

NatWest Group plc
18 February 2026

NatWest Markets N.V. 2025 ARA
RBS Holdings N.V. 2025 ARA

NatWest Markets N.V. and RBS Holdings N.V. today announces the publication of the 2025 Annual Report and Accounts. The documents will be available on NatWest Group plc's website at <https://investors.natwestgroup.com/reports-archive>

We have also published the RBS Holdings N.V. 2025 Pillar 3 report, available at <https://investors.natwestgroup.com/reports-archive>

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For the purpose of compliance with the Disclosure Guidance and Transparency Rules, this announcement also contains risk factors extracted from the NatWest Markets N.V. Annual Report and Accounts 2025 in full unedited text. Page references in the text refer to page numbers in the NatWest Markets N.V. Annual Report and Accounts 2025.

Principal Risks and Uncertainties

Set out below are certain risk factors that could have a material adverse effect on NWM N.V. Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, and directly or indirectly impact the value of its securities. These risk factors are broadly categorised and should be read in conjunction with other risk factors in this section and other parts of this annual report, including the top and emerging risk section, and the risk and capital management section. They should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing NWM N.V. Group.

Economic and political risk

NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments.

NWM N.V. Group is affected by global economic and market conditions, particularly those in the EU. Uncertain and volatile economic conditions in the EU or globally can create a challenging operating environment for financial services companies such as NWM N.V. Group. The outlook for the EU and the global economy is affected by many factors including: GDP growth, unemployment, inflation, interest rates, asset prices (including residential and commercial property), commodity and energy prices, supply chain disruption (including the sourcing of rare earths and critical minerals), protectionist policies or trade barriers (including tariffs), and monetary and fiscal policy.

Economic and market conditions could be exacerbated by a number of factors including: instability in the UK, the EU or global financial systems, market volatility and change, fluctuations in the value of the pound sterling and euro, new or extended economic sanctions, volatility in commodity prices, political uncertainty or instability, concerns regarding sovereign debt (including sovereign credit ratings), any lack or perceived lack of creditworthiness of a counterparty or borrower that may trigger market-wide liquidity problems, changing demographics in the markets that NWM N.V. Group and its customers serve, or rapid changes to the economic environment due to the adoption of technology, digitisation, automation and artificial intelligence (including machine learning, and generative and agentic artificial intelligence), or due to climate change, biodiversity loss, environmental degradation, and widening social and economic inequalities.

NWM N.V. Group is also exposed to risks arising out of geopolitical events or political developments that may hinder economic or financial activity levels, and may directly or indirectly impact European, regional or global trade and/or NWM N.V. Group's customers and counterparties. Political, military or diplomatic events, geopolitical tensions, armed conflict (for example, the Russia-Ukraine conflict and Middle East conflicts), terrorist acts or threats (including to critical infrastructures), more severe and frequent extreme weather events, widespread public health crises, and the responses to any of the above scenarios by various governments and markets, may have a material adverse effect on the business and performance of NWM N.V. Group.

The value of NWM N.V. Group's own and other securities may be materially affected by market risk (including as a result of market fluctuations). Market volatility, illiquid market conditions and disruptions in the financial markets may make it very difficult to value certain of NWM N.V. Group's own and other securities, particularly during periods of market displacement. This could cause a decline in the value of NWM N.V. Group's

financial instruments, or inaccurate carrying values for certain securities. Similarly, NWM N.V. Group trades a considerable amount of own and other securities (including derivatives) and volatile market conditions could result in a significant decline in NWM N.V. Group's net trading income or result in a trading loss.

In addition, financial markets are susceptible to severe events evidenced by, or resulting in, rapid depreciation in asset values, which may be accompanied by a reduction in asset liquidity. Under these conditions, hedging and other risk management strategies may not be as effective at mitigating losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously (and often automatically) and on a large scale, increasing NWM N.V. Group's counterparty risk. NWM N.V. Group's risk management and monitoring processes seek to quantify and mitigate NWM N.V. Group's exposure to extreme market moves. However, market events have historically been difficult to predict and NWM N.V. Group, its customers and its counterparties could realise significant losses if severe market events were to occur.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Changes in interest rates will continue to affect NWM N.V. Group's business and results.

NWM N.V. Group's performance is affected by changes in interest rates. Benchmark overnight interest rates decreased in 2025, and forward rates at 31 December 2025 suggest that the key ECB interest rates will remain stable in 2026. On the one hand, stable interest rates support more predictable income flow and less volatility in asset and liability valuations, although persistently low and negative interest rates, may adversely affect NWM N.V. Group, as it limits the income from lending activities. On the other hand, volatility in interest rates may result in unexpected outcomes both for interest income and asset and liability valuations which may adversely affect NWM N.V. Group. For example, decreases in key benchmark rates such as the key ECB interest rates may adversely affect NWM N.V. Group's net interest margin, and unexpected movements in spreads between key benchmark rates such as sovereign and swap rates may, in turn, affect liquidity portfolio valuations. In addition, unexpected sharp rises in rates may also have an adverse effect on some asset and derivative valuations.

Furthermore, customer and investor responses to rapid changes in interest rates can have an adverse impact on NWM N.V. Group. For example, customers may make deposit choices that provide them with higher returns than those then being offered by NWM N.V. Group, and NWM N.V. Group may not respond with competitive products as rapidly, for example following an interest rate change which may in turn decrease NWM N.V. Group's net interest income. Movements in interest rates also influence and reflect the macroeconomic situation more broadly. Affecting factors such as business and consumer confidence, property prices, default rates on loans, customer behaviour and other indicators may have an indirect adverse effect on NWM N.V. Group and the effectiveness of its hedging strategy.

Any of the above may have an adverse effect on its future results, financial condition, prospects, and/or reputation.

Business change and execution risk

NWM N.V. is NatWest Group's operating entity located in the EU to serve European customers and is directly supervised by the ECB.

NWM N.V. is NatWest Group's banking and trading entity headquartered in the Netherlands with branches in France, Germany, Italy, and Sweden to serve EEA customers. Certain aspects of the services provided by NatWest Group in the EU require local licences or individual equivalence decisions (temporary or otherwise) by relevant regulators. However, following the approval of CRR III and CRD VI, non-EU firms providing 'banking services' will be required from 11 January 2027 to apply for and obtain authorisation to operate as third country branches in each relevant EU member state where they provide such services, unless an exemption applies. A failure to obtain the appropriate authorisations may have an adverse effect on NWM Group (including N.V. Group).

As NWM N.V. and its parent company, RBS Holdings N.V., are classified as a "significant supervised group", NWM N.V. is directly supervised by the ECB, which may have an adverse effect on NWM N.V. Group's business strategy, operating model (including any compliance cost) and prudential and regulatory requirements.

NatWest Group continues to evaluate its EU operating model, making adaptations as necessary. For instance, in December 2024, NWM N.V. became the primary corporate and institutional customer-facing entity of the NatWest Group in Europe. This new structure may lead to a significant increase in assets and liabilities within NWM N.V. Group and may require NWM N.V. to significantly increase its funding requirements, add additional skilled personnel, allocate increased management attention, and grow its technological capabilities.

A failure by NWM N.V. Group to address any of these changes, if and when they arise, may have an adverse impact on NWM N.V. Group. See, 'NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements', 'NWM N.V. Group relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations', and 'NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group'.

Changes to, or uncertainty regarding NatWest Group's and NWM Group's (including NWM N.V. Group) EU operating model have been, and may continue to be, costly and may (i) adversely affect customers and counterparties who are dependent on trading with the EU or personnel from the EU; and/or (ii) result in further costs and/or regulatory sanction due to a failure to receive the required regulatory permissions and/or further changes to NatWest Group's and NWM Group's business operations, product offering, customer engagement, and regulatory requirements (including as a result of CRD VI).

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change.

As part of NatWest Group's strategy (including the strategic priorities of disciplined growth, leveraging simplification and active balance sheet and risk management), NWM Group and NWM N.V. Group's strategies have evolved to mostly focus on serving NatWest Group's corporate and institutional customer base via the creation of NatWest Group's C&I business segment, which was established to promote closer operational and strategic alignment to support NatWest Group growth and offer more integrated services to customers across NatWest Group entities. As a result, NWM N.V. Group results are reported on a standalone legal entity basis, and under the C&I operating segment structure.

NWM N.V. Group's ability to serve its customers may be potentially impacted by the execution of NatWest Group's strategy in respect of its C&I business segment and customer responses to the changes in NWM Group's (including NWM N.V. Group's) business model and may be more adverse than expected. Previously anticipated revenue and profitability levels may not be realised (including in relation to: the ability to support customer transactions whilst meeting NWM Group capital targets, and changes to the availability of risk capital, in the timescales envisaged, or at all). A challenging macroeconomic environment, political and regulatory uncertainty, market volatility, market competition, the emergence of digital assets and digital currencies operating alongside the traditional monetary system, and/or the complexity of deployment and integration of artificial intelligence in NWM N.V. Group's processes, controls, and products may require NWM N.V. Group to make adjustment to its strategy or planned implementation timeline.

As a subsidiary of NWM Plc (and ultimately NatWest Group plc), NWM N.V. Group utilises a number of NWM Group and NatWest Group systems, policies and frameworks (via a shared services model) including in relation to: technology (including innovation) and network infrastructure, marketing, risk frameworks, financial accounting systems, reporting, onboarding processes, model development and validation, certain administrative and legal services and governance. Any change to the cost and/or scope of services provided by NatWest Group may impact NWM Group's (including NWM N.V. Group's) competitive position and its ability to meet its other targets. In addition, the products that NWM N.V. Group offers are based on those offered by NWM Group. As such, any changes made to systems, policies, frameworks or products of NatWest Group or NWM Group, or any failure of NWM Group to receive these services may have a corresponding impact on NWM N.V., and may increase NWM N.V. Group operational risk. See, 'Operational risks (including reliance on third-party suppliers and outsourcing of certain activities) are inherent in NWM N.V. Group's businesses'.

NWM Group's (which includes NWM N.V. Group) strategy requires it to focus on bank-wide simplification, a proportion of which is dependent on simplification of its IT systems and therefore may not be realised if IT capabilities are not delivered in line with assumptions. The scale of changes that have been concurrently implemented require the implementation and application of robust governance and controls frameworks and robust IT systems. There is a risk that NWM Group (including NWM N.V. Group) may not be successful in maintaining such governance and control frameworks and IT systems.

As part of NWM Group's strategy, NWM Group has set a number of financial, capital and operational targets and expectations. The financial, operational and capital targets and expectations envisaged by NWM's strategy may not be met or maintained in the timeframes expected or at all. In addition, targets and expectations for NWM Group are based on management plans, projections and models, and are subject to a number of key assumptions and judgements, any of which may prove not to materialise.

NWM N.V. Group's strategy entails legal, execution, operational and regulatory, conflicts, IT system, cybersecurity, culture, people, conduct, business and financial risks to NWM N.V. Group. As a result, NWM N.V. Group may not be able to successfully implement some or all aspects of its strategy or may not meet any or all of the related strategic targets or expectations. Each of these risks, and others identified in this section entitled 'Principal Risks and Uncertainties', individually or collectively, could adversely affect NWM N.V. Group's products and services offering or office locations, competitive position, ability to meet targets and commitments, reputation with customers or business model and may result in higher-than-expected costs. There is a risk that the intended benefits of NatWest Group's and NWM Group's (which includes NWM N.V. Group) strategies may not be realised in the timelines or in the manner contemplated, or at all. Various aspects of NWM Group's strategy may not be successful, may not be completed as planned, or at all, or could be phased or could progress in a manner other than as expected. This could lead to additional management actions by NWM N.V. Group, regulatory action or reduced liquidity and/or funding opportunities.

Any of the above may lead to NWM Group (and NWM N.V. Group) not being viable, competitive or profitable, and may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group operates in markets that are highly competitive, with competitive pressures and technology disruption.

NWM N.V. Group operates in markets for which competition is expected to continue and intensify due to: evolving customer behaviour, technological changes (including digital currencies, stablecoins, and the growth of digital banking), competitor behaviour, new market entrants, competitive foreign exchange offerings, industry trends resulting in increased disaggregation or unbundling of financial services, or, conversely the

re-intermediation of traditional banking services, and the impact of regulatory actions, among others. In particular, NWM N.V. Group may be unable to grow or retain market share due to new (or more competitive) banking, lending, and payment offerings by rapidly evolving incumbents and challengers (including shadow banks, alternative or direct lenders and new entrants). These competitive pressures may result in a shift in customer behaviour and impact NWM N.V. Group's revenues and profitability. Moreover, innovations in biometrics, artificial intelligence, automation, cloud services, blockchain, cryptocurrencies and quantum computing may rapidly facilitate industry transformation.

Increasingly, many of NWM N.V. Group's products and services are, and will become, more technology intensive, including through digitalisation, automation and the use of artificial intelligence, while needing to continue complying with applicable and evolving regulations. NWM N.V. Group's ability to develop or acquire digital solutions and their integration into NWM N.V. Group's structures, systems and controls has become increasingly important for retaining and growing NWM N.V. Group's market share and customer-facing businesses. NWM N.V. Group's innovation strategy (which includes investments in its IT capability intended to improve its core infrastructure and customer interface capabilities as well as investments and strategic partnerships with third-party technology providers) may not be successful or may not result in NWM N.V. Group offering innovative products and services in the future.

Furthermore, competitors may outperform NWM N.V. Group in deploying technologies to deliver products or services to customers, which may adversely affect NWM N.V. Group's competitive position. In addition, continued industry consolidation and/or technological developments could result in the emergence of new competitors or strengthening NWM N.V. Group's current competitors, including in their ability to offer a broader and more attractive or better value range of products and services and geographic diversity. For example, new market entrants, including non-traditional financial services providers, such as technology conglomerates, may benefit from scale, technology and may be able to develop and deliver financial services at a lower cost base.

Failure to offer competitive, attractive, innovative, and profitable products that are also released in a timely manner, may result in lost market share, losses on some or all of NWM N.V. Group's initiatives and missed growth opportunities. For example, NWM N.V. Group is investing in the automation of certain solutions and interactions within its customer-facing businesses, including through artificial intelligence. There can be no certainty that such initiatives will allow NWM N.V. Group to compete effectively or will deliver the expected cost savings for NWM N.V. Group. In addition, the implementation of NatWest Group's strategy, delivery on its climate ambition and cost-controlling measures may also have an adverse effect on competitiveness and returns.

NWM Group and NWM N.V. Group may also fail to identify opportunities or derive benefits from technological innovation, shifting customer behaviour or regulatory changes. Competitors may better attract and retain customers and key employees, operate more effective IT systems, and have access to lower cost funding and/or be able to attract deposits or provide investment-banking services on more favourable terms than NWM N.V. Group. Although NWM Group invests in new technologies and participates in industry and research-led technology development initiatives, such investments may be insufficient or ineffective, especially given NWM Group's focus on business simplification and cost efficiencies. This could affect NWM N.V. Group's ability to offer innovative products or technologies to customers.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

The transfer of NatWest Group's EU corporate portfolio involves certain risks.

To improve efficiencies and best serve customers, certain assets, liabilities, transactions and activities of NatWest Group (including its Western European corporate portfolio principally consisting of term funding and revolving credit facilities) (the 'Transfer Business'), have been or may be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group (including NWM N.V. Group), and/or (ii) transferred to the ring-fenced subgroup of NatWest Group from NWM Group (including NWM N.V. Group), subject to customer and regulatory requirements, such as CRD VI. The timing, success and quantum of any of these transfers remain uncertain as is the impact of these transactions on NWM N.V. Group's results of operations and financial condition.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Financial resilience risk

NWM Group, including NWM N.V. Group, may not achieve its ambitions or targets, meet its guidance, generate returns or implement its strategy effectively.

NWM N.V. Group's ability to meet its ambitions, targets, guidance, and make discretionary capital distributions is subject to various internal and external factors, risks and uncertainties. These include but are not limited to: EU and global macroeconomic, political, market and regulatory uncertainties, customer behaviour, operational risks and risks relating to NWM N.V. Group's business model and strategy (including risks associated with climate and other sustainability-related issues). See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

As part of NatWest Group's strategy, NWM N.V. Group has set a number of financial, capital and operational targets including in respect of: CET1 ratio targets, leverage ratio targets, targets in relation to local regulation, funding plans and requirements, employee engagement, diversity and inclusion as well as it contributes to NatWest Group's climate and sustainability-related ambitions, targets and commitment and the implementation of NatWest Group's climate transition plan.

A number of factors may impact NWM N.V.'s abilities to maintain its CET1 ratio target, including the macroeconomic environment, impairments, the extent of organic capital generation, and the receipt and payment of dividends. Furthermore, the focus on maintaining a disciplined cost base may result in limited investment in other areas which could affect NWM N.V. Group's long-term product offering or competitive position and its ability to meet its other targets, including those related to customer satisfaction.

NWM N.V. Group is also subject to transfer pricing arrangements with NWM Plc (NWM N.V.'s parent company). These are governed by arm's length transfer pricing legislation in both the Netherlands and UK, require the approval by both counterparties and are subject to audit and/or assessment by Dutch and UK tax authorities. A portion of NWM N.V. Group's income derives from transfer pricing income received from NatWest Group entities. Should the level of such income change as a result of regulatory intervention or otherwise, this may have a material and adverse effect on NWM N.V. Group's profitability, and its ability to meet its financial targets

Any of the above may lead to NWM N.V. Group not being a viable, competitive or profitable banking business, and may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. may not meet the prudential regulatory requirements for capital.

NWM N.V. Group is required by the ECB to maintain adequate financial resources. Adequate capital provides NWM N.V. Group with financial flexibility in the face of turbulence and uncertainty in the global economy and specifically in its core European operations. NWM Plc's and NWM N.V.'s target CET1 ratios (see the targets set forth in each respective entity's Outlook section) are based on regulatory requirements and management actions that rely on internal modelling and risk appetite (including under stress). As at 31 December 2025, NWM N.V. Group's CET1 ratio (on a consolidated basis) was 18.5% and its CET1 ratio target for the medium term is around 14 %. NWM N.V.'s current capital strategy is based on the management of RWAs and other capital management initiatives.

Other factors that could influence NWM N.V.'s CET1 ratios include:

- a depletion of NWM N.V.'s capital resources through reduced profits (which would in turn impact retained earnings) and may result from revenue attrition or increased liabilities, sustained periods of low interest rates, reduced asset values resulting in write-downs or reserve adjustments, impairments, changes in accounting policy, accounting charges or foreign exchange movements;
- a change in the quantum of NWM N.V.'s RWAs, stemming from exceeding target RWA levels, regulatory changes (including their interpretation or application), foreign exchange movements or a failure in internal controls or procedures to accurately measure and report RWAs/leverage exposure. An increase in RWAs would lead to a reduction in the CET1 ratio (and increase the amount of internal MREL required for NWM N.V.);
- changes in prudential regulatory requirements including the Total Capital Requirement for NWM N.V. (as regulated by the ECB), including Pillar 2 requirements and regulatory buffers as well as any applicable scalars;
- further losses (including as a result of extreme one-off incidents such as cyberattack, fraud or conduct issues) would deplete capital resources and place downward pressure on the CET1 ratio; or
- the timing of planned liquidation, disposal and/or capital releases of capital including on activity or legacy entities owned by NWM Plc and NWM N.V. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

Management actions taken under a stress scenario may affect, among other things, NWM N.V. Group's product offering, its credit ratings, its ability to operate its businesses and pursue its strategy, any of which may negatively impact investor confidence and the value of NWM N.V. Group's securities. See also, 'NWM N.V. may not manage its capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options', and 'NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities).'

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.

Liquidity and the ability to raise funds continues to be a key area of focus for NWM N.V. Group and the industry as a whole. NatWest Group and NWM N.V. are required by regulators in the UK, the EU and other jurisdictions in which they undertake regulated activities to maintain adequate liquidity and funding resources. To satisfy its liquidity and funding requirements, NWM N.V. Group may therefore access sources of liquidity and funding through deposits and wholesale funding, including debt capital markets and trading liabilities such as repurchase agreements. As at 31 December 2025, NWM N.V. Group held €5.9 billion in deposits from banks and customers.

The level of deposits and wholesale funding may fluctuate due to factors outside NWM N.V. Group's control. These factors include: loss of customers, changes in customer behaviour, loss of customer and/or investor confidence (including in individual NWM N.V. Group entities or the European banking sector or the banking sector as a whole), macroeconomic developments, political uncertainty, changes in interest rates, market volatility, increasing competitive pressures for bank funding (including from new entrants, fintech companies, or new deposit offerings (such as digital assets), or the reduction or cessation of deposits and other funding by counterparties, any of which could lead to a significant outflow of deposits or reduction in wholesale funding within a short period of time, higher funding costs and failure to comply with regulatory capital, funding and leverage requirements. As a result, NWM N.V. Group and its subsidiaries could be required to change their funding plans and/or their operations, which could, in turn, exacerbate NWM N.V. Group's funding and liquidity risk. An inability to grow, roll-over, or any material decrease in, NWM N.V. Group's deposits, short-term wholesale funding and short-term liability financing could, particularly if accompanied by one of the other factors described above, have an adverse effect on NWM N.V. Group's ability to satisfy its liquidity needs.

NWM N.V. Group engages from time to time in 'fee based borrow' transactions whereby collateral (such as government bonds) is borrowed from counterparties on an unsecured basis in return for a fee. This borrowed collateral may be used by NWM N.V. Group to finance parts of its balance sheet, either in its repo financing business, derivatives portfolio or more generally across its balance sheet. If such 'fee based borrow' transactions are unwound whilst used to support the financing of parts of NWM N.V. Group balance sheet, then unsecured funding from other sources would

be required to replace such financing. There is a risk that NWM N.V. Group would be unable to replace such financing on acceptable terms or at all, which may have an adverse effect on its liquidity position and may adversely affect NWM N.V. Group. In addition, because 'fee base borrow' transactions are conducted off-balance sheet (due to the collateral being borrowed) investors may find it more difficult to gauge NWM N.V. Group's creditworthiness, which may be affected if these transactions were to be unwound in a stress scenario. Any lack of, or perceived lack of, creditworthiness may adversely affect NWM N.V. Group.

As at 31 December 2025, NWM N.V. Group reported a liquidity coverage ratio of 181% on a consolidated basis. If its liquidity position were to come under stress and if NWM N.V. Group is unable to raise funds through deposits, wholesale funding sources, or other reliable funding sources, on acceptable terms or at all, its liquidity position would likely be adversely affected. This would mean that NWM N.V. Group might be unable to: meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature, meet its obligations under committed financing facilities, comply with regulatory funding requirements, undertake certain capital and/or debt management activities, or fund new loans, investments and businesses.

If, under a stress scenario, the level of liquidity falls outside of NWM N.V. Group's risk appetite, there are a range of recovery management actions that NWM N.V. Group could take to manage its liquidity levels, but any such actions may not be sufficient to restore adequate liquidity levels. NWM N.V. Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM N.V. Group's applicable liquidity requirements would trigger consideration of NWM N.V.'s recovery actions. This in turn may prompt consideration of NatWest Group's recovery plan to attempt to remediate a deficient liquidity position. NWM N.V. Group may need to liquidate assets to meet its liabilities, including disposals of assets not previously identified for disposal to reduce its funding or payment commitments or trigger the execution of certain management actions or recovery options. This could also lead to higher funding costs and/or changes to NWM N.V. Group's funding plans or its operations. In a time of reduced liquidity or market stress, NWM N.V. Group may be unable to sell some of its assets or may need to sell assets at depressed prices, which in either case may adversely affect NWM N.V. Group.

NWM N.V. Group independently manages liquidity risk on a standalone basis, including through holding its own liquidity portfolio. It has restricted access to liquidity or funding from other NatWest Group entities. As a result, NWM N.V.'s liquidity position could be adversely affected, which may also require assets to be liquidated or may result in higher funding costs which may adversely affect NWM N.V. Group's margins and profitability. NWM N.V.'s management of its own liquidity portfolio and the structure of capital support are subject to operational and execution risk, as NWM N.V. is required to meet its own liquidity and capital requirements.

Continuing market volatility may have a negative effect on NWM N.V. Group's access to liquidity and funding, which could mean that NWM N.V. Group is required to adapt its funding plan or change its operations in order to satisfy its liquidity and funding requirements, which could have an adverse effect on NWM N.V. Group. Market volatility may also result in increases to leverage exposure.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements.

NWM N.V.'s funding requirements are based on its current and anticipated business activities, and may increase in the future (including as a result of changes to NatWest Group's and NWM Group's (including NWM N.V. Group) EU operating model). Therefore, NWM N.V. Group is reliant on frequent access to the capital markets for funding, at a cost that can be passed through to its customers.

This access entails execution risk, regulatory risk, risk of reduced commercial activity, risk of loss of market confidence in NWM N.V. Group if it cannot finance its activities and risk of a ratings downgrade, which could be influenced by a number of internal or external factors, including, those summarised in 'NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments' and 'NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.'

In addition, NWM N.V. receives capital ultimately from NWM Group plc and NWM N.V. is therefore reliant on the willingness of NWM Group plc to fund its internal capital targets. NWM N.V. Group has set target levels for different tiers of capital as percentages of its RWAs. The level of capital required for NWM N.V. to meet its internal targets is therefore a function of the level of RWAs and its leverage exposure in NWM N.V. and this may vary over time.

Any inability of NWM N.V. Group to adequately access the capital markets, to manage its balance sheet in line with assumptions in its capital and funding plans, may adversely affect NWM N.V. Group, such that NWM N.V. Group may not constitute a viable banking business and/or NWM N.V. may fail to meet its regulatory capital and funding requirements (at present, NWM N.V. does not yet have its own MREL).

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. may not manage its capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options.

Under the EU Bank Recovery and Resolution Directives I and II ('BRRD'), as implemented in the Netherlands, NWM N.V. Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM N.V.'s applicable capital or leverage, liquidity or funding requirements would trigger consideration of NWM N.V.'s recovery action, and in turn may prompt consideration of NatWest Group's recovery actions. If, under stressed conditions, the liquidity, capital or leverage ratio were to decline, there are a range of recovery management actions (focused on risk reduction and mitigation) that NWM N.V. could undertake that may or may not be sufficient to restore adequate liquidity, capital and leverage ratios. Additional management options relating to existing capital issuances, asset or business disposals, capital payments and dividends from NWM Plc to its parent, could also be undertaken to support NWM N.V.'s capital and leverage requirements.

NatWest Group may also address a shortage of capital in NWM N.V. by providing parental support to NWM N.V., subject to evidence that the conditions set out in Article 23 of the BRRD, as implemented into Dutch law article 3:301 and 3:305 of the Dutch Financial Markets Supervision Act ('FMSA') have been met. NatWest Group's and/or NWM N.V.'s regulator may also request that NWM N.V. Group carry out additional capital management actions. The Bank of England ('BoE') has identified single point-of-entry at NatWest Group plc, as the preferred resolution strategy for NatWest Group.

However, under certain conditions set forth in the BRRD, as implemented by the FMSA, De Nederlandsche Bank ('DNB') or the Single EU Resolution Board ('SRB'), also have the power to execute the 'bail-in' of certain securities of NWM N.V. without further action at NatWest Group level.

Any capital management actions taken under a stress scenario may, in turn affect: NWM N.V. Group's product offering, credit ratings, ability to operate its businesses and pursue its strategy as well as negatively impacting investor confidence and the value of NWM N.V. Group's securities. See also, 'NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities)'. In addition, if NWM N.V.'s liquidity position was to be adversely affected, this may require assets to be liquidated or may result in higher funding costs, which may adversely affect NWM N.V. Group's operating performance.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Any reduction in the credit rating and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWM Plc or NWM N.V.) or any of their respective debt securities could adversely affect the availability of funding for NWM N.V. Group, reduce NWM N.V. Group's liquidity and funding position and increase the cost of funding.

Rating agencies regularly review NatWest Group plc, NWM Plc, NWM N.V. and other NatWest Group entities' credit ratings and outlooks. NWM N.V. Group entities' credit ratings and outlooks, could be negatively affected (directly and indirectly) by a number of factors that can change over time, including without limitation: credit rating agencies' assessment of NWM N.V. Group's strategy and management's capability; its financial condition including in respect of profitability, asset quality, capital, funding and liquidity, and risk management practices; the level of political support for the sectors and regions in which NWM N.V. Group operates; the legal and regulatory frameworks applicable to NWM N.V. Group's legal structure; business activities and the rights of its creditors; changes in rating methodologies; changes in the relative size of the loss-absorbing buffers protecting bondholders and depositors; the competitive environment, political, geopolitical and economic conditions in NWM N.V. Group's key markets (including fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments); any reduction of the UK's sovereign credit rating and market uncertainty. In addition, credit rating agencies take into consideration sustainability-related factors, including climate, environmental, social and governance related risk, as part of the credit rating analysis, as are investors in their investment decisions.

Any reductions in the credit rating of NatWest Group plc, NWM Plc, NWM N.V. or of certain other NatWest Group entities could significantly affect NWM N.V. Group. Adverse consequences for NWM N.V. Group from downgrades could include, without limitation, a reduction in the access to capital markets or in the size of NWM N.V.'s deposit base, and trigger additional collateral or other requirements in its funding arrangements or the need to amend such arrangements, which could adversely affect NWM Group's liquidity and funding position and cost of funding, which could in turn limit the range of counterparties willing to enter into transactions with NWM N.V. Group on favourable terms, or at all. This may in turn adversely affect NWM N.V. Group's competitive position and threaten its prospects.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWM N.V. Group.

NWM N.V., a subsidiary of NWM Plc, has a portfolio of loans and loan commitments to Western European corporate customers. As a result, NWM N.V. Group has exposure to many different sectors, customers and counterparties with a range of various credit quality. Risks arising from actual or perceived changes in credit quality and the recoverability of monies due from borrowers and other counterparties are inherent in a wide range of NWM N.V. Group's businesses. These risks may be concentrated for those businesses for which customer income is heavily weighted towards a specific geographic region, industry or customer base. Furthermore, these risks are likely to increase due to the expected transfer of NatWest Group's Transfer Business. See 'The transfer of NatWest Group's EU corporate portfolio involves certain risks'.

Credit risk may arise from a variety of business activities, including, but not limited to: extending credit to customers through various lending commitments; entering into swap or other derivative contracts under which counterparties have obligations to make payments to NWM N.V. Group (including uncollateralised derivatives); providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools, whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans. See also, 'Risk and Capital Management — Credit Risk'. Any negative developments in the activities listed above may negatively impact NWM N.V. Group's customers

and credit exposures, which may, in turn, adversely affect NWM N.V. Group's profitability. The credit quality of NWM N.V. Group's borrowers and other counterparties may be affected by global macroeconomic and political uncertainties, as well as prevailing economic and market conditions. See 'NWM N.V. Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK, European and global markets, including as a result of fluctuations in economic growth, markets, inflation, interest rates, asset prices, protectionist policies, and geopolitical developments'. Any further deterioration in these conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality or impact the enforcement of contractual rights, increasing credit risk.

Further, the value or effectiveness of any credit protection that NWM N.V. Group has acquired through credit default swaps depends on the value of the underlying assets and the financial condition of the counterparties, and prevailing market spread. Changes in credit spreads, deterioration in counterparty creditworthiness, the outcome of determination committees, or disputes over contractual terms may result in valuation adjustments, impairments or increased collateral requirements, creating potential liquidity pressures on NWM N.V. Group.

NWM N.V. Group is exposed to the financial sector, including sovereign debt securities, financial institutions, financial intermediation providers (including providing facilities to financial sponsors and funds, backed by assets or investor commitments) and securitised products (typically senior lending to special purpose vehicles backed by pools of segregated financial assets). Concerns about, or a default by, a financial institution or intermediary could lead to significant liquidity problems and losses or defaults by other financial institutions or intermediaries, since the commercial and financial soundness of many financial institutions and intermediaries is closely related and interdependent as a result of credit, trading, clearing and other relationships. Any perceived lack of creditworthiness of a counterparty or borrower may lead to market-wide liquidity problems and losses for NWM N.V. Group.

In addition, the value of collateral may be correlated with the probability of default by the relevant counterparty ('wrong way risk'), which would increase NWM N.V. Group's potential loss. This systemic risk may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which NWM N.V. Group interacts on a regular basis. See also, 'NWM N.V. Group may be adversely affected if it is unable to access the capital markets to meet its funding requirements', and 'NWM N.V. Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options'. As a result, adverse changes in borrower and counterparty credit risk may cause additional impairment charges under IFRS 9, increased repurchase demands, higher costs, additional write-downs and losses for NWM N.V. Group and an inability to engage in routine funding transactions. NWM N.V. Group has applied an internal analysis of multiple economic scenarios (MES) together with the determination of specific overlay adjustments to inform its IFRS 9 ECL (Expected Credit Loss). See 'Risk and Capital Management – Credit Risk'. The assumptions and judgements used in the MES and ECL assessment at 31 December 2025 may not prove to be adequate resulting in incremental ECL provisions for NWM N.V. Group.

Due to NWM N.V. Group's exposure to the financial industry, it also has exposure to shadow banking entities (i.e., entities which carry out activities of a similar nature to banks without the same regulatory oversight). NWM N.V. Group is required to identify and monitor its exposure to shadow banking entities, implement and maintain an internal framework for the identification, management, control and mitigation of the risks associated with exposure to shadow banking entities, and/or ensure effective reporting and governance in respect of such exposure. If NWM N.V. Group is unable to properly identify and monitor its shadow banking exposure, maintain an adequate framework, or ensure effective reporting and governance in respect of shadow banking exposure.

Any of the above may adversely affect NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.

Given the complexity of NWM N.V. Group's business, strategy and capital requirements, NWM N.V. Group relies on models for a wide range of purposes, including to manage its business, assess the value of its assets and its risk exposure, as well as to anticipate capital and funding requirements (including to facilitate NatWest Group's mandated stress testing).

In addition, NWM N.V. Group utilises models for valuations, credit approvals, calculation of loan impairment charges on an IFRS 9 basis, financial reporting and for financial crime (criminal activities in the form of money laundering, terrorist financing, bribery and corruption, tax evasion and sanctions as well as external or internal fraud (collectively, 'financial crime')). NWM N.V. Group's models, and the parameters and assumptions on which they are based, are periodically reviewed.

Model outputs are inherently uncertain, because they are imperfect representations of real-world phenomena, are simplifications of complex real-world systems and processes, and are based on a limited set of observations. NatWest Group (which includes NWM N.V. Group) also continues to invest in building new capabilities that employ new artificial intelligence technologies, such as generative artificial intelligence, and it expects its use of these technologies to increase over time.

However, there are significant risks involved in utilising more sophisticated modelling approaches, including artificial intelligence, and no assurance can be provided that NWM N.V. Group's use of artificial intelligence in its models will enhance its business or produce only intended or beneficial results. NWM N.V. Group may face adverse consequences as a result of actions or decisions based on models that are poorly developed, incorrectly implemented, non-compliant, outdated or used inappropriately. This includes models that are based on inaccurate or non-representative data (for example, where there have been changes in the micro or macroeconomic environment in which NWM N.V. Group operates) or as a result of the modelled outcome being misunderstood, or used for purposes for which it was not designed. This could result in findings of deficiencies by NatWest Group's (and in particular, NWM Group's or NWM N.V. Group's) regulators (including as part of NatWest Group's mandated stress testing), increased capital requirements, rendering some business lines uneconomical, requiring management action or subjecting NWM N.V. Group to regulatory sanction, any of which in turn may also have an adverse effect on NWM N.V. Group and its customers.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's financial statements are sensitive to underlying accounting policies, judgements, estimates and assumptions.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, exposures and RWAs. While estimates, judgements and assumptions take into account historical experience and other factors (including market practice and expectations of future events that are believed to be reasonable under the circumstances), actual results may differ due to the inherent uncertainty in making estimates, judgements and assumptions (particularly those involving the use of complex models).

Furthermore, accounting policy and financial statement reporting requirements increasingly require management to adjust existing judgements, estimates and assumptions for the effects of climate-related, sustainability and other matters that are inherently uncertain and for which there is little historical experience which may affect the comparability of NWM N.V. Group's future financial results with its historical results. Actual results may differ due to the inherent uncertainty in making climate-related and sustainability estimates, judgements and assumptions. See 'There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.'

Accounting policies deemed critical to NWM N.V. Group's results and financial position, based upon materiality and significant judgements and estimates, involve a high degree of uncertainty and may have a material impact on its results. For 2025, these include fair value and deferred tax. These are set out in the section 'Critical accounting policies'.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Changes in accounting standards may materially impact NWM N.V. Group's financial results.

NWM N.V. Group prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union. Changes in accounting standards or guidance by accounting bodies and/or changes in accounting standards requirements by regulatory bodies or in the timing of their implementation, whether immediate or foreseeable, could result in NWM N.V. Group having to recognise additional liabilities on its balance sheet, or in further write-downs or impairments to its assets, which may have an adverse effect on its results. Additionally, auditors may have different interpretations of these accounting standards, and any change of auditor may lead to unfavourable changes in NWM N.V. Group's accounting policies.

NWM N.V. Group's trading assets amounted to €6.5 billion as at 31 December 2025. The valuation of financial instruments, including derivatives, measured at fair value can be subjective, in particular where models are used which include unobservable inputs. Generally, to establish the fair value of these instruments, NWM N.V. Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently credible, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to prevailing market conditions. In these circumstances, NWM N.V. Group's internal valuation models require NWM N.V. Group to make assumptions, judgements and estimates to establish fair value, which are complex and often relate to matters that are inherently uncertain. Any of these factors could require NWM N.V. Group to recognise fair value losses which may adversely affect NWM N.V. Group's income generation and financial position.

From time to time, the International Accounting Standards Board may issue new accounting standards or interpretations that could materially impact how NWM N.V. Group calculates, reports and discloses its financial results and financial condition, and which may affect NWM N.V. Group capital ratios, including the CET1 ratio and the required levels of regulatory capital. New accounting standards and interpretations that have been issued by the International Accounting Standards Board but which have not yet been adopted by NWM N.V. Group are discussed in '*Future accounting developments*'.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group could be adversely affected if NWM N.V. Group or NatWest Group fail to meet the requirements of regulatory stress tests, or if NatWest Group's resolution preparations are deemed inadequate.

NWM N.V. Group is subject to stress testing by the ECB, as is NatWest Group, its ultimate parent company, by its regulators in the UK. Stress tests are designed to assess the resilience of banks to potential adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. If the stress tests reveal that a bank's existing regulatory capital buffers are not sufficient to absorb the impact of the stress, then it is possible that NWM N.V. Group, NatWest Group and/or NWM Group may need to take action to strengthen their capital positions.

Failure by NWM N.V. Group (or NatWest Group) to meet its quantitative and qualitative requirements of the stress tests set forth by the ECB or UK regulators, as applicable, may result in: NWM N.V. Group and/or NatWest Group's regulators requiring NWM N.V. Group (or NatWest Group) to generate additional capital, reputational damage, increased supervision and/or regulatory sanctions and/or loss of investor confidence.

NatWest Group is subject to regulatory oversight by the BoE and the PRA, and is required (under the PRA Rulebook) to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA, and disclose a summary of this report. In August 2024 the BoE's assessment of NatWest Group's preparations did not identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments. If any future BoE assessments identify any such areas in NatWest Group's ability to achieve the resolvability outcomes, or reveals that NatWest Group is not adequately prepared to be resolved, or does not have adequate plans in place to meet resolvability requirements, NatWest Group may be required to take action to enhance its preparations to be resolvable, resulting in additional cost and the dedication of additional resources. These actions may have an impact on NWM N.V. Group, as depending on the BoE's assessment, potential NWG Group's required actions may include, but are not limited to, restrictions on maximum individual and aggregate exposures, a requirement to dispose of specified assets, a requirement to change legal or operational structure, a requirement to cease carrying out certain activities and/or to maintain a specified amount of MREL. This may also impact NatWest Group's and NWM N.V. Group's strategic plans and may lead to a loss of investor confidence. Additionally, DNB and the SRB may exercise similar powers if the recovery and resolution plans of NWM N.V. Group are not satisfactory.

Any of the above have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NatWest Group (including NWM N.V.) may become subject to the application of statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of certain Eligible Liabilities (including NWM N.V.'s Eligible Liabilities).

The BRRD establishes a common approach within the EU for the recovery and resolution of banks. In the UK and the Netherlands, the BRRD has been implemented via national legislation which grants powers to a national resolution authority (the 'NRA'). The UK implementation of the BRRD remains in force now that the transition following the UK's withdrawal from the EU has ended.

In the EU the BRRD is also (partly) implemented by a directly binding regulation which established a Single Resolution Mechanism ('SRM') and the SRB with powers which exceed the powers of the EU NRAs.

The Netherlands – NWM N.V.

The BRRD and the SRM provide the SRB and DNB (the 'N.V. Authorities') with substantial powers to resolve and stabilise financial institutions incorporated in the Netherlands. The N.V. Authorities are responsible for resolution in relation to RBS Holdings N.V. and its subsidiaries (including NWM N.V.). As a result, the SRB assumes direct resolution responsibility for NWM N.V. Group, while DNB participates in the planning and execution of resolution measures in coordination with the SRB within the SRM framework. The N.V. Authorities have broad powers to implement resolution measures with respect to financial institutions incorporated in the Netherlands which meet the conditions for resolution, which may include (without limitation) measures analogous to the Resolution Stabilisation Tools (options set out at points (i) to (iv) below under the UK Banking Act 2009 (the 'Act'). These powers and tools are designed to be used prior to the point at which any insolvency proceedings with respect to NWM N.V. could have been initiated.

In addition to the resolution powers of the N.V. Authorities described above, the Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets and liabilities of, claims against or securities issued by or with the consent of NWM N.V., if in the Minister of Finance's opinion, the stability of the financial systems is in serious and immediate danger as a result of the situation in which the firm finds itself (the 'Minister of Finance Powers'). There remains uncertainty regarding the ultimate nature and scope of these powers, and any exercise of the resolution regime powers by the N.V. Authorities or the Minister of Finance Powers may adversely affect holders of NWM N.V.'s Eligible Liabilities that fall within the scope of such powers.

United Kingdom – NatWest Group plc and its UK subsidiaries

The BoE, the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA'), and HM Treasury (the 'UK Authorities', and together, with the N.V. Authorities, the 'Authorities') are granted substantial powers to resolve and stabilise UK-incorporated financial institutions. Five stabilisation options exist: (i) transfer of all of the business of a relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' wholly or partially-owned by the BoE; (iii) transfer of part of the assets, rights or liabilities of the relevant entity to one or more asset management vehicles for management of the transferor's assets, rights or liabilities; (iv) the write-down, conversion, transfer, modification, or suspension of the relevant entity's equity, capital instruments and liabilities; and (v) temporary public ownership of the relevant entity. These options may be applied to NatWest Group plc as the parent company or to NWM Group, as a subsidiary, where certain conditions are met (such as, whether the firm is failing or likely to fail, or whether it is reasonably likely that action will be taken (outside of resolution) that will result in the firm no longer failing or being likely to fail). Moreover, there are modified insolvency and administration procedures for relevant entities within NatWest Group, and the Authorities have the power to modify or override certain contractual arrangements in certain circumstances and amend the law for the purpose of enabling their powers to be used effectively and may promulgate provisions with retrospective applicability.

Similar powers may also be exercised with respect to NWM N.V. in the Netherlands by the relevant Dutch regulatory authorities.

Under the Act, the UK Authorities are generally required to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the UK. However, the provisions of the Act remain largely untested in practice, particularly in respect of resolutions of large financial institutions and groups.

As a result, uncertainty exists as to how the Authorities may exercise their powers including the determination of actions to be undertaken in relation to the ordinary shares and other securities issued by the NatWest Group, which, may have an adverse effect on NWM N.V. Group regardless of the financial condition of NWM N.V. Group.

If NatWest Group is at or is approaching the point such that regulatory intervention is required, there may correspondingly be a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Operational and IT resilience risk

Operational risks (including reliance on third-party suppliers and outsourcing of certain activities) are inherent in NWM N.V. Group's businesses.

Operational risk is the risk of loss or disruption resulting from inadequate or failed internal processes, procedures, people or systems, or from external events. NWM N.V. Group operates in several countries, offering a diverse range of products and services supported directly or indirectly by third-party suppliers. As a result, operational risks or losses can arise from a number of internal or external factors (including, for example, payment errors or financial crime and fraud), for which there is continued scrutiny by third parties on NWM Group's compliance with financial crime requirements.

These risks are also present when NWM N.V. Group relies on critical service providers (suppliers) or vendors to provide services to it or its customers, as is increasingly the case as NWM N.V. Group outsources certain activities, including with respect to the implementation of technologies, innovation (such as cloud services and artificial intelligence) and responding to regulatory and market changes. Furthermore, NWM N.V. is subject to the European Banking Authority's ('EBA') guidelines on outsourcing arrangements. If the systems and services provided by NatWest Group, NWM Group or any third party do not comply with such EBA requirements, there is a risk of increase in operational and compliance costs, which may negatively affect NWM N.V. Group's business continuity and reputation.

Operational risks also exist due to the implementation of NatWest Group's strategy, and the organisational and operational changes involved, including NatWest Group's cost-controlling and simplification measures, continued digitalisation and the integration of artificial intelligence in the business, acquisition, divestments and other transactions; the implementation of recommendations from internal and external reviews with respect to certain governance processes, policies, systems and controls of NatWest Group entities; and conditions affecting the financial services industry generally (including macroeconomic and other geopolitical developments) as well as the legal and regulatory uncertainty resulting from these conditions. Any of the above may place significant pressure on NWM N.V. Group's ability to maintain effective internal controls and governance frameworks.

Financial crime continues to evolve, whether through fraud, scams, cyberattacks or other criminal activity (including through the use of artificial intelligence). These risks are exacerbated as NWM N.V. Group continues to innovate its product offering and increasingly offers digital solutions to its customers. Financial crime assessment, systems and controls, Internal stress tests and models are critical to financial risk management. Ineffective risk management may arise from a wide variety of factors, including lack of transparency or incomplete risk reporting, manual processes and controls, inaccurate data, inadequate IT systems, unidentified conflicts or misaligned incentives, lack of accountability control and governance, incomplete risk monitoring (including trade surveillance) and failures of systems to properly process all relevant data, risks related to unanticipated behaviour or performance and management, insufficient challenges or assurance processes, or a failure to commence or timely complete risk remediation projects. Weak or ineffective financial crime processes and controls may risk NWM N.V. Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage. Further, failure to manage these risks effectively, or within regulatory expectations, could adversely affect NWM N.V. Group's reputation or its relationship with its regulators, customers, shareholders or other stakeholders. See 'NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group'.

In recent years, NWM Group (including NWM N.V. Group) has materially increased its dependence on NatWest Bank Plc for numerous critical services and operations, including without limitation, property, technology, finance, accounting, treasury, legal, risk, regulatory compliance and reporting, financial crime, human resources, and certain other support and administrative functions. In addition, NWM N.V. Group has materially increased its dependence on NWM Plc for numerous critical services similar to those outlined above and for certain sales activities, which due to their complexities could potentially trigger regulatory, tax, reputational, financial crime and conduct risks. A failure by NatWest Bank Plc or NWM Plc to adequately supply these services may expose NWM N.V. Group to critical business failure risk, increased costs, regulatory sanctions, and other liabilities. These and any increases in the cost of these services may adversely affect NWM N.V. Group. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change'.

NWM N.V. Group also faces operational risks as it continues to invest in automation of certain solutions and customer interactions, including through artificial intelligence. Such initiatives may result in operational, reputational and conduct risks if the technology is not used appropriately, is defective, or inadequate or is not fully integrated into NWM N.V. Group's current solutions, systems, and controls. The effective management of operational risks is critical to meeting customer service expectations and retaining and attracting customer business. Although NWM N.V. Group has implemented risk controls and mitigation actions, with resources and planning having been devoted to mitigate operational risk, such measures may not be effective in controlling each of the operational risks faced by NWM N.V. Group. Ineffective management of such risks may adversely affect NWM N.V. Group.

Ineffective management of such risks may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.

NWM N.V. Group experiences a constant threat from cyberattacks across the entire NatWest Group (including NWM N.V. Group) and against NatWest Group and NWM N.V. Group's supply chain networks, reinforcing the importance of due diligence of, ongoing risk management of and a close working relationship with, the third parties on which NWM N.V. Group relies. NWM N.V. Group is reliant on technology, against which there is a constantly evolving series of attacks, that are increasing in terms of frequency, sophistication, impact and severity. The increased availability of malicious tools and the rapid advancement of artificial intelligence capabilities reduce entry barriers for malicious actors and accelerate the exploitation of vulnerabilities leading to cyberattacks evolving and becoming more sophisticated. As a result, NWM Group (which includes NWM N.V. Group) is required to continue to invest significant resources in additional capability designed to defend against a variety of existing and emerging threats. Third parties continue to make hostile attempts to gain access to, introduce malware (including ransomware) into, and exploit potential vulnerabilities of, financial services institutions' IT systems, including those of NWM Group. For example, in 2025, NatWest Group and its supply chain were subjected to a small number of attempted Distributed Denial of Service and ransomware attacks. These hostile attempts were addressed without material impact on NatWest Group or its customers by deploying cybersecurity capabilities and controls that seek to manage the impact of any such attacks, and sustain availability of services for NWM Group's customers. Consequently, NWM N.V. Group continues to invest significant resources in developing and evolving cybersecurity capabilities and controls that are designed to mitigate the potential effect of such attacks.

However, given the nature of the threat, there can be no assurance that these capabilities and controls will prevent the potential adverse effect of any attack from occurring. See also, 'NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group'.

Any failure in NWM Group's (including NWM N.V. Group's) information and cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of, or ability to access, data or systems or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these factors could increase costs (including but not limited to costs, relating to notification of, or compensation for customers and credit monitoring), result in regulatory investigations or sanctions being imposed or may affect NWM N.V. Group's ability to retain and attract customers.

Regulators in the UK, US, Europe and Asia recognise cybersecurity as an important systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyberattacks, and to provide timely reporting or notification of them, as appropriate (including the EU Digital Operational Resilience Act ('DORA')). Furthermore, cyberattacks on NWM N.V. Group's counterparties may also have an adverse effect on NWM N.V. Group's operations.

Additionally, malicious third parties may induce employees, customers, third-party providers or other users with access to NWM N.V. Group's systems to wrongfully disclose sensitive information to gain access to NWM N.V. Group's data or systems or that of NWM N.V. Group's customers or employees. Cybersecurity and information security events can derive from groups or factors such as: internal or external threat actors, human error, fraud or malice on the part of NWM N.V. Group's employees or third parties, including third-party providers, or may result from technological failure (including defective, inadequate or inappropriately used artificial intelligence-based solutions).

NWM N.V. Group expects greater regulatory engagement, supervision and enforcement by the ECB to continue in relation to its overall resilience to withstand IT and IT-related disruption, either through a cyberattack or some other disruptive event. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may have an adverse effect on NWM N.V. Group. Due to NWM N.V. Group's reliance on technology, the adoption of innovative solutions, the integration of automated processes and artificial intelligence in its business, and the increasing sophistication, frequency and impact of cyberattacks, such attacks may adversely affect NWM N.V. Group.

In accordance with applicable UK, Dutch and EU data protection, and cybersecurity laws and regulations (including the EU General Data Protection Regulation ('EU GDPR')), NWM N.V. Group is required to ensure it implements timely appropriate and effective organisational and technological safeguards against unauthorised or unlawful access to the data of NWM N.V. Group, its customers and its employees. In order to meet this requirement, NWM N.V. Group relies on the effectiveness of its internal policies, controls and procedures to protect the confidentiality, integrity and availability of information held on its IT systems, networks and devices as well as with third parties with whom NWM N.V. Group interacts. As NatWest Group develops new artificial intelligence-based products, proprietary, sensitive, or confidential NWM N.V. Group's customer information may be inputted into third-party generative or other artificial intelligence or machine learning platforms, and could potentially be accessed by others, including if such information is used to train third-party artificial intelligence models. This may increase the risk of data leakage, data poisoning, potential bias, discrimination, errors, and misuse. A failure to monitor and manage data in accordance with applicable requirements may result in financial losses, regulatory fines and investigations and associated reputational damage.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's operations are highly dependent on its complex IT systems, and any IT failure could adversely affect NWM N.V. Group. NWM N.V. Group's operations are highly dependent on the ability to process a very large number of transactions efficiently and accurately while complying with applicable laws and regulations (including DORA). The proper functioning of NatWest Group's (including NWM N.V. Group's) transactional and payment systems, financial crime, and fraud detection systems and controls, risk management, credit analysis and reporting, accounting, customer service and other IT systems, including cloud services providers (some of which are owned and operated by other entities in NatWest Group or third parties), is critical to NWM N.V. Group's operations. NWM N.V. Group's reliance on a limited number of cloud services providers increases its exposure to disruption events affecting these cloud services providers.

Individually or collectively, whether operated by NWM N.V. Group or by a third-party supplier, any system failure, loss of service availability (including defective or inadequate automated processes or artificial intelligence based solutions), or breach of data security could potentially cause significant damage to (i) important business services across NWM N.V. Group; and (ii) NWM N.V. Group's ability to provide services to its customers, which could result in reputational damage, significant compensation costs and regulatory sanctions (including fines resulting from regulatory investigations) or a breach of applicable regulations and could affect NWM N.V. Group's regulatory approvals, competitive position, business and brands, which could undermine its ability to attract and retain customers and talent. NWM N.V. Group outsources certain functions as it innovates and offers new digital solutions to its customers. Outsourcing, alongside remote working, heightens the above risks.

NWM N.V. Group uses IT systems that enable remote working interface with third-party systems. NWM N.V. Group could experience service denials or disruptions if such systems exceed capacity or if a third-party system fails or experiences any interruptions, all of which could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations.

In 2025, NWM Group (which includes NWM N.V. Group) continued to make considerable investments to further simplify, upgrade and improve its IT and technology capabilities (including migration of certain services to cloud platforms and risk-based removal of technology obsolescence). As part of NWM's strategy, NWM Group, including NWM N.V. Group, also continues to develop and enhance digital services for its customers and seeks to improve its competitive position through enhancing controls and procedures and strengthening the resilience of services including cybersecurity.

Any failure of these investment and rationalisation initiatives to achieve the expected results, due to cost challenges, poor implementation, defects, or otherwise, may adversely affect NWM Group's operations, its reputation and ability to retain or grow its customer business or adversely affect its competitive position, thereby negatively impacting NWM N.V. Group. See also, 'NWM Group (including NWM N.V. Group) has been in a period of, and may continue to be subject to, significant structural and other change.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group operations and strategy are highly dependent on the accuracy and effective use of data.

NWM N.V. Group relies on the availability, sourcing, and effective use of accurate and high quality data to support, monitor, evaluate, manage and enhance its operations, innovate its products offering, meet its regulatory obligations, and deliver its strategy. Investment is being made in data tools and analytics, including raising awareness around ethical data usage (for example, in relation to the use of artificial intelligence) and privacy across NWM N.V. Group.

The availability and accessibility of current, complete, detailed, accurate and, wherever possible, machine-readable customer segment and sub-sector data, together with appropriate governance and accountability for data, is fast becoming a critical strategic asset, which is subject to increased regulatory focus. Failure to have or to be able to access that data or the ineffective use or governance of that data could result in a failure to manage and report important risks and opportunities or satisfy customers' expectations including the inability to deliver products and services. This could also place NWM N.V. Group at a competitive disadvantage by increasing its costs, inhibiting its efforts to reduce costs or its ability to improve its systems, controls and processes. Any of the above could result in a failure to deliver NWM N.V. Group's strategy.

These data weaknesses and limitations, or the unethical or inappropriate use of data, and/or non-compliance with data protection laws could give rise to, conduct and litigation risks and may increase the risk of operational challenges, losses, reputational damage or other adverse consequences due to inappropriate models, systems, processes, decisions or other actions.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations.

NWM N.V. Group's success depends on its ability to attract, retain, and develop highly skilled and qualified diverse workforce, including senior management, and other employees in critical roles (such as in client-facing, technology, artificial intelligence and data), in a highly competitive market.

The inability to compensate employees competitively and/or any reduction of compensation, heightened regulatory oversight of banks compared to firms outside of banking and ongoing restrictions placed on employee compensation arrangements, particularly in the EU, or other factors, may adversely affect NWM N.V. Group's ability to hire, retain and engage well qualified employees, especially at a senior level, which could adversely affect NWM N.V. Group.

In addition, certain economic, market and regulatory conditions may reduce the pool of candidates for key management and non-executive roles, including non-executive directors with the right skills, knowledge and experience, or may increase the number of departures of existing employees. Moreover, a failure to foster a diverse workforce and an inclusive work environment may adversely affect NWM N.V. Group's employee engagement and the execution of its strategy and could also have an adverse effect on its reputation with customers, investors and regulators.

NWM N.V. Group's businesses are also exposed to risks from employee, contractor, or service providers misconduct including non-compliance with policies and regulations, negligence or fraud (including financial crimes and fraud), any of which could result in regulatory fines or sanctions and serious reputational or financial harm to NWM N.V. Group. Hybrid working arrangements for NWM N.V. Group employees place heavy reliance on the IT systems that enable remote working and may place additional pressure on NWM N.V. Group's ability to maintain effective internal controls, governance frameworks, and increase operational risk. Hybrid working arrangements are also subject to regulatory scrutiny to ensure adequate recording, surveillance and supervision of regulated activities and compliance with regulatory requirements and expectations, including requirements to: meet threshold conditions for regulated activities; ensure the ability to oversee functions (including any outsourced functions); ensure no detriment is caused to customers; and ensure no increased risk of financial crime.

Some of NWM N.V. Group's employees are represented by employee representative bodies, including works councils. Engagement with its employees and such bodies is important to NWM N.V. Group in maintaining good employee relations. Any breakdown of these relationships may adversely affect NWM N.V. Group.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

A failure in NWM N.V. Group's risk management framework could adversely affect NWM N.V. Group, including its ability to achieve its strategic objectives.

Risk management is a fundamental component of NatWest Group's operations and is critical to the effective delivery of its long-term strategic objectives. NWM N.V. Group operates within NWM Group's Risk Management Framework ('NWM RMF'), which sets the approach for risk management and outlines key principles for sound risk governance and setting of risk appetite with respect to: financial risk (capital risk, liquidity and funding risk, credit risk, traded market risk, non-traded, market risk, pension risk, earning stability risk) and non-financial risk (model risk, reputational risk, financial crime, operational risk, and compliance and conduct risk). Non-compliance with this framework, including deviations from risk appetite, or any significant shortcomings in related controls and procedures, may have an adverse effect on NatWest Group's financial condition, strategic delivery, or result in inaccurate reporting of risk exposures.

NWM N.V. Group promotes a risk-aware culture and invests in policies and resources to manage risks. However, these measures may not entirely prevent a failure in NatWest Group's risk management framework within which NWM N.V. Group operates. For example, instances of misconduct may arise from: business decisions, actions or reward mechanisms that fail to comply with NWM N.V. Group's regulatory obligations, do not adequately address customers' needs or are misaligned with NWM N.V. Group's strategic objectives, ineffective product management, unethical or inappropriate use of data, information asymmetry, implementation and utilisation of new technologies, outsourcing of customer service and product delivery, inappropriate behaviour towards customers, customer outcomes, the possibility of mis-selling of financial products and mishandling of customer complaints. Any failure in the NWM RMF may result in the inability for NWM N.V. Group to achieve its strategic objectives for its customers, employees and wider stakeholders.

Furthermore, NWM N.V. Group has policies and controls in place to prevent and detect financial crime and has invested in technology and capability to enhance financial crime controls. NWM N.V. Group also relies on NatWest Group to operate a certain number of its financial crime controls. If these risk policies and controls are inadequate to combat financial crime, particularly in NWM N.V. Group's branches (where there is less direct supervision), there could be an adverse effect on NWM N.V. Group.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group's operations are subject to inherent reputational risk.

Reputational risk relates to stakeholder and public perceptions of NWM N.V. Group arising from an actual or perceived failure to meet stakeholder or the public's expectations, including with respect to NatWest Group's strategy and related targets, NWM Group's strategy, or due to any events, behaviour, action or inaction by NWM N.V. Group, its employees or those with whom NWM N.V. Group is associated. See also, 'NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.' This includes harm to its brand, which may be detrimental to NWM N.V. Group's business, including its ability to build or sustain business relationships with customers, stakeholders and regulators, and may cause low employee morale, regulatory censure or reduced access to, or an increase in the cost of, funding.

Reputational risk may arise whenever there is, or there is perceived to be, a material lapse in standards of integrity, controls, compliance, customer or operating efficiency, or regulatory or press scrutiny, and may adversely affect NWM N.V. Group's ability to attract and retain customers. In particular, NWM N.V. Group's ability to attract and retain customers and talent, and engage with counterparties may be adversely affected by factors including: negative public opinion resulting from the actual or perceived manner in which NWM N.V. Group or any other member of NatWest Group conducts or modifies its business activities and operations, media coverage (whether accurate or otherwise), employee misconduct, NWM N.V. Group's financial performance, IT systems failures or cyberattacks, data breaches, financial crime and fraud, the actual or perceived practices in the banking and financial industry in general, or a wide variety of other factors.

Technologies, in particular online social networks and other broadcast tools that facilitate communication with large audiences in short timeframes and with minimal costs, may also significantly increase and accelerate the impact of damaging information and allegations. Although NWM N.V. Group has a Reputational Risk Policy and framework to identify, measure and manage material reputational risk exposures, NWM N.V. Group cannot be certain that it will be successful in avoiding damage to its business from reputational risk.

Any of the above aspects of reputational risk may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Legal, regulatory and conduct risk

NWM N.V. Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM N.V. Group.

NWM N.V. Group is subject to extensive laws, regulations, guidelines, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates, which represents ongoing compliance and conduct risk. Many of these are constantly evolving and are subject to further material changes, which may increase compliance and conduct risks, particularly as the laws of different jurisdictions (including those of the EU/EEA and UK) diverge.

NWM N.V. Group is subject to (i) direct prudential supervision by the ECB; (ii) direct market conduct supervision by the AFM and indirect market conduct supervision by the European Securities and Markets Authority; and (iii) supervision by DNB, as home state supervisor, in respect of NWM N.V. Group's branches in the Netherlands, France, Germany, Italy, and Sweden, and to supervision by local regulators in these jurisdictions, as host state supervisors, in respect of certain regulatory aspects of NWM N.V. Group's branches operations that are subject to home or host state supervision (e.g. anti-money laundering laws). NWM N.V. Group expects government and regulatory intervention in the financial services industry to remain high for the foreseeable future.

Prudential regulatory requirements:

Regulators and governments continue to focus on reforming the prudential regulation of the financial services industry and the manner in which the business of financial services is conducted. Measures have included: enhanced capital, liquidity and funding requirements through initiatives such as the Basel 3.1 standards implementation (and any resulting effect on RWAs and models), the UK ring-fencing regime, the strengthening of the recovery and resolution framework applicable to financial institutions in the Netherlands, the EU proposed reform of bank crisis management and deposit insurance framework, the EU, the UK and the US, financial industry reforms (such as the Financial Services and Markets Act 2023 ('FSMA 2023'), corporate governance requirements, rules relating to the compensation of senior management and other employees, financial market infrastructure reforms, enhanced regulations in respect of the provision of 'investment services and activities'.

There is also increased regulatory focus in certain areas, including conduct, model risk governance, client protection in financial markets, competition and disputes regimes, anti-money laundering, anti-corruption, anti-bribery, anti-tax evasion, payment systems, sanctions and anti-terrorism laws and regulations. This has resulted in NWM N.V. Group facing greater regulation and scrutiny in the Netherlands and the other countries in which it operates. Should NWM N.V. not meet certain supervisory criteria, remedial action or changes to the business may be required. Any such actions or changes may harm the reputation of NWM N.V. Group and may also require additional resources and funds which may need to be diverted from other parts of the business which may, in turn, adversely affect NWM N.V. Group.

Regulatory requirements:

Uncertainties remain as to the extent to which EU/EEA laws will diverge from UK law. For example, bank regulation in the UK may diverge from European bank regulation following the enactment of the FSMA 2023 and the Retained EU Law (Revocation and Reform) Act 2023. In particular, FSMA 2023 provides for the revocation of retained EU laws relating to financial services regulation, but sets out that this process will likely take a number of years and that the intention is that specific retained EU laws will not be revoked until such time as replacement regulatory rules are in place. Significant uncertainties remain as to whether and what equivalence determinations will be made by the various regulators, whether banking services will be harmonised across the EEA and, therefore, what the respective legal and regulatory arrangements will be, under which NWM N.V. Group as a subsidiary of NWM Group will operate. This divergence could lead to further market fragmentation. The actions taken by regulators in response to any new or revised bank regulation and other rules affecting financial services, may adversely affect NWM Group, including its business, non-UK operations, group structure (including NWM N.V. Group), compliance costs, intragroup arrangements and capital requirements.

Moreover, recent regulatory changes and heightened levels of public and regulatory scrutiny in the EU have resulted in changes in the competitive landscape, changes in other regulatory requirements and increased operating costs, and have impacted, and will continue to impact, product offering and business models. For example, there is significant oversight by competition authorities of the jurisdictions in which NWM N.V. Group operates. The competitive landscape for banks and other financial institutions in Europe, the UK and the US is rapidly changing. Recent regulatory and legal changes have and may continue to result in new market participants and changed competitive dynamics in certain key areas. Regulatory and competition authorities are also looking at and focusing more on how they can support competition and innovation in digital and other markets.

Other areas in which, and examples of where, governmental policies, regulatory and accounting changes and increased public and regulatory scrutiny may adversely affect (some of which could be material) NWM N.V. Group include, but are not limited to, the following:

- general changes in government, central bank, regulatory or competition policy, or changes in regulatory regimes that may influence investor decisions in the jurisdictions in which NWM N.V. Group operates;
- rules relating to foreign ownership, expropriation, nationalisation and confiscation or appropriation of assets;
- new or increased regulations relating to customer data protection as well as IT controls and resilience;
- the introduction of, and changes to, taxes, levies or fees applicable to NWM N.V. Group's operations, which may require increased payments of tax, changes in tax rates, restrictions on the tax deductibility of interest payments or further restrictions on the set-off of carry-forward tax losses;
- increased innovation in private digital asset propositions, such as stablecoin or tokenised deposits, which may challenge traditional payment methods and have other potential adverse effects on the banking industry (such as higher funding costs or a reduced deposit base);
- increased risk of legal action against NWM N.V. Group for financing or contributing to climate change and nature-related degradation, or greenwashing;
- new or increased regulations relating to financial crime; and
- any regulatory requirements relating to the use of artificial intelligence and large language models across the financial services industry (such as the European Union Artificial Intelligence Act).

Any of these developments (including any failure to comply with, or correctly interpret, new rules and regulations) could also have a significant impact on NWM N.V. Group's authorisations and licences, the products and services that NWM N.V. Group may offer, its reputation and the value of its assets, NWM N.V. Group's operations or legal entity structure, and the manner in which NWM N.V. Group conducts its business. Material consequences could arise should NWM N.V. Group be found to be non-compliant with these regulatory requirements.

Regulatory developments may also result in an increased number of regulatory investigations and proceedings and have increased the risks relating to NWM N.V. Group's ability to comply with the applicable body of rules and regulations in the manner and within the timeframes required. See also, 'NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group'.

Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, including contradictory or conflicting laws, rules or regulations by key regulators or policymakers in different jurisdictions, or failure by NWM N.V. Group to comply with such laws, rules and regulations, may adversely affect NWM N.V. Group's business, results of operations and outlook. In addition, uncertainty and insufficient international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect NWM N.V. Group's reputation, ability to engage in effective business, capital and risk management planning.

Any of the above could have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

NWM N.V. Group and NWM Plc are exposed to the risk of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWM N.V. Group.

NWM N.V. Group's operations are diverse and complex and it operates in legal and regulatory environments that expose it to potentially significant civil actions (including those following on from regulatory sanction), as well as criminal, regulatory and governmental proceedings. NWM N.V. Group and NWM Plc have resolved a number of legal and regulatory actions over the past several years but continues to be, and may in the future be, involved in such actions in the US, the UK, Europe and other jurisdictions.

NWM N.V. Group and/or NWM Plc are, have recently been and will likely be involved in a number of significant legal and regulatory actions, including investigations, proceedings and ongoing reviews (both formal and informal) by governmental law enforcement and other agencies and litigation proceedings, including in relation to the offering of securities, conduct in the foreign exchange market, the setting of benchmark rates such as LIBOR and related derivatives trading, the issuance, underwriting, and sales and trading of fixed-income securities (including government securities), product mis-selling, customer mistreatment, anti-money laundering, antitrust, VAT recovery, record keeping, reporting, and various other issues. There is also an increasing risk of activist actions, particularly relating to climate change and sustainability-related matters. Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing, amount of fines, damages or settlements or the form of any settlements, which may be material and in excess of any related provisions, are often difficult to predict, particularly in the early stages of a case or investigation. NWM N.V. Group's expectation for resolution may change and substantial additional provisions and costs may be recognised in respect of any matter.

The resolution of significant investigations includes NWM Plc's December 2021 spoofing-related guilty plea in the United States that was agreed with the US Department of Justice ('DOJ'), and involves a multi-year period of probation, ongoing commitments to improve the compliance programme and reporting obligations. In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as findings that NWM Plc violated its probation term and possible re-sentencing, and/or increased costs, amongst other consequences. For additional information relating to this and other legal and regulatory proceedings and matters to which NatWest Group is currently exposed, see 'Litigation and regulatory matters' at Note 25 to the NatWest Group consolidated accounts.

Recently resolved matters or adverse outcomes or resolution of current or future legal or regulatory matters, could increase the risk of greater regulatory and third-party scrutiny and could have material financial, reputational, or collateral consequences for NWM Group's (including NWM N.V. Group's) business and result in restrictions or limitations on NWM Group's (including NWM N.V. Group's) operations.

These may include the effective or actual disqualification from carrying on certain regulated activities and consequences resulting from the need to reapply for various important licences or obtain waivers to conduct certain existing activities of NWM N.V. Group, particularly but not solely in the US, which may take a significant period of time and the results and implications of which are uncertain. Disqualification from carrying on any activities, whether automatically as a result of the resolution of a particular matter or as a result of the failure to obtain such licences or waivers could adversely affect NWM N.V. Group's business, in particular in the US. This in turn and/or any fines, settlement payments or penalties may have an adverse effect on NWM N.V. Group. Similar consequences could result from legal or regulatory actions relating to other parts of NatWest Group.

Failure to comply with undertakings made by NWM N.V. Group to its regulators, or the conditions of probation resulting from the spoofing-related guilty plea may result in additional measures or penalties being taken against NWM N.V. Group. In addition, any failure to administer conduct redress processes adequately, or to handle individual complaints fairly or appropriately, could result in further claims as well as the imposition of additional measures or limitations on NWM N.V. Group's operations, additional supervision by NWM N.V. Group's regulators, and loss of investor confidence.

Any of the above may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation.

Climate and sustainability-related risks

NWM N.V. Group and its Value Chain face climate and sustainability-related risks that may adversely affect NWM N.V. Group.

NWM N.V. Group is subject to financial and non-financial risks associated with climate change, nature-related and social matters (together sustainability-related matters). These matters impact NWM N.V. Group directly through its own operations and employees, and indirectly through its value chain, including its investors, customers, counterparties and suppliers, and business partners, (collectively, our 'Value Chain'), and business activities. Financial and non-financial risks from climate change can arise through physical and transition risks. In addition, NWM N.V. Group may also be exposed to legal, regulatory or financial consequences arising from NWM N.V. Group's actions or omissions related to climate and sustainability-related matters, giving rise to liability risk.

Climate-related physical risks are associated with increasing frequency and intensity of extreme weather events, including floods, wildfires and changes in climate conditions. Such events can impact employee health and safety, negatively impact local communities where NWM N.V. Group operates, damage assets, property and infrastructure, and disrupt operations and supply chains, resulting in changes in asset value, deterioration of the value of collateral or insurance shortfalls and increased costs and credit defaults. This can negatively impact the creditworthiness of customers and their ability and/or willingness to pay fees, afford new products or repay their debts, leading to increased default rates, delinquencies, write-offs and impairment charges in NWM N.V. Group's portfolios while simultaneously increasing NWM N.V. Group's own operational costs and exposing it to potential business continuity challenges. In addition, NWM N.V. Group's premises and operations, or those of its critical outsourced functions may experience damage or disruption leading to increased costs for NWM N.V. Group.

Climate-related transition risks arise from The Netherlands' and global economies' shift to net zero. The pace and nature of transition, whether orderly or disorderly, depends significantly on timely and appropriate government policy and regulatory changes, immediate actions from national and regional governments, new technological innovation, changes to supply and demand systems within industries, customer behaviour and market sentiment. In addition, there is significant uncertainty about how climate change and the world's transition to a net-zero economy will unfold over time and how and when climate and other sustainability-related risks will manifest. This could adversely impact profitability, market stability and the resilience of financial institutions, including NWM N.V. Group. In addition, the transition may affect NWM N.V. Group's customers and businesses across sectors in different ways and at different levels of risk. These timeframes are considerably longer than NWM N.V. Group's historical and current strategic, financial, resilience and investment planning horizons. Transition risks may also trigger reputational and liability exposures, especially if NatWest Group (including NWM N.V. Group) is perceived as not meeting its climate ambitions, targets and commitments, or not making progress against NatWest Group's climate transition plan.

Moreover, beyond climate change, NWM N.V. Group and its Value Chain may face financial and non-financial risks arising from acute or chronic nature-related physical risks, (such as wildfires, pollution, water stress and loss of biodiversity), nature-related transition risks (such as risk arising directly or indirectly due to changes in policy, market and technology, changes in perception concerning an organisation's actual or perceived nature impacts and from legal claims) and social issues (such as data protection and privacy, impact of increased adoption of artificial intelligence technology, human rights abuse, conflict and security, land rights, labour rights and unjust working conditions, modern slavery and child labour, discrimination and lack of support for the vulnerable, negative impact on people's standard of living and health, inequality, accessible banking and financial inclusion, and financial crime). There are heightened regulatory expectations, growing scrutiny from investors, civil society, and other external stakeholders, with businesses being increasingly expected to be transparent about their efforts to identify, assess, mitigate and manage nature-related and social risks. NWM N.V. Group may face reputational, regulatory non-compliance and litigation risks if it is directly or indirectly linked to adverse nature-related or social impacts and fails to adequately manage the risks associated with those impacts.

Climate and sustainability-related risks are inter-linked and may (i) adversely impact the broader economy – affecting interest rates, inflation and growth – which in turn may reduce profitability and financial stability; (ii) adversely impact asset pricing and valuations of NWM N.V. Group's and other securities, potentially triggering wider disruptions across the financial system; (iii) adversely impact the viability or resilience of business models over the medium to longer term, particularly those business models most vulnerable to climate and sustainability-related risks; (iv) result in losses from liability or reputational damage, such as negative media, activist pressure, or public criticism, if NWM N.V. Group or its Value Chain are linked to adverse climate or sustainability-related impacts; and (v) may intensify existing exposures across multiple risk categories, including credit, operational (e.g. business continuity), market and liquidity, model, reputational regulatory compliance, conduct and pension risks.

Failure by NWM N.V. Group to timely identify, assess, mitigate and manage climate and sustainability-related risks, as well as failure to respond to emerging opportunities, evolving regulatory requirements, and shifting market and external expectations, may have a material adverse effect on NWM N.V. Group's business, financial condition, future results, access to finance, cost of capital, reputation, and the value of its securities.

NatWest Group's (including NWM N.V. Group) strategy relating to climate and sustainability is subject to execution and reputational risks. NatWest Group's (including NWM N.V. Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, and NatWest Group's climate transition plan may not be implemented, without timely and appropriate government policy, technology developments, and suppliers, customers and society supporting the transition.

NatWest Group has an ambition to be net zero across its financed emissions, assets under management and operational value chain by 2050. NatWest Group also has an ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by portfolio-level activity-based targets. NatWest Group may also announce other climate and sustainability-related ambitions, targets and commitments, and may withdraw, retire, amend, replace or supersede existing ones from time to time, whether or not they have been achieved, where it considers this to be appropriate having regard to its strategic objectives, or where required or appropriate to do so by applicable law, regulation or supervisory expectations.

NWM N.V. Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, may require NWM N.V. Group to make changes to its business, operating model, existing exposures, and products and services. This may include reducing its estimated financed emissions and discontinuing certain activities over time. NatWest Group (including NWM N.V. Group) acknowledge that (i) emission reductions are unlikely to be linear; (ii) UK Parliament will set a new legal limit on greenhouse emissions as part of the Seventh Carbon Budget in June 2026 which may have an impact on the achievement of NatWest Group's (including NWM Group) climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan; and (iii) increases in lending and financing activities may wholly or partially offset some or all of these reductions, which may increase the extent of changes and reductions necessary.

NWM N.V. Group's ability to contribute to achieving NatWest Group's strategy, including its climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan is dependent on many factors and uncertainties beyond NWM N.V. Group's control. These include (but are not limited to): (i) the extent and pace of climate change, including the timing and manifestation of physical and transition risks and nature loss; (ii) the macroeconomic environment; (iii) the effectiveness of actions of governments, legislators, regulators and businesses; (iv) the response of wider society, NWM N.V. Group's Value Chain and other stakeholders to mitigate the impact of climate and sustainability-related risks; (v) changes in customer and societal behaviour and demand; (vi) availability of commercially viable opportunities in sustainable finance markets, competition dynamics, capital markets appetite, investor expectations, and external credit and concentration risk appetites which may constrain the scale or risk profile of opportunities accessible to NWM N.V. Group; (vii) developments in available technology; (viii) the rollout of low carbon infrastructure; and (ix) the availability of accurate, verifiable, reliable, auditable, consistent and comparable data.

These external factors and other uncertainties, including the potential for increased exposure to customers in hard-to-abate sectors as a result of the Transfer Business, may make it complex for NWM N.V. Group to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and there is a risk that some or all of NatWest Group's ambitions, targets and commitments may not be achieved, or NatWest Group's climate transition plan may not be implemented, within the intended timescales, or at all.

Moreover, the rising energy demand associated with artificial intelligence workloads, whether generated internally or through third-party providers, may increase NatWest Group's (including NWM N.V. Group's) own operational footprint. While NatWest Group (including NWM N.V. Group) have taken initial steps to assess the potential impacts of increased AI usage, its full effects on NatWest Group's (including NWM N.V. Group's) own operational footprint remain uncertain but could have an adverse effect on NatWest Group's (including NWM N.V. Group's) progress towards NatWest Group's (including NWM N.V. Group's) climate and sustainability-related ambitions, targets and commitments and on the progress against NatWest Group's climate transition plan.

Any delay or failure by NWM N.V. Group in putting into effect, making progress against or contributing to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contributing to the implementation of NatWest Group's climate transition plan may have a material adverse effect on NWM N.V. Group's future results, financial condition, prospects, and/or reputation and may increase the climate and sustainability-related risks NWM N.V. Group faces.

There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.

NWM N.V. Group's ability to assess, manage, and report climate and sustainability-related impacts, risks, and opportunities, including the effective measurement, governance and reporting of progress against our climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan, heavily depends on the availability of accurate, reliable, verifiable, auditable, consistent and comparable internal and external data from customers, counterparties, suppliers, and third parties. Our internal data on customer groups, which is used to source financial exposure and emissions data, and the systems and controls supporting our non-financial reporting are considerably less sophisticated than those data, systems and controls used for financial reporting and continue to involve manual processes.

These factors may increase the risk of inaccuracies or gaps in our non-financial reporting, which could adversely affect our ability to meet regulatory, investor or stakeholder expectations. In the absence of accurate, reliable, verifiable, auditable, consistent and comparable data, NWM N.V. Group may rely on estimates, proxies, or third-party methodologies - such as sectoral averages or aggregated emissions data - that may be outdated, prepared using varying assumptions, or not accurately reflect specific counterparties or customers. These limitations can affect the reliability of disclosures, including financed and facilitated emissions, and may hinder decision-making, risk management, regulatory compliance, and data consolidation. This may result in misjudging progress against climate ambitions, targets, and commitments, misallocating capital, or underestimating financial and reputational risks, while also reducing comparability across institutions and increasing scrutiny from stakeholders and regulators.

NWM N.V. Group's assessment of climate and sustainability-related impacts, risks, and opportunities is expected to evolve as data quality and methodologies improve. Current data gaps, limitations, and reliance on estimates or third-party inputs may materially impact NWM N.V. Group's ability to make informed decisions on climate and sustainability-related matters, manage risks, comply with disclosure requirements, and monitor progress against NatWest Group's climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan. As a result, climate and sustainability-related disclosures may be amended, updated, or restated from time to time as methodologies, data quality or regulatory expectations evolve. NWM N.V. Group does not undertake to restate prior disclosures except as required by applicable law or regulation, even where subsequently available data or methodologies differ from those used at the time of the original disclosure. Climate risks are inherently forward-looking and complex to model. The lack of historical data, evolving scientific understanding, and immature measurement frameworks introduce significant uncertainty into scenario analysis and financial forecasting. The outputs of climate risk modelling, such as emissions pathways and reduction targets, are subject to long timeframes and assumptions that differ significantly from traditional financial planning cycles.

NWM N.V. Group's internal capabilities to assess, model, report on and manage climate and sustainability-related risks continue to evolve. However, even when such capabilities are suitably developed, the high level of uncertainty regarding any assumptions modelled, the highly subjective nature of risk measurement and mitigation techniques coupled with persistent data gaps may result in inadequate risk management information and frameworks, or ineffective business adaptation or mitigation strategies or regulatory non-compliance.

Any of the above may have a material adverse effect on NWM N.V. Group's business, future results, financial condition, prospects, reputation and the price of its securities.

NWM N.V. Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations and there is an increasing risk of regulatory non-compliance, investigations, litigation, and enforcement actions.

NWM N.V. Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations, which may vary significantly and remain fragmented across the UK, The Netherlands, the EU, US, and other jurisdictions in which NWM N.V. Group operates. This growing divergence creates legal and operational uncertainty, may expose NWM N.V. Group to conflicting legal and regulatory requirements, and may increase the risks of regulatory non-compliance, regulatory enforcement and reputational damage.

The growing politicisation and polarisation of climate and sustainability-related matters across jurisdictions may further exacerbate existing risks and result in reduced market access, adverse public perception, or stakeholder disengagement. Customers, investors, or stakeholders may choose not to engage with NWM N.V. Group if they perceive NatWest Group's (including NWM N.V. Group) strategy in relation to climate and sustainability as either lacking ambition or progress, or conversely, as overly focused on climate and sustainability, or if they object to specific climate or sustainability-related decisions or sectoral policies adopted by NatWest Group (including NWM N.V. Group), which may adversely affect customer relationships, investor sentiment or stakeholder engagement. For example, financing the transition of hard-to-abate sectors may be viewed by some as misaligned with climate goals, potentially resulting in reputational damage. At the same time, regulatory and enforcement approaches to climate and sustainability-related matters are increasingly diverging and, in some cases, conflicting across jurisdictions. While some authorities are advancing stricter requirements, others are introducing sanctions targeting institutions that pursue climate and sustainability-related initiatives.

Furthermore, NWM N.V. Group may face litigation, complaints or other forms of challenge from shareholders, customers, campaign groups or other stakeholders arising from allegations of actual or perceived environmental or social harm, including climate-related impacts, nature-related degradation, human rights abuses, or deficiencies in governance and due diligence practices. At the same time, NWM N.V. Group may face contradictory legal or regulatory action asserting that it has placed undue or disproportionate focus on climate and sustainability-related considerations.

Failure by NWM N.V. Group to comply with evolving legal and regulatory requirements, or supervisory expectations - including divergent and fragmented frameworks across jurisdictions, where relevant - may increase the risk of regulatory non-compliance, may adversely impact NWM N.V. Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and may adversely impact its investor base and reputation. It may also result

in regulatory non-compliance investigations, litigation and enforcement actions, which in turn may have a material adverse effect on NWM N.V. Group's business, future results, financial condition, prospects, reputation, and the price of its securities.

LEI:

X3CZP3CK64YBHON1LE12 – NatWest Markets N.V.

724500JIWG886A9RRT57 – RBS Holdings N.V.

2138005O9XIJN4JPN90 – NatWest Group plc

RR3QWICWWIPCS8A4S074 – NatWest Markets Plc

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