are consistent with those described in Note 7 to the financial statements in The Royal Bank of Scotland International Limited's 2024 Annual Report and Accounts.

### Fair value hierarchy

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

| | 30 June 2025 | | | 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| | £m | £m | £m | £m | £m | £m |
| Assets | | | | | | |
| Derivatives | - | 125 | 125 | - | 221 | 221 |
| Amounts due from holding companies and fellow subsidiaries | - | 150 | 150 | - | 50 | 50 |
| Other financial assets - securities | 2,863 | 1,521 | 4,384 | 2,692 | 965 | 3,657 |
| Total financial assets at fair value | 2,863 | 1,796 | 4,659 | 2,692 | 1,236 | 3,928 |
| As % of total fair value assets | 61% | 39% | | 69% | 31% | |
| Liabilities | | | | | | |
| Derivatives | - | 278 | 278 | - | 280 | 280 |
| Total financial liabilities at fair value | - | 278 | 278 | - | 280 | 280 |
| As % of total fair value liabilities | - | 100% | | - | 100% | |

(1) 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 CLOs, most bank loans, repos and reverse repos, state and municipal obligations, most notes issued, certain money market securities, loan commitments and most 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.

(2) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instruments were transferred.

# Notes

## 5. Financial instruments – valuation continued

### Fair value of financial instruments carried at amortised cost

The following table shows the carrying values and the fair values of financial instruments on the balance sheet carried at amortised cost.

| 30 June 2025 | Carrying value £m | Fair value £m | Fair value hierarchy level Level 1 £m | Level 2 £m | Level 3 £m | Items where fair value approximates carrying value £m |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and balances at central banks | **13,177** | **13,177** | **-** | **-** | **-** | **13,177** |
| Loans to banks | **1,552** | **1,552** | **-** | **-** | **-** | **1,552** |
| Loans to customers | **15,962** | **15,920** | **-** | **-** | **15,920** | **-** |
| Amounts due from holding company and fellow subsidiaries | **743** | **743** | **-** | **-** | **743** | **-** |
| Other financial assets - securities | **1,861** | **1,798** | **1,798** | **-** | **-** | **-** |
| 31 December 2024 | | | | | | |
| **Financial assets** | | | | | | |
| Cash and balances at central banks | 14,264 | 14,264 | - | - | - | 14,264 |
| Loans to banks | 914 | 914 | - | - | - | 914 |
| Loans to customers | 15,621 | 16,529 | - | - | 16,529 | - |
| Amounts due from holding company and fellow subsidiaries | 750 | 750 | - | - | 750 | - |
| Other financial assets - securities | 1,753 | 1,655 | 1,655 | - | - | - |
| **30 June 2025** | | | | | | |
| **Financial liabilities** | | | | | | |
| Bank deposits | **1,995** | **1,995** | **-** | **-** | **1,895** | **100** |
| Customer deposits | **32,115** | **32,115** | **-** | **-** | **9,463** | **22,652** |
| Other financial liabilities - debt securities in issue | **1,330** | **1,330** | **-** | **1,330** | **-** | **-** |
| Amounts due to holding company and fellow subsidiaries | **429** | **429** | **-** | **-** | **429** | **-** |
| 31 December 2024 | | | | | | |
| **Financial liabilities** | | | | | | |
| Bank deposits | 1,185 | 1,185 | - | - | 1,040 | 145 |
| Customer deposits | 32,305 | 32,305 | - | - | 10,415 | 21,890 |
| Other financial liabilities - debt securities in issue | 1,273 | 1,273 | - | 1,273 | - | - |
| Amounts due to holding company and fellow subsidiaries | 435 | 435 | - | - | 435 | - |

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: cash and balances at central banks, items in the course of collection from other banks, settlement balances, items in the course of transmission to other banks and customer demand deposits, carrying value is 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, RBSI Ltd's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans. Two principal methods are used to estimate fair value; contractual cash flows and expected cash flows.

### Other financial assets

The majority of other financial assets consist of debt securities which are valued using quoted prices in active markets, or using quoted prices for similar assets in active markets. Fair values of the rest are determined using discounted cash flow valuation techniques.

### Deposits by banks and customer accounts

The fair values of deposits are estimated using discounted cash flow valuation techniques.

### Debt securities in issue

Fair values are determined using quoted prices for similar liabilities where available or by reference to valuation techniques, adjusting for own credit spreads where appropriate.

## 6. Loan impairment provisions

### Economic loss drivers

#### Introduction

The portfolio segmentation and selection of economic loss 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 loss drivers involves empirical analysis and expert judgement.

The most significant economic loss drivers for the personal portfolios include unemployment rate and house price index and these are applied to credit portfolios across all jurisdictions.

In addition to some of these loss drivers, world gross domestic product (GDP) is a primary loss driver for the Wholesale portfolios.

#### Economic scenarios

At 30 June 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 30 June 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.

Since 31 December 2024, the near-term economic growth outlook has weakened. This was mainly due to the weaker economic performance in the second half of 2024 and the drag from international trade policy related uncertainty. Inflation has risen, with underlying price pressure remaining firm, particularly on services inflation. As a result, inflation is assumed to remain a little higher than 3% through most of 2025, taking longer to fall back to the target level of 2%. The labour market has continued to cool. The unemployment rate peak is now assumed to be modestly higher than at 31 December 2024, but it is still expected to remain low. The Bank of England is expected to continue cutting interest rates in a 'gradual and careful' manner with an assumed terminal rate in the base case of 3.5%. The housing market continues to show signs of resilience, with prices still expected to grow modestly.

### High level narrative – potential developments, vulnerabilities and risks

| | | |
|---|---|---|
| Growth | **Outperformance sustained** – the economy continues to grow at a robust pace | Upside |
| | **Steady growth** – staying close to trend pace but with some near-term slowdown | Base case |
| | **Stalling** – lagged effect of higher inflation and cautious consumer amidst global trade policy and geopolitical uncertainty stalls the rebound | Downside |
| | **Extreme stress** – extreme fall in GDP, with policy support to facilitate sharp recovery | Extreme downside |
| Inflation | **Sticky** – strong growth and/or wage policies and/or interest rate cuts keep services inflation well above target | Upside |
| | **Battle won** – Beyond near-term volatility, downward drift in services inflation continues, ensuring 2% target is met on a sustained basis | Base case |
| | **Structural factors** – sustained bouts of energy, food and goods price inflation on geopolitics/deglobalisation | Downside |
| | **Close to deflation** – inflationary pressures diminish amidst pronounced weakness in demand | Extreme downside |
| Labour market | **Tighter, still** – job growth rebounds strongly, pushing unemployment back down to 3.5% | Upside |
| | **Cooling continues** – gradual loosening prompts a gentle rise in unemployment (but remains low), job growth recovers | Base case |
| | **Job shedding** – prolonged weakness in economy prompts redundancies, reduced hours, building slack | Downside |
| | **Depression** – unemployment hits levels close to previous peaks amid severe stress | Extreme downside |
| Rates short-term | **Limited cuts** – higher growth and inflation keeps the Monetary Policy Committee cautious | Upside |
| | **Steady** – approximately one cut per quarter | Base case |
| | **Mid-cycle quickening** – sharp declines through 2025 to support recovery | Downside |
| | **Sharp drop** – drastic easing in policy to support a sharp deterioration in the economy | Extreme downside |
| Rates long-term | **Above consensus** – 4% | Upside |
| | **Middle** – 3.5% | Base case |
| | **Close to 2010s** – 1-2%/2.5% | Downside/Extreme downside |

# Notes

## 6. Loan impairment provisions continued

### Main macroeconomic variables

The main macroeconomic variables for each of the four scenarios used for expected credit loss (ECL) modelling are set out in the table below.

| | 30 June 2025 | | | | | 31 December 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Upside | Base case | Downside | Extreme downside | Weighted average | Upside | Base case | Downside | Extreme downside | Weighted average |
| Five-year summary | % | % | % | % | % | % | % | % | % | % |
| GDP | **2.1** | **1.3** | **0.6** | **(0.1)** | **1.2** | 2.0 | 1.3 | 0.5 | (0.2) | 1.1 |
| Unemployment rate | **3.8** | **4.6** | **5.4** | **7.1** | **4.9** | 3.6 | 4.3 | 5.0 | 6.7 | 4.6 |
| House price index | **5.7** | **3.4** | **0.5** | **(4.3)** | **2.5** | 5.8 | 3.5 | 0.8 | (4.3) | 2.7 |
| Commercial real estate price | **6.1** | **2.0** | **(0.3)** | **(4.8)** | **1.8** | 5.4 | 1.2 | (1.0) | (5.7) | 1.1 |
| Consumer price index | **2.4** | **2.2** | **3.7** | **1.7** | **2.5** | 2.4 | 2.2 | 3.5 | 1.6 | 2.4 |
| Bank of England base rate | **4.1** | **3.6** | **2.5** | **1.2** | **3.2** | 4.4 | 4.0 | 3.0 | 1.6 | 3.6 |
| Stock price index | **5.2** | **3.8** | **2.6** | **0.7** | **3.5** | 6.3 | 5.0 | 3.4 | 1.1 | 4.5 |
| World GDP | **3.7** | **3.0** | **2.3** | **1.4** | **2.8** | 3.8 | 3.2 | 2.5 | 1.6 | 3.0 |
| Probability weight | **21.7** | **45.0** | **20.7** | **12.6** | | 23.2 | 45.0 | 19.1 | 12.7 | |

(1) The five-year summary runs from 2025-2029 for 30 June 2025 and from 2024-2028 for 31 December 2024.
(2) The table shows compound annual growth rate (CAGR) for GDP, average levels for the unemployment rate and Bank of England base rate and Q4 to Q4 CAGR for other parameters.

### Probability weightings of scenarios

RBSI Ltd's quantitative approach to IFRS 9 multiple economic scenarios involves selecting a suitable set of discrete scenarios to characterise the distribution of risks in the economic outlook and assigning appropriate probability weights. This quantitative approach is used for 30 June 2025.

The approach involves comparing GDP paths for RBSI Ltd's scenarios against a set of 1,000 model runs, following which, a percentile in the distribution is established that most closely corresponded to the scenario. The probability weight for base case is set first based on judgement, while probability weights for the alternate scenarios are 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 as global trade policy uncertainty increased, and geopolitical risks remained elevated. US trade policy remains a key area of uncertainty for the economy. RBSI Ltd is comfortable that the adjustments made to the base case view reflect much of the adverse economic impacts from tariffs, while the downside scenarios give good coverage to the potential for more significant economic damage, including higher inflation and downturns in business investment and consumer spending. Given the balance of risks that the economy is exposed to, RBSI Ltd 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 21.7% weighting was applied to the upside scenario, a 45.0% weighting applied to the base case scenario, a 20.7% weighting applied to the downside scenario and a 12.6% weighting applied to the extreme downside scenario.

# Notes

## 6. Loan impairment provisions continued

### Economic loss drivers

**Annual figures**

| GDP - annual growth | Upside % | Base case % | Downside % | Extreme downside % | Weighted average % |
|---|---|---|---|---|---|
| 2025 | 1.4 | 1.1 | 1.0 | (0.8) | 0.9 |
| 2026 | 2.9 | 1.1 | (0.2) | (3.6) | 0.6 |
| 2027 | 2.9 | 1.5 | (0.4) | 1.3 | 1.4 |
| 2028 | 1.8 | 1.4 | 0.9 | 1.4 | 1.4 |
| 2029 | 1.6 | 1.4 | 1.6 | 1.4 | 1.5 |
| 2030 | 1.5 | 1.4 | 1.5 | 1.4 | 1.4 |
| **Unemployment rate - annual average** | | | | | |
| 2025 | 4.5 | 4.6 | 4.7 | 4.8 | 4.6 |
| 2026 | 3.7 | 4.7 | 5.4 | 7.0 | 4.9 |
| 2027 | 3.5 | 4.6 | 5.8 | 8.4 | 5.1 |
| 2028 | 3.5 | 4.5 | 5.6 | 7.9 | 4.9 |
| 2029 | 3.6 | 4.5 | 5.3 | 7.3 | 4.8 |
| 2030 | 3.6 | 4.4 | 5.1 | 6.7 | 4.7 |
| **House price index - four quarter change** | | | | | |
| 2025 | 4.1 | 3.5 | (0.3) | (2.6) | 2.1 |
| 2026 | 7.9 | 3.4 | (2.2) | (11.9) | 1.4 |
| 2027 | 5.8 | 3.4 | (2.7) | (15.9) | 0.8 |
| 2028 | 5.2 | 3.4 | 3.6 | 4.2 | 4.0 |
| 2029 | 5.6 | 3.4 | 4.3 | 6.5 | 4.4 |
| 2030 | 5.5 | 3.4 | 4.2 | 6.2 | 4.3 |
| **Commercial real estate price - four quarter change** | | | | | |
| 2025 | 10.6 | 2.3 | (2.0) | (10.5) | 1.6 |
| 2026 | 6.3 | 2.3 | (6.5) | (24.8) | (1.5) |
| 2027 | 5.7 | 2.6 | 2.2 | 4.1 | 3.4 |
| 2028 | 4.7 | 1.5 | 2.6 | 5.8 | 2.9 |
| 2029 | 3.3 | 1.6 | 2.5 | 5.5 | 2.6 |
| 2030 | 3.0 | 1.4 | 2.5 | 5.3 | 2.4 |
| **Consumer price index - four quarter change** | | | | | |
| 2025 | 3.2 | 2.9 | 4.2 | 2.4 | 3.2 |
| 2026 | 2.7 | 2.2 | 5.8 | 0.7 | 2.9 |
| 2027 | 2.3 | 2.0 | 3.0 | 1.6 | 2.2 |
| 2028 | 2.0 | 2.0 | 2.8 | 2.0 | 2.2 |
| 2029 | 2.0 | 2.0 | 2.5 | 2.0 | 2.1 |
| 2030 | 2.0 | 2.0 | 2.5 | 2.0 | 2.1 |
| **Bank of England base rate - annual average** | | | | | |
| 2025 | 4.32 | 4.21 | 4.07 | 3.58 | 4.12 |
| 2026 | 4.00 | 3.52 | 2.25 | 0.11 | 2.93 |
| 2027 | 4.00 | 3.50 | 2.00 | 0.30 | 2.89 |
| 2028 | 4.00 | 3.50 | 2.00 | 0.64 | 2.94 |
| 2029 | 4.00 | 3.50 | 2.00 | 1.47 | 3.04 |
| 2030 | 4.00 | 3.50 | 2.44 | 2.03 | 3.20 |
| **Stock price index - four quarter change** | | | | | |
| 2025 | 9.7 | 6.1 | (3.1) | (19.3) | 1.8 |
| 2026 | 5.7 | 3.3 | (0.9) | (9.5) | 1.7 |
| 2027 | 4.0 | 3.3 | 5.8 | 14.0 | 4.9 |
| 2028 | 3.5 | 3.3 | 5.8 | 12.3 | 4.7 |
| 2029 | 3.1 | 3.3 | 5.8 | 11.0 | 4.5 |
| 2030 | 3.3 | 3.3 | 5.8 | 10.1 | 4.5 |

## 6. Loan impairment provisions continued

### Worst points

| | 30 June 2025 | | | | | 31 December 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Downside | | Extreme downside | | Weighted average | Downside | | Extreme downside | | Weighted average |
| | % | Quarter | % | Quarter | % | % | Quarter | % | Quarter | % |
| GDP | - | Q2 2027 | (4.8) | Q2 2026 | - | - | Q1 2024 | (4.1) | Q4 2025 | - |
| Unemployment rate - peak | 5.8 | Q2 2027 | 8.5 | Q3 2027 | 5.1 | 5.6 | Q4 2026 | 8.5 | Q1 2027 | 4.9 |
| House price index | (5.0) | Q4 2027 | (28.0) | Q1 2028 | - | (1.9) | Q2 2027 | (25.6) | Q3 2027 | |
| Commercial real estate price | (8.4) | Q4 2026 | (33.5) | Q1 2027 | - | (10.5) | Q2 2026 | (35.0) | Q3 2026 | 1.8 |
| Consumer price index | | | | | | | | | | |
| - highest four quarter change | 6.1 | Q3 2026 | 3.2 | Q2 2025 | 3.3 | 6.1 | Q1 2026 | 3.5 | Q1 2024 | 3.5 |
| Bank of England base rate | | | | | | | | | | |
| - extreme level | 2.0 | Q1 2025 | 0.1 | Q1 2025 | 2.9 | 2.0 | Q1 2024 | 0.1 | Q1 2024 | 2.9 |
| Stock price index | (6.6) | Q2 2026 | (32.1) | Q2 2026 | - | (0.2) | Q4 2025 | (27.4) | Q4 2025 | - |

(1) The figures show falls relative to the starting period for GDP, house price index, commercial real estate price and stock price index. For unemployment rate, it shows highest value through the scenario horizon. For consumer price index, it shows highest annual percentage change. For Bank of England base rate, it shows highest or lowest value through the horizon. The calculations are performed over five years, with a starting point of Q4 2024 for 30 June 2025 scenarios and Q4 2023 for 31 December 2024 scenarios.

### Governance and post model adjustments

The IFRS 9 PD, EAD and LGD models are subject to NatWest Group's model risk policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Various post model adjustments were applied where management judged they were necessary to ensure an adequate level of overall ECL provision. All post model adjustments were subject to review, challenge and approval through model or provisioning committees.

Post model adjustments will remain a key focus area of NatWest Group's ongoing ECL adequacy assessment process. A holistic framework has been established including reviewing a range of economic data, external benchmark information and portfolio performance trends with a particular focus on segments of the portfolio that are likely to be more susceptible to high inflation, high interest rates and supply chain disruption.

### ECL post model adjustments

The table below shows ECL post model adjustments.

| | 30 June 2025 £m | 31 December 2024 £m |
|---|---|---|
| Deferred model calibrations | - | 1 |
| Economic uncertainty | 2 | 4 |
| Other adjustments | - | - |
| Total | 2 | 5 |
| | | |
| *Of which* | | |
| *- Stage 1* | *1* | *3* |
| *- Stage 2* | *1* | *2* |
| *- Stage 3* | - | - |

## 6. Loan impairment provisions continued

### Measurement uncertainty and ECL sensitivity analysis

The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation, particularly in times of economic volatility and uncertainty. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions underlying the estimate.

The impact arising from the base case, upside, downside and extreme downside scenarios was simulated. In the simulations, RBSI Ltd has assumed that the economic macro variables associated with these scenarios 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 analysis below, with the simulation impacting both PDs and LGDs. Post model adjustments included in the ECL estimates that were modelled were sensitised in line with the modelled ECL movements, but those that were judgemental in nature, primarily those for deferred model calibrations and economic uncertainty, were not (refer to the Governance and post model adjustments section) on the basis these would be re-evaluated by management through ECL governance for any new economic scenario outlook and not be subject to an automated calculation. As expected, the scenarios create differing impacts on ECL by portfolio and the impacts are deemed reasonable. In this simulation, it is assumed that existing modelled relationships between key economic variables and loss drivers hold, but in practice other factors would also have an impact, for example, potential customer behaviour changes and policy changes by lenders that might impact on the wider availability of credit.

The focus of the simulations is on ECL provisioning requirements on performing exposures in Stage 1 and Stage 2. The simulations are run on a stand-alone basis and are independent of each other; the potential ECL impacts reflect the simulated impact at 30 June 2025. Scenario impacts on significant increase in credit risk (SICR) should be considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios the total exposure was the same but exposure by stage varied in each scenario.

Stage 3 provisions are not subject to the same level of measurement uncertainty – default is an observed event as at the balance sheet date. Stage 3 provisions therefore were not considered in this analysis.

RBSI Ltd's core criterion to identify a SICR is founded on PD deterioration. Under the simulations, PDs change and result in exposures moving between Stage 1 and Stage 2 contributing to the ECL impact.

### Measurement uncertainty and ECL adequacy

- If the economics were as negative as observed in the extreme downside (i.e. 100% probability weighting), total Stage 1 and Stage 2 ECL was simulated to increase. In this scenario, Stage 2 exposure increased significantly and was the key driver of the simulated ECL rise. The movement in Stage 2 balances in the other simulations was less significant.
- In the Non-Personal portfolio, there was a significant increase in ECL under the extreme downside scenario. The Non-Personal property ECL increase was mainly due to commercial real estate prices which showed negative growth until 2026 and significant deterioration in the stock index. The non-property increase was mainly due to GDP contraction and significant deterioration in the stock index.
- Given the continued economic uncertainty, RBSI Ltd utilised a framework of quantitative and qualitative measures to support the levels of ECL coverage. This included economic data, credit performance insights and problem debt trends. This was particularly important for consideration of post model adjustments.
- As the effects of these economic risks evolve, there is a risk of further credit deterioration. However, the income statement effect of this should be mitigated by the forward-looking provisions retained on the balance sheet at 30 June 2025.
- There are a number of key factors that could drive further downside to impairments, through deteriorating economic and credit metrics and increased stage migration as credit risk increases for more customers. Such factors which could impact the IFRS 9 models, include an adverse deterioration in unemployment, GDP and stock price index.

## Notes

### 6. Loan impairment provisions continued

Loan exposure and impairment metrics

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

| | 30 June 2025 £m | 31 December 2024 £m |
|---|---|---|
| **Loans - amortised cost** | | |
| Stage 1 | **17,383** | 16,177 |
| Stage 2 | **152** | 302 |
| Stage 3 | **76** | 141 |
| Inter-group (1) | **743** | 750 |
| Total | **18,354** | 17,370 |
| **Loan impairment provisions** | | |
| **ECL provisions** | | |
| Stage 1 | **9** | 11 |
| Stage 2 | **4** | 6 |
| Stage 3 | **35** | 44 |
| Total | **48** | 61 |
| **ECL provision coverage (2,3)** | | |
| Stage 1 (%) | **0.05** | 0.07 |
| Stage 2 (%) | **2.63** | 1.99 |
| Stage 3 (%) | **46.05** | 31.21 |
| | **0.27** | 0.37 |

| | Half year ended 30 June 2025 £m | 30 June 2024 £m |
|---|---|---|
| **Impairment releases** | | |
| ECL release | **(10)** | (11) |
| ECL release rate - annualised (basis points) (4) | **(0.11)** | (0.14) |
| | | |
| Amounts written-off | **-** | 1 |

(1) Amounts due from holding companies and fellow subsidiaries (inter-group) are all considered as Stage 1.
(2) ECL provisions coverage is ECL provisions divided by loans – amortised cost.
(3) ECL provisions coverage and ECL loss rates are calculated on third party loans and related ECL provisions and charge respectively.
(4) ECL loss rate is calculated as annualised third party ECL charge divided by loans – amortised cost.
(5) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling £13.1 billion (31 December 2024 – £14.2 billion) and debt securities of £6.1 billion (31 December 2024 – £5.5 billion).

# Notes

## 6. Loan impairment provisions continued

### Flow statement

The flow statement that follows show 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 effect. 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.
- Other (P&L only items) includes any subsequent changes in the value of written-down assets (for example, fortuitous recoveries) along with other direct write-off items such as direct recovery costs. Other (P&L only items) affects the income statement but does not affect balance sheet ECL movements.
- Amounts written-off represent the gross asset written-down against accounts with ECL, including the net asset write-down for any debt sale activity.
- The effect of any change in post model adjustments during the year is typically reported under changes in risk parameters, as are any effects arising from changes to the underlying models. Refer to the section on Governance and post model adjustments for further details.
- All movements are captured monthly and aggregated. Interest suspended post default is included within Stage 3 ECL with the movement in the value of suspended interest during the year reported under currency translation and other adjustments.

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets | ECL | Financial assets | ECL | Financial assets | ECL | Financial assets | ECL |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| At 1 January 2025 | **37,487** | **11** | **336** | **6** | **142** | **44** | **37,965** | **61** |
| Currency translation and other adjustments | **(110)** | **-** | **-** | **-** | **8** | **-** | **(102)** | **-** |
| Transfers from Stage 1 to Stage 2 | **(97)** | **-** | **97** | **-** | **-** | **-** | **-** | **-** |
| Transfers from Stage 2 to Stage 1 | **200** | **-** | **(200)** | **-** | **-** | **-** | **-** | **-** |
| Transfers to Stage 3 | **(1)** | **-** | **(16)** | **(1)** | **17** | **1** | **-** | **-** |
| Transfers from Stage 3 | **2** | **-** | **2** | **-** | **(4)** | **-** | **-** | **-** |
| Other exposure and related changes | **(885)** | **(2)** | **(53)** | **(1)** | **(78)** | **(7)** | **(1,016)** | **(10)** |
| Amounts written-off | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Unwinding of discount | | **-** | | **-** | | **(3)** | | **(3)** |
| At 30 June 2025 | **36,596** | **9** | **166** | **4** | **85** | **35** | **36,847** | **48** |
| Net carrying amount | **36,587** | **-** | **162** | **-** | **50** | **-** | **36,799** | **-** |
| At 1 January 2024 | 37,097 | 16 | 721 | 12 | 128 | 39 | 37,946 | 67 |
| 2024 movements | 59 | (4) | (311) | (7) | 14 | 1 | (238) | (10) |
| At 30 June 2024 | 37,156 | 12 | 410 | 5 | 142 | 40 | 37,708 | 57 |
| Net carrying amount | 37,144 | | 405 | | 102 | | 37,651 | |

(1) Related financial asset movements are one month in arrears relative to the balance sheet reporting dates, as these are the balances used to calculate the modelled ECL (i.e. reported financial assets at 1 January 2025 in the flow statements reflect 30 November 2024 positions, and 30 June 2025 reported figures reflect 31 May 2025 positions).

## Notes

### 7. 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 30 June 2025. Although RBSI Ltd 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 RBSI Ltd's expectation of future losses.

| | 30 June 2025 £m | 31 December 2024 £m |
|---|---|---|
| Contingent liabilities and commitments | | |
| Guarantees | **231** | 267 |
| Other contingent liabilities | **20** | 22 |
| Standby facilities, credit lines and other commitments | **9,619** | 9,906 |
| Total | **9,870** | 10,195 |

Commitments and contingent obligations are subject to RBSI Ltd's normal credit approval processes.

### 8. Litigation and regulatory matters

As a participant in the financial services industry, RBSI Ltd operates in a highly regulated environment. At any moment in time it is likely that RBSI Ltd will be party to legal proceedings and involved in regulatory matters, including as the subject of investigations and other regulatory and government action ('Matters') in the jurisdictions it operates in. Such Matters are subject to many uncertainties and their outcome is often difficult to predict, particularly in the early stages.

The directors of RBSI Ltd have reviewed actual and known potential claims and proceedings and, after consulting with the relevant legal advisers are satisfied that the outcome of these claims and proceedings will not have a material adverse effect on RBSI Ltd's net assets, results of operations or cash flows.

RBSI Ltd recognises a provision for a liability in relation to such 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 such 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 RBSI Ltd's reputation, business and operations.

RBSI Ltd has engaged, and will continue to engage, in discussions with relevant regulatory authorities, 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. RBSI Ltd is cooperating fully with the matters described below.

For a discussion of certain risks associated with RBSI Ltd's litigation and regulatory matters (including the Matters), refer to the Risk Factor relating to legal, regulatory and conduct risk set out on page 21.

#### RBSI Ltd reliance regime and referral to enforcement

In January 2023, the Jersey Financial Services Commission (JFSC) notified RBSI Ltd that it had been referred to its Enforcement Division in relation to RBSI Ltd's operation of the reliance regime. The reliance regime is specific to certain Crown Dependencies and enables RBSI Ltd to rely on regulated third parties for specific due diligence information. In July 2025, the JFSC confirmed the investigation had concluded, having determined it reasonable to take no further action.

# Notes

## 9. 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%.

RBSI Ltd enters into transactions with many of these bodies. Transactions include the payment of: taxes – principally UK corporation tax and value added tax; national insurance contributions; local authority rates; regulatory fees and levies; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

### Bank of England facilities

RBSI Ltd may participate in a number of schemes operated by the Bank of England in the normal course of business.

### Other related parties

(a) In their roles as providers of finance, RBSI Ltd provide development and other types of capital support to businesses. These investments are made in the normal course of business.

(b) RBSI Ltd is recharged from other NatWest Group entities, mainly NWB Plc which provides the majority of shared services (including technology) and operational processes.

(c) In accordance with IAS 24, transactions or balances between RBSI Ltd that have been eliminated on consolidation are not reported.

Full details of RBSI Ltd's related party transactions for the year ended 31 December 2024 are included in The Royal Bank of Scotland International Limited 2024 Annual Report and Accounts.

RBSI Ltd's financial assets and liabilities include amounts due from/to the holding company and fellow subsidiaries as below:

| | **30 June 2025** | | | 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | **Holding company** | **Fellow subsidiaries** | **Total** | Holding company | Fellow subsidiaries | Total |
| | **£m** | **£m** | **£m** | £m | £m | £m |
| Assets | | | | | | |
| Loans to banks - amortised cost | **-** | **743** | **743** | - | 750 | 750 |
| Other financial assets | **-** | **150** | **150** | - | 50 | 50 |
| Other assets | **-** | **8** | **8** | - | 13 | 13 |
| Amounts due from holding company and fellow subsidiaries | **-** | **901** | **901** | - | 813 | 813 |
| Derivatives (1) | **-** | **119** | **119** | - | 213 | 213 |
| Liabilities | | | | | | |
| Bank deposits | **-** | **110** | **110** | - | 85 | 85 |
| Customer deposits | **-** | **61** | **61** | - | 67 | 67 |
| Subordinated liabilities | **258** | **-** | **258** | 283 | - | 283 |
| Other liabilities | **-** | **45** | **45** | - | 39 | 39 |
| Amounts due to holding company and fellow subsidiaries | **258** | **216** | **474** | 283 | 191 | 474 |
| Derivatives (1) | **-** | **275** | **275** | - | 276 | 276 |

(1) Intercompany derivatives are included within derivative classification on the balance sheet.

## 10. Post balance sheet events

There have been no significant events between the 30 June 2025 and the date of approval of this announcement which would require a change to, or additional disclosure in the announcement.

## 11. Date of approval

This announcement was approved by the Board of Directors on 24 July 2025.

# Royal Bank of Scotland International Limited Summary Risk Factors

## Summary of Principal Risks and Uncertainties

Set out below is a summary of the principal risks and uncertainties for the remaining six months of the financial year which could adversely affect RBSI Ltd. This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties; a fuller description of these and other risk factors is included on pages 102 to 106 of The Royal Bank of Scotland International Limited 2024 Annual Report and Accounts. Any of the risks identified may have a material adverse effect on RBSI Ltd's business, operations, financial condition or prospects.

### Economic and political risk

- RBSI Ltd, its customers and its counterparties face continued economic and political risks and uncertainty in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, and geopolitical developments.
- Changes in interest rates will continue to affect RBSI Ltd's business and results.
- Fluctuations in currency exchange rates may adversely affect RBSI Ltd's results and financial condition.

### Strategic risk

- RBSI Ltd is subject to strategic risks including as part of NatWest Group's Commercial & Institutional business segment.
- RBSI Ltd continues to implement its strategy, which carries significant execution and operational risks and may not achieve its stated aims and targeted outcomes.

### Financial resilience risk

- RBSI Ltd may not achieve its ambitions or targets, meet its guidance, or be in a position to continue to make discretionary capital distributions.
- RBSI Ltd operates in markets that are highly competitive, with competitive pressures and technology disruption.
- RBSI Ltd has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on RBSI Ltd.
- RBSI Ltd may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.
- An inability to grow or any material decrease in RBSI Ltd's deposits could, particularly if accompanied by one of the other factors described above, adversely affect RBSI Ltd's ability to satisfy its liquidity or funding needs. In turn, this could require RBSI Ltd to adapt its funding plans or change its operations.
- Any reduction in the credit rating and/or outlooks assigned to RBSI Ltd could adversely affect the availability of funding for RBSI Ltd, reduce RBSI Ltd's liquidity and funding position and increase the cost of funding.
- RBSI Ltd may not meet the prudential regulatory requirements for regulatory capital or manage its capital effectively, which could trigger the execution of certain management actions or recovery options.
- The introduction of Basel 3 amendments may result in additional supervisory and prudential expectations, including an increase in risk-weighted assets. The details of Basel 3 amendments in Jersey remain subject to regulatory uncertainty.
- RBSI Ltd may be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests.
- RBSI Ltd could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.
- RBSI Ltd's financial statements are sensitive to the underlying accounting policies, judgements, estimates and assumptions.
- Changes in accounting standards may materially impact RBSI Ltd's financial results.

### Climate and sustainability-related risks

- RBSI Ltd and its value chain face climate and sustainability-related risks that may adversely affect RBSI Ltd.
- RBSI Ltd's strategy relating to climate change, ambitions, targets and transition plan entail significant execution and/or reputational risks and are unlikely to be achieved without significant and timely government policy, technology and customer behavioural changes.
- There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and other sustainability-related data that contribute to substantial uncertainties in accurately modelling and reporting on climate and sustainability information, as well as making appropriate important internal decisions.
- RBSI Ltd is subject to more extensive, and sophisticated climate and other sustainability-related laws, regulation and oversight and there is an increasing risk of regulatory enforcement, investigation and litigation.

### Operational and IT resilience risk

- Operational risks (including reliance on third party suppliers and outsourcing of certain activities) are inherent in RBSI Ltd's businesses.
- RBSI Ltd is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.
- RBSI Ltd's operations and strategy are highly dependent on the accuracy and effective use of data as well as its complex IT systems and any IT failure could adversely affect RBSI Ltd.
- RBSI Ltd relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations.
- A failure in RBSI Ltd's risk management framework could adversely affect RBSI Ltd, including its ability to achieve its strategic objectives.
- RBSI Ltd's operations are subject to inherent reputational risk.

# Royal Bank of Scotland International Limited Summary Risk Factors

## Summary of Principal Risks and Uncertainties continued

### Legal, regulatory and conduct risk

- RBSI Ltd is subject to extensive laws, regulations, guidelines, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates, which are constantly evolving and which represent ongoing compliance and conduct risks.
- Regulatory developments may also result in an increased number of regulatory investigations and proceedings and have increased the risks relating to RBSI Ltd's ability to comply with the applicable body of rules and regulations in the manner and within the timeframes required.
- RBSI Ltd is exposed to the risks of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on RBSI Ltd.
- Changes in tax legislation (or application thereof) or failure to generate future taxable profits may impact the recoverability of certain deferred tax assets recognised by RBSI Ltd.

## Statement of directors' responsibilities

We, the directors listed below, confirm that to the best of our knowledge:

- the condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB);

- the condensed financial statements complies with the Companies (Jersey) Law 1991, the Banking Business (Jersey) Law 1991, the Financial Services (General Insurance Mediation Business (Accounts, Audits, Reports and Solvency)) (Jersey) Order 2005, the Financial Services (Trust Company and Investment Business (Accounts, Audits and Reports)) (Jersey) Order 2007 and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007, the Financial Services (Jersey) Law 1998 and their Codes of Practice.

By order of the Board

Robert Horrocks
Chief Financial Officer

24 July 2025

### Board of directors

| Chair | Executive directors | Non-executive directors |
|---|---|---|
| James McConville | Oliver Holbourn (resigned 30 June 2025) | Christine Ashton |
| | Robert Horrocks | Bruce Cannon |
| | | Aaron Le Cornu |
| | | Carinne Withey |

Oliver Holbourn resigned as Chief Executive Officer on 30 June 2025. Jane Howard was appointed Chief Executive Officer on 1 July 2025.

# Additional Information

## Presentation of information

The Royal Bank of Scotland International Limited (RBSI Ltd) is a wholly-owned subsidiary of The Royal Bank of Scotland International (Holdings) Limited (RBSIH). NatWest Group plc is the ultimate holding company of RBSI Ltd. The term 'NatWest Group' refers to NatWest Group plc and its subsidiaries.

RBSI Ltd publishes its financial statements in the functional currency, pounds sterling (£ or sterling) and all values are rounded to the nearest million pounds, except when otherwise indicated. The abbreviations £m and £bn represent millions and thousands of millions of pounds sterling, respectively.

## Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991 and other applicable local laws. The statutory accounts for the year ended 31 December 2024 have been filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Companies (Jersey) Law 1991.

## Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to RBS International Limited's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about RBS International Limited's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: RBS International Limited's economic and political risks; the constantly evolving oversight and regulatory environment (including its regulatory capital position and related requirements); its strategic risks (including as part of NatWest Group's Commercial & Institutional business segment, and as a result of NatWest Group's climate and sustainability-related targets); its access to sources of liquidity and funding; its financial position, profitability and financial performance (including financial, capital, and operational targets); and its counterparty and borrower risk (including its impairment losses and credit exposures under certain specified scenarios). Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and uncertainties, the exposure to third party risk, strategic risk operational risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational risk and the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBS International Limited's actual results are discussed in RBS International Limited's 2024 Annual Report and Accounts, RBS International Limited's Interim Management Statement for H1 2025, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and RBS International Limited does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.