

**RBS Holdings N.V.**

**2023 Pillar 3 Report**

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## Attestation statement

I confirm that the 2023 Pillar 3 Report meets the relevant requirements for Pillar 3 disclosures and has been prepared in line with internal controls agreed by the NatWest Group Board.

As set out in the Compliance report of the 2023 NatWest Group Annual Report and Accounts, the NatWest Group Board is responsible for the system of internal controls that is designed to maintain effective and efficient operations, compliant with applicable laws and regulations. The system of internal control is designed to manage risk or mitigate it to an acceptable residual level rather than eliminate it entirely. Systems of internal control can only provide reasonable and not absolute assurance against misstatement, fraud, or loss.

Cornelis Visscher

Chief Financial Officer, RBS Holdings N.V.

## Presentation of information

This document presents the consolidated Pillar 3 disclosures for RBS Holdings N.V. (RBSH N.V.) as at 31 December 2023. It should be read in conjunction with the 2023 NatWest Group Pillar 3 report, RBSH N.V. Annual Report & Accounts and NatWest Markets N.V. Annual Reports & Accounts which are published in the same location at [investors.natwestgroup.com/reports-archive/2023](https://investors.natwestgroup.com/reports-archive/2023)

RBSH N.V. is wholly owned subsidiary of NatWest Markets Plc. NatWest Markets N.V. ('NWM N.V.') and RBS International Depository Services S.A. ('RBSI DS S.A.') are wholly owned subsidiaries of RBSH N.V. and therefore included in the consolidated disclosures presented in this report. The ultimate holding company is NatWest Group plc.

NatWest Group, as a third-country group with two or more subsidiary banking institutions in the European Union ('EU'), was approved by the ECB to establish a dual Intermediate EU Parent Undertaking ('IPU') structure on behalf of its European subsidiaries. As a result, RBSH N.V. will act as the non-ring fenced IPU. On 1 December 2023, RBSI DS S.A.'s immediate parent company changed from Royal Bank of Scotland International (Holdings) Limited ('RBSIH') to RBSH N.V. following supervisory approval. In November 2023, the ECB confirmed that RBSH N.V. and its subsidiaries NWM N.V. and RBSI DS S.A. were classified as a "significant supervised group". As a result, the ECB assumed direct supervision of all three entities on 1 January 2024.

RBSH N.V. being a large, listed subsidiary of NatWest Group plc (which is a UK parent institution), is subject to the disclosure requirements set out in Article 13 and Part Eight of EU Capital Requirements Regulation. In addition, it falls in scope of the EBA disclosures requirements for ESG risks.

The required disclosures are as follows:

- Disclosure of own funds
- Disclosure of own funds requirements & risk weighted exposure amounts
- Disclosure of countercyclical capital buffers
- Disclosure of exposures to credit risk and dilution risk
- Disclosure of the use of credit risk mitigation techniques
- Disclosure of leverage ratio
- Disclosure of liquidity requirements
- Disclosure of remuneration policy

The consolidated disclosures for RBSH N.V. are calculated in accordance with the EU Capital Requirements Regulation.

Within this document, row and column references are based on those prescribed in the EBA disclosure templates. Comparatives have not been provided for first-time disclosures.

A subset of the Pillar 3 templates that is required to be disclosed was not applicable to RBS Holdings N.V. at 31 December 2023 and has therefore not been included in this document. These excluded disclosures are listed below, together with a summary of the reason for their exclusion.

EBA template reference	Template name	Reasons for exclusion
EU CR8	RWA flow statements of credit risk exposures under the IRB approach	The RWA flow statements will be provided in 2024 Pillar III reports and going forward. RBS Holdings N.V. entered the disclosure obligation as a large subsidiary in Q4/2023
EU CCR7	RWA flow statements of CCR exposures under the IMM	
EU MR2-B	RWA flow statements of market risk exposures under the IMA	
EU LIQ1	Quantitative information of LCR	The quantitative information for LCR will be provided in 2024 Pillar reports and going forward. LCR is disclosed as the average of month end observations for 12 months preceding the end of each quarter. This document includes the required qualitative disclosure for liquidity risk management (i.e. EU LIQA) and qualitative information on LCR (i.e. EU LIQB). The spot LCR% for RBS Holdings N.V. as at 31 December 2023 was 144.3%
EU CR2	Changes in the stock of non-performing loans and advances	This flow statement will be provided in 2024 Pillar III reports and going forward
EU CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	
EU CQ2	Quality of forbearance	Disclosure threshold not met
EU CQ6	Collateral valuation - loans and advances	Disclosure threshold not met
EU CQ7	Collateral obtained by taking possession and execution processes	No reportable exposures
EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	No reportable exposures
EU CR10.3	Specialised lending: Object finance (Slotting approach)	No reportable exposures
EU CR10.4	Specialised lending: Commodities finance (Slotting approach)	No reportable exposures
EU CR10.5	Specialised lending and equity exposures under the simple risk weighted approach	No reportable exposures
ESG Template 3	Banking book - Climate change transition risk: Alignment metrics	First disclosure reference date: 30 June 2024
ESG Template 9	Mitigating actions: BTAR	Small Medium Enterprises are not applicable
EU CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Published as supplement alongside this report

In this report, in line with the regulatory framework, the term credit risk excludes counterparty credit risk, unless specifically indicated otherwise.

The Pillar 3 disclosures in this document are presented in Euros and have not been subject to external audit.

Refer to the Glossary for definitions of terms available on [natwestgroup.com](https://natwestgroup.com).

# Annex I: Key metrics and overview of risk-weighted exposure amounts

## EU KM1: Key metrics template

The table below provides a summary of the main prudential regulation ratios and measures. RBS Holdings N.V. does not apply any transitional IFRS 9 adjustments in respect to ECL provisions.

		RBSH N.V.
		31 December
		2023
		€m
<b>Available own funds (amounts)</b>		
1	Common equity tier 1 (CET1) capital	1,584
2	Tier 1 capital	1,834
3	Total capital	1,986
<b>Risk-weighted exposure amounts</b>		
4	Total risk exposure amount (1)	8,253
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>		
5	Common equity tier 1 ratio (%)	19.2
6	Tier 1 ratio (%)	22.2
7	Total capital ratio (%)	24.1
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.0
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.7
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.2
EU 7d	Total SREP own funds requirements (%)	6.2
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>		
8	Capital conservation buffer (%)	2.5
9	Institution specific countercyclical capital buffer (%) (2)	0.7
EU 10a	Other Systemically Important Institution buffer (%)	-
11	Combined buffer requirement (%)	3.2
EU 11a	Overall capital requirements (%)	14.2
12	CET1 available after meeting the total SREP own funds requirements (%) (3)	13.0
<b>Leverage ratio</b>		
13	Total exposure measure	26,121
14	Leverage ratio	7.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>		
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0
<b>Leverage ratio buffer and overall leverage ratio requirements (as a percentage of total exposure measure)</b>		
EU 14d	Leverage ratio buffer requirement (%)	-
EU 14e	Overall leverage ratio requirements (%)	3.0
<b>Liquidity coverage ratio (4)</b>		
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	
EU 16a	Cash outflows - Total weighted value	
EU 16b	Cash inflows - Total weighted value (4)	
16	Total net cash outflows (adjusted value)	
17	Liquidity coverage ratio (%)	
<b>Net stable funding ratio (5)</b>		
18	Total available stable funding	5,449
19	Total required stable funding	4,105
20	NSFR ratio (%)	133

(1) RWAs include a DNB add on obligation of €2,074mn, aligning RBSH N.V. to the standardised approach.

(2) The institution-specific countercyclical capital buffer requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures.

(3) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).

(4) The disclosure rules require institutions to calculate LCR as the simple averages of month-end observations over the twelve months preceding the end of each quarter. First disclosure will be completed in 2024.

(5) The NSFR% ratio is presented on a spot basis.

(6) The following rows are not presented in the table above because they are not applicable: EU8a, EU9a and 10.

## EU OV1: Overview of risk-weighted exposure amounts

The table below shows RWAs and total own funds requirements by risk type. Total own funds requirements are calculated as 8% of RWAs.

		RBSH N.V.	
		a	c
		Total risk exposure amounts (TREA)	Total own funds requirements
		31 December 2023	31 December 2023
		€'m	€'m
1	Credit risk (excluding counterparty credit risk)	2,177	174
2	Of which: standardised approach	1,111	89
3	Of which: the foundation IRB (FIRB) approach	-	-
4	Of which: slotting approach	15	1
EU 4a	Of which: equities under the simple risk-weighted approach	-	-
5	Of which: the advanced IRB (AIRB) approach	1,051	84
6	Counterparty credit risk	2,650	212
7	Of which: standardised approach	82	7
8	Of which: internal model method (IMM)	1,793	143
EU 8a	Of which: exposures to a CCP	15	1
EU 8b	Of which: credit valuation adjustment (CVA)	503	40
9	Of which: other counterparty credit risk	257	21
15	Settlement risk	-	-
16	Securitisation exposures in the non-trading book (after the cap)	420	33
17	Of which: SEC-IRBA approach	-	-
18	Of which: SEC-ERBA (including IAA)	179	14
19	Of which: SEC-SA approach	239	19
EU 19a	Of which: 1,250%/deduction	2	-
20	Position, foreign exchange and commodities risk (market risk)	600	48
21	Of which: standardised approach	-	-
22	Of which: IMA	600	48
EU 22a	Large exposures	-	-
23	Operational risk	332	27
EU 23a	Of which: basic indicator approach	332	27
EU 23b	Of which: standardised approach	-	-
EU 23c	Of which: advanced measurement approach	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight)	-	-
25	Other Risk Exposure Amounts (1)	2,074	166
25a	Of which: Additional risk exposure amount due to Article 3 of Regulation (EU) No 575/2013	2,074	166
29	Total	8,253	660

(1) RWAs include a DNB add on obligation of €2,074mn, aligning RBSH N.V. to the standardised approach.

## EU OVC: ICAAP information

An internal assessment of material risks is carried out annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. This is referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year together with a forward-looking stress capital assessment. The ICAAP is approved by the Board and submitted to the DNB.

## Annex VII: Own funds

### EU CC1: Composition of regulatory own funds

The table below shows the capital resources for RBS Holdings N.V. on an end-point basis. Regulatory adjustments comprise deductions from own funds and prudential filters. The table also includes a cross reference to the corresponding rows in template EU CC2 to facilitate full reconciliation of accounting and regulatory own funds.

		RBSH N.V.	
		31 December 2023	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation
		€m	
<b>CET1 capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	-	
	<i>Of which: ordinary shares</i>	-	(a)
	<i>Of which: share premium</i>	1,550	(k)
2	Retained earnings	103	(b)
3	Accumulated other comprehensive income (and other reserves)	70	(c)
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	CET1 capital before regulatory adjustments	1,723	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	(-) Additional value adjustments	(9)	
8	(-) Intangible assets (net of related tax liability)	(1)	(d)
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	(63)	(e)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(26)	(i)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	-	
13	(-) Any increase in equity that results from securitised assets	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(40)	
15	(-) Defined-benefit pension fund assets	-	(f) & (g)
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments	-	
17	(-) Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	
18	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (above the 10% threshold and net of eligible short positions)	-	
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	(-) <i>Of which: qualifying holdings outside the financial sector</i>	-	
EU-20c	(-) <i>Of which: securitisation positions</i>	-	



## EU CC1: Composition of regulatory own funds continued

		RBSH N.V.	
		31 December 2023 €m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
EU-20d	(-) Of which: free deliveries	-	
21	(-) Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
22	(-) Amount exceeding the 17.65% threshold	-	
23	(-) Of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	(-) Of which: deferred tax assets arising from temporary differences	-	
EU-25a	(-) Losses for the current financial period	-	(b)
EU-25b	(-) Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items in so far as such tax charges reduce the amount up to which those items may be used to cover risks or losses	-	
27	(-) Qualifying Additional Tier 1 (AT1) deductions that exceed the AT1 items of the institution	-	
27a	Other regulatory adjustments	-	
28	Total regulatory adjustments to CET1	(139)	
29	CET1 capital	1,584	
<b>AT1 capital: instruments</b>			
30	Capital instruments and the related share premium accounts	250	(h)
31	Of which: classified as equity under applicable accounting standards	250	
32	Of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	-	
35	Of which: instruments issued by subsidiaries subject to phase out	-	
36	AT1 capital before regulatory adjustments	250	
<b>AT1 capital: regulatory adjustments</b>			
37	(-) Direct, indirect and synthetic holdings by an institution of own AT1 instruments	-	
38	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	
39	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-	
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-	

## EU CC1: Composition of regulatory own funds continued

		RBSH N.V.	
		31 December 2023	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation
		€m	
<b>T2 capital: instruments</b>			
42	(-) Qualifying T2 deductions that exceed the T2 items of the institution	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	Total regulatory adjustments to AT1 capital	-	
44	AT1 capital	250	
45	Tier 1 capital (T1 = CET1 + AT1)	1,834	
46	Capital instruments and the related share premium accounts	150	(j)
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	(j)
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	(j)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in 5 or 34) issued by subsidiaries and held by third parties	-	
49	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	-	
50	Credit risk adjustments	2	
51	T2 capital before regulatory adjustments	152	
<b>T2 capital: regulatory adjustments</b>			
52	(-) Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	-	
53	(-) Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-	
54	(-) Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	-	
55	(-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-	
EU-56a	(-) Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution	-	
EU-56b	(-) Other regulatory adjustments to T2 capital	-	
57	Total regulatory adjustments to T2 capital	-	
58	T2 capital	152	
59	Total capital (TC = T1 + T2)	1,986	
60	Total risk exposure amount	8,253	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 capital	19.2%	
62	Tier 1 capital	22.2%	
63	Total capital	24.1%	
64	Institution CET1 overall capital requirements	14.2%	

## EU CC1: Composition of regulatory own funds continued

		RBSH N.V.	
		31 December 2023	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation
		€m	
65	<i>Of which: capital conservation buffer requirement</i>	2.5%	
66	<i>Of which: counter cyclical buffer requirement</i>	0.7%	
67	<i>Of which: systemic risk buffer requirement</i>	-	
EU-67a	<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	0.0%	
EU-67b	<i>Of which: additional own funds requirements to address the risks other than the risk of excessive leverage</i>	0.0%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	13.0%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR met)	-	
<b>Available caps on the inclusion of provisions in T2</b>			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	2	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	64	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

(1) Row 68: represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).

(2) The references (a) to (k) identify balance sheet components in table EU CC2 that are used in the calculation of regulatory capital in table EU CC1. Amounts between EU CC2 and EU CC1 are not always directly comparable due to differences in definitions and application of Capital Requirements Directive for the calculation of regulatory capital. The reference (d) is part of other assets in CC2. The reference (b) is smaller due to foreseeable dividend.

(3) The following lines are not presented as they are not applicable under the EBA disclosure guidelines: 9, 20, 24, 26, 41, 54a, 56, 69, 70, 71 and 74.

## EU CC2: reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below shows the reconciliation between the accounting and regulatory consolidation with references showing the linkage between this table and EU CC1.

	RBSH N.V.		
	As at period end 31 December 2023		
	a	b	
	Balance sheet as in published financial statements as at period end	Under regulatory scope of consolidation as at period end	
	€m	€m	References
Assets			
Cash and balances at central banks	5,979	5,979	
Trading assets	4,693	4,693	
Derivatives	9,890	9,890	
Settlement balances	565	565	
Loans to banks - amortised cost	236	208	
Loans to customers - amortised cost	951	951	
Other financial assets	2,605	2,542	
Property, plant and equipment	24	24	
Current and deferred tax assets	63	63	
of which: DTAs that rely on future profitability and do not arise from temporary differences	63	63	(e)
Prepayments, accrued income and other assets	18	146	
of which: defined benefit pension fund assets	-	-	(f)
Amounts due from ultimate holding company and fellow subsidiaries	3,181	3,181	
Total assets	28,205	28,242	
Liabilities			
Bank deposits	411	411	
Customer deposits	4,531	4,570	
Settlement balances	679	679	
Trading liabilities	4,637	4,637	
Derivatives	8,814	8,814	
Other financial liabilities	2,805	2,805	
Provisions, deferred income and other liabilities	60	60	
Current and deferred tax liabilities	6	4	
of which: defined benefit pension scheme assets	-	-	
Subordinated liabilities	293	293	(j)
Amounts due to ultimate holding company and fellow subsidiaries	3,953	3,953	
Total liabilities	26,189	26,226	
Shareholders' Equity			
Non-controlling interests	-	-	
Owners' equity			
Called up share capital	-	-	(a)
Reserves	2,016	2,016	
of which: amount eligible for retained earnings	146	146	(b)
of which: amount eligible for accumulated OCI and other reserves	70	70	(c) & (i)
of which: amount of other equity instruments	250	250	(h)
of which: share premium accounts	1,550	1,550	(k)
Total shareholders' equity	2,016	2,016	

(1) The references (a) to (k) identify balance sheet components in table EU CC2 that are used in the calculation of regulatory capital in table EU CC1. Amounts between tables EU CC2 and EU CC1 are not always directly comparable due to differences in definitions and application of Capital Requirements Directive for the calculation of regulatory capital.

## Annex IX: Countercyclical capital buffers

### EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

As part of the banking reforms introduced by Basel III, a countercyclical capital buffer is required to ensure banks take account of the macro-financial environment when assessing adequate capital requirements. The buffer is to help protect banks during periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. This regime is intended to help reduce the risk that the supply of credit will be constrained during a period of economic downturn, which in turn could undermine the performance of the real economy and consequently result in additional credit losses in the banking system. The table below summarises RBS Holdings N.V. total exposures and own funds requirements based on country of economic operation of the customer. Where applicable, a countercyclical capital buffer rate is applied to the own funds requirement for the geographic region to capture an additional countercyclical requirement. General credit and trading book exposures exclude those with central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. The exposures below therefore differ from those presented in the credit and counterparty credit risk sections.

	RBSH N.V.												
	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -					Own fund requirements							
	General credit exposures		Market risk		Securitisation exposures	Total exposure	Relevant credit exposures -		Relevant credit exposures -	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Credit risk exposures -	Relevant credit exposures - Market risk					
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%
31 December 2023													
Breakdown by country (with existing CCyB rates)													
Norway	2	46	-	-	-	48	1	-	-	1	14	0.26%	2.50%
Denmark	191	11	-	-	-	202	16	-	-	16	194	3.54%	2.50%
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	-	2.00%
Great Britain	65	81	-	-	-	146	7	-	-	7	89	1.62%	2.00%
Sweden	154	256	-	-	106	516	21	-	2	23	291	5.32%	2.00%
Slovakia	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
Netherlands	606	574	-	-	184	1,364	62	-	10	72	903	16.49%	1.00%
Ireland	19	12	-	-	382	413	2	-	31	33	409	7.46%	1.00%
Australia	-	12	-	-	-	12	1	-	-	1	9	0.16%	1.00%
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Croatia	-	-	-	-	-	-	-	-	-	-	-	-	1.00%
Lithuania	-	-	-	-	-	-	-	-	-	-	-	-	1.00%
Romania	-	-	-	-	-	-	-	-	-	-	-	-	1.00%
Germany	58	879	-	-	-	937	22	-	-	22	282	5.14%	0.75%
France	660	1,217	-	-	790	2,667	69	-	56	125	1,567	28.62%	0.50%
Luxembourg	112	40	-	-	-	152	11	-	-	11	136	2.49%	0.50%
Cyprus	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total (countries with existing CCyB rates)	1,867	3,128	-	-	1,462	6,457	212	-	99	311	3,894	71.10%	

## EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer continued

	RBSH N.V.												
	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
Spain	-	366	-	-	345	711	12	-	28	40	505	9.23%	
Switzerland	129	5	-	-	-	134	26	-	-	26	323	5.89%	
United States	64	221	-	-	174	459	9	-	14	23	289	5.27%	
Italy	9	116	-	-	158	283	6	-	12	18	230	4.20%	
Belgium	16	47	-	-	85	148	2	-	7	9	111	2.02%	
Total (Countries with zero CCyB rate and with own funds requirement weights 1% and above)	218	755	-	-	762	1,735	55	-	61	116	1,458	26.61%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	43	168	-	-	-	211	11	-	-	11	126	2.29%	
Total	2,128	4,051	-	-	2,224	8,403	278	-	160	438	5,478	100.00%	

## EU CCyB2: Amount of institution-specific countercyclical capital buffer

		RBSH N.V.
		31 December
		2023
		€m
1	Total risk exposure amount	8,253
2	Institution specific countercyclical capital buffer rate	0.67%
3	Institution specific countercyclical capital buffer requirement (1)	55

## Annex XI: Leverage ratio

### EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

The table below shows a reconciliation between total assets under IFRS standards and the leverage exposure measure.

		RBSH N.V.
		31 December
		2023
		€m
1	Total assets as per published financial statements	28,205
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	37
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (1) of Article 429a(1) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(831)
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(5,415)
9	Adjustment for securities financing transactions (SFTs)	128
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	4,061
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(64)
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	-
13	Total exposure measure	26,121



## EU LR2 - LRCom: Leverage ratio common disclosure

		RBSH N.V.
		CRR leverage ratio
		exposures
		31 December
		2023
		€m
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	13,146
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(1,924)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
5	(General credit risk adjustments to on-balance sheet items)	-
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(64)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	11,158
<b>Derivative exposures</b>		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	1,653
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
9	Add-on amounts for PFE associated with SA-CCR derivatives transactions	4,746
EU-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-
EU-9b	Exposure determined under Original Exposure Method	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-
11	Adjusted effective notional amount of written credit derivatives	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
13	Total derivatives exposures	6,399
<b>Securities financing transaction (SFT) exposures</b>		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5,206
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
16	Counterparty credit risk exposure for SFT assets	128
EU-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-
EU-17	Agent transaction exposures	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposures)	-
18	Total securities financing transaction exposures	-
<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposures at gross notional amount	7,543
20	(Adjustments for conversion to credit equivalent amounts)	(3,481)
21	(General provisions deducted in determining Tier 1 and specific provisions associated with off-balance sheet exposures)	-
22	Off-balance sheet exposures	4,062

## EU LR2 - LRCom: Leverage ratio common disclosure continued

		RBSH N.V.
		31 December
		2023
		€m
<b>Excluded exposures</b>		
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on and off balance sheet))	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-
EU-22k	(Total exempted exposures)	-
<b>Capital and total exposure measure</b>		
23	Tier 1 capital	1,834
24	Total exposure measure	26,121
<b>Leverage ratio</b>		
25	Leverage ratio (%)	7.0%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.0%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.0%
26	Regulatory minimum leverage ratio requirement (%)	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-
EU-26b	of which: to be made up of CET1 capital	-
27	Required leverage buffer (%)	0.0%
EU-27a	Overall leverage ratio requirement (%)	3.0%

## EU LR2 - LRCom: Leverage ratio common disclosure continued

		RBSH N.V.
		31 December
		2023
		€m
<b>Choice on transitional arrangements and relevant exposures</b>		
EU-27b Choice on transitional arrangements for the definition of the capital measure		
<b>Disclosure of mean values</b>		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,206
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment sale accounting transactions and netted of amounts of associated cash payables for and cash receivables)	26,121
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	26,121
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.0%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.0%

## EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures
		RBSH N.V.
		31 December 2023
		€m
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	<b>10,390</b>
EU-2	Trading book exposures	<b>421</b>
EU-3	Banking book exposures, of which:	<b>9,969</b>
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	<b>6,317</b>
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	<b>310</b>
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	<b>1,053</b>
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	<b>2,289</b>

## EU LRA: Disclosure of LR qualitative information

### Processes used to manage the risk of excessive leverage

The Group actively manages the risk of excessive leverage through relevant Board approved Risk Appetite measures, operational limits, targets, and recovery indicators. This ensures that the Group and its entities are sufficiently capitalised to meet supervisory leverage requirements in normal business conditions and appropriate requirements for leverage under stress events. The Group embeds its strong focus on leverage in its capital planning, capital allocation and incentivising businesses to make appropriate decisions with regards to leverage exposure within their portfolios. The Group regularly monitors leverage targets, exposure, and capacity, on an actual and forecast basis, in relevant Governance committees.

# Annex XIII: Liquidity requirements

## EU LIQ2: Net Stable Funding Ratio

		RBSH N.V.				
		a	b	c	d	e
(In currency amount)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	1,772	-	-	130	1,903
2	Own funds	1,772	-	-	130	1,903
3	Other capital instruments	-	-	-	-	-
4	Retail Deposits	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding	-	7,325	1,803	1,500	3,546
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	7,325	1,803	1,500	3,546
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities	-	1,257	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and capital instruments not included in the above categories	-	-	-	-	-
14	Total available stable funding (ASF)					5,449
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					44
EU-15a	Assets encumbered for more than 12 months in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		4,135	208	3,150	3,151
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut.		1,386	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,730	207	806	1,055
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		20	-	488	425
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	2	1,855	1,671
25	Interdependent assets		-	-	-	-
26	Other assets:	-	3,814	-	461	611
27	Physical traded commodities		-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	122	103
29	NSFR derivative assets		17	-	-	17
30	NSFR derivative liabilities before deduction of variation margin posted		3,030	-	-	151
31	All other assets not included in the above categories		767	-	339	339
32	Off-balance sheet items		-	-	6,410	299
33	Total RSF					4,105
34	Net Stable Funding Ratio (%)					132.7%

## EU LIQA: Liquidity risk management

### Liquidity risk management Strategies and processes in the management of the liquidity risk, including policies on funding.

The Internal Liquidity Adequacy Assessment Process (ILAAP) is the key mechanism for assessing the liquidity and funding needs of NatWest Group and its main subsidiaries, including RBSH N.V. ILAAPs are used to comprehensively identify sources and potential sources of liquidity risk. The ILAAPs are completed at least annually, and ensure liquidity and funding risks are identified, measured, managed, and monitored across different time horizons and stress scenarios. The Group ILAAP is approved by NatWest Group plc Board, with RBSH N.V. ILAAP approved by the RBSH N.V. Board, and are compliant with regulatory standards. As part of the ILAAP, an annual review of stress assumptions is undertaken to ensure they remain appropriate.

On at least an annual basis NatWest Group plc Board approve the liquidity and funding risk appetites, consisting of qualitative statements and supporting quantitative measures, which define the type and aggregate level of risk we are willing to accept in pursuit of our strategic objectives and business plans. Liquidity and funding risk appetites risk appetite are also set on RBSH N.V. level. The risk appetites are supported by a series of operational limits. In order to ensure our funding is managed within risk appetite, a 5-year Funding Plan is maintained, subject to at least annual refresh. This is supported by monthly rolling forecasts, which track expected performance against plan.

### Structure and organisation of the liquidity risk management function

On an annual basis the Board review and approve the overall approach to risk management in NatWest Group as laid out in the enterprise-wide risk management framework (EWRMF), as well as key components of liquidity management, including the liquidity and funding risk appetites, the ILAAP and Recovery Plan. The structure and organisation of liquidity and funding risk management is defined within the Group Liquidity and Funding Risk Policy, which is approved by Group Board Risk Committee. It includes defined roles and responsibilities which are consistent with the Three Lines of Defence Model within the overall EWRMF, which ensures effective oversight and assurance.

### Centralisation of liquidity management and interaction between the group's units

NatWest Group manages its liquidity to ensure it is always available when and where required, taking into account regulatory, legal and other constraints. The PRA has granted a permission for NWB Plc, RBS plc and Coutts & Co to apply the requirements in the Liquidity Parts of CRR (inc LCR and NSFR) as a single liquidity sub-group (the UK DoLSub). Following the implementation of ring-fencing legislation, liquidity is no longer considered fully fungible across NatWest Group and principal liquidity portfolios are maintained in the UK DoLSub (primarily in NWB Plc), UBIDAC, NWM Plc, RBSI and RBSH N.V. All legal entities within NatWest Group are managed to all relevant local regulatory requirements as well as within internally defined risk appetites. All legal entities, including RBSH N.V. within NatWest Group are subject to the Group Liquidity and Funding Policies.

### Scope and nature of liquidity risk reporting and measurement systems

Regulatory and Risk Reporting and Control has overall accountability for the accurate and timely production of external regulatory liquidity reporting and internal liquidity management reporting. The liquidity position of NatWest Group, UK DoLSub and other material subsidiaries including RBSH N.V. is reported on a daily basis to those Executives with responsibility of the management and control of liquidity risk, and on a regular basis to ALCo and Board Risk Committee (BRC). Defined escalation processes are in place for breach of any liquidity risk appetites or operational limits. Liquidity condition indicators are monitored daily and provide early warning indicators of potential stresses or increased vulnerability to stress events.

### Policies for hedging and mitigating the liquidity risk

The Group Liquidity and Funding Risk Policy defines the requirements for the identification, assessment, management and mitigation of liquidity and funding risk. These are underpinned by a strong risk culture, risk appetites, policies, and oversight and assurance via the Three Lines of Defence model. As a key mitigant of liquidity and funding risk, NatWest Group maintains liquidity portfolios, which consist of high quality liquid assets that can be monetised in times of stress. We monitor the sufficiency of the liquidity portfolios through the risk appetites for material subsidiaries, including RBSH N.V.. The liquidity portfolios must be managed in line with investment mandates, which are approved at least annually by the Group Treasurer and entity Treasurers as applicable and set out the level of risk we are willing to take within the regulatory and internal framework.

### Contingency funding plans

NatWest Group maintains integrated liquidity contingency and Recovery plans which ensure that we maintain the capabilities and capacity to identify and respond to potential or actual threats to our liquidity and funding position.

RBSH N.V. also conducts its own Recovery plan. In line with the NatWest Group's Recovery Plan, the RBSH N.V. Recovery plan is regularly reviewed, tested and approved by the RBSH N.V. Board to ensure it remains effective under a variety of scenarios in line with the requirements set out by the EBA. Key elements of the Recovery Plan include:

- A framework to facilitate early identification, monitoring and escalation of actual or potential threats to our liquidity position
- A range of credible actions to restore liquidity in stress together with clear implementation plans, execution timelines and valuations
- Clear procedures and playbooks to support the operational management of a stress, including procedures relating to decision making in stress, provision of management information, communication plans, regulatory engagement, disclosure requirements and the co-ordinated response across subsidiaries of NatWest Group.

## EU LIQA: Liquidity risk management continued

### Stress Testing

NatWest Group, including RBSH N.V., manages liquidity and funding risk over various time horizons using regulatory and internal measures.

Liquidity stress testing is undertaken to ensure that we hold sufficient liquidity resources, both in terms of size and composition, in the event of a severe but plausible stress event. Stress testing is undertaken on daily basis within the Stress Outflow Coverage (SOC) metric, which complements the regulatory LCR metric. The SOC framework covers an analysis of key vulnerabilities to which we are exposed and assessed against a balanced mix of scenarios including idiosyncratic, market-wide, and combined scenarios over a three month time horizon, referencing both historic and hypothetical stress events. Scenarios, assumptions and methodologies are selected and reviewed at least annually as part of the ILAAP process. All parameters used in the calculations are subject to review and challenge from second line of defence and approved by the appropriate governance committees.

In addition to SOC, RBSH N.V. executes the Survival Period metric, consisting of an idiosyncratic, market and combined scenario with a 12-month time horizon. The related scenarios, assumptions and methodologies are reviewed at least annually as part of the ILAAP process. All parameters used in the calculations are subject to review and challenge from second line of defence and approved by the appropriate governance committees.

Funding stress testing is undertaken to assess longer term pressures on funding and the stability of the funding base. A range of scenarios is identified to test the risks and vulnerabilities to the funding plan. The funding plan sets out RBSH N.V. medium-and long-term obligations to ensure they are adequately met with a range of diverse funding sources.

In addition, horizon risks are assessed on an ongoing basis, in order to proactively identify any changes in customer behaviour and to ensure effective monitoring of controls is in place.

Finally, NatWest Group's conduct enterprise-wide stress testing of which liquidity and funding are sub-components. This broad view provides us with an understanding of the full range of impacts and highlights the interplay between risk disciplines including capital and liquidity.

### Adequacy of liquidity risk management arrangements

NatWest Group plc Board confirm the adequacy of our liquidity risk management arrangements, including systems and controls, annually via the ILAAP. The ILAAP details NatWest Group's approach to the identification, measurement and management of liquidity and funding risk and the formulation of the funding plan and is subsequently submitted to the PRA. The Boards of relevant legal entities, including RBSH N.V. approve their own ILAAPs on the same basis. RBSH N.V. subsequently submits the RBSH N.V. ILAAP to the ECB.

### Management statement on liquidity risk profile

- NatWest Group and its subgroups hold sufficient liquidity, in respect of quantity and quality, to cover their business risks, maintain the continuity of their operations on an ongoing basis and support their planned business strategy.
- The Group's liquidity and funding strategy is to ensure that there are (i) sufficient liquid reserves to cover severe but plausible stresses; (ii) there are credible recovery options to execute in the event of such stresses, (iii) a stable and diversified funding base.
- The liquidity and funding risk appetite qualitative statement supports intelligent risk-taking aligned to the Group's strategy and purpose. The qualitative statement articulates the nature and level of liquidity and funding risk the Group is willing to take in order to pursue strategic and business objectives.
- The qualitative statement is underpinned by quantitative limits and triggers against specific liquidity and funding risk appetite measures appetites (including regulatory measures like the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and supporting operational limits.
- Liquidity risk is further assessed within the Internal Liquidity Adequacy Assessment Process (ILAAP) which includes a range of internally assessed stress testing scenarios.



## EU LIQB: Qualitative information on LCR

### LCR inputs & results

The LCR aims to ensure that banks hold a sufficient reserve of High-Quality Liquid Assets (HQLA) to survive a period of liquidity stress lasting 30 calendar days.

The spot LCR ratio for 31 December 2023 is 144.3 %.

### Concentration of funding sources

RBSH N.V. covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repos, short positions, and derivative cash collateral provide approximately half of the balance sheet funding with the remainder funded by capital instruments (issued and down streamed by NatWest Group plc), term unsecured, short term unsecured and secured funding.

Wholesale unsecured funding includes a range of products including but not limited to bank deposits, commercial paper (CP), medium-term notes (MTN). Deposits, CP have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. MTN issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.

The primary risk to funding stability is refinancing, the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. RBSH N.V. monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

### Liquidity buffer composition

HQLA (€6.5bn) is primarily held in Level 1 cash and central bank reserves (90%) and Level 1 high quality securities (5%). Level 2 securities account for (5)%.

### Derivative exposures and potential collateral calls

RBSH N.V. actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress are captured under the Historical Look-Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a 3-notch downgrade of the NWM N.V. credit rating are also captured, RBSH N.V. is the parent entity and therefore does not have its own standalone rating.

### Currency mismatch in the LCR

The LCR is calculated for euro, US dollar and sterling, which have been identified as significant currencies (having liabilities greater than, or equal to, 5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities) in accordance with the LCR Delegated Regulation (EU) 2015/61. RBSH N.V. manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.

## Annex XV: Credit risk quality

### EU CQ1: Credit quality of forborne exposures

The table below shows gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collateral and financial guarantees received by portfolio and exposure class.

		RBSH N.V.							
		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
		Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne exposures		
31 December 2023		€m	€m	€m	€m	€m	€m	€m	€m
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	23	-	-	-	-	-	19	-
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	23	-	-	-	-	-	19	-
070	Households	-	-	-	-	-	-	-	-
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	Total	23	-	-	-	-	-	19	-

(1) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions.

## Annex XV: Credit risk quality continued

### EU CQ3: Credit quality of performing and non-performing exposures by past due days

The table below shows the gross carrying amount/nominal amount (including accrued interest) of performing and non-performing exposures according to the scope of regulatory consolidation. For the on-balance sheet exposures, the template shows the breakdown by past-due band.

RBSH N.V.												
	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
		Of which: Not past due or past due ≤ 30 days	Of which: Past due > 30 days ≤ 90 days	Non- performing exposures	Of which: Unlikely to pay that are not past due or are past due ≤ 90 days	Of which: Past due > 90 days ≤ 180 days	Of which: Past due > 180 days ≤ 1 year	Of which: Past due > 1 year ≤ 2 years	Of which: Past due > 2 years ≤ 5 years	Of which: Past due > 5 years ≤ 7 years	Of which: Past due > 7 years	Of which: Defaulted
Sunday, December 31, 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
005 Cash balances at central banks and other demand deposits	6,201	6,201	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	1,935	1,912	23	-	-	-	-	-	-	-	-	-
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	398	398	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	943	943	-	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	594	571	23	-	-	-	-	-	-	-	-	-
070 Of which: SMEs	-	-	-	-	-	-	-	-	-	-	-	-
080 Households	-	-	-	-	-	-	-	-	-	-	-	-
090 Debt securities	2,542	2,542	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	338	338	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	2,146	2,146	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	58	58	-	-	-	-	-	-	-	-	-	-
150 Off-balance sheet exposures	7,557			-								
160 Central banks	-			-								
170 General governments	-			-								
180 Credit institutions	748			-								
190 Other financial corporations	613			-								
200 Non-financial corporations	6,196			-								
210 Households	-			-								
220 Total	18,235	10,655	23	-	-	-	-	-	-	-	-	-

(1) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions.

## EU CQ4: Quality of performing and non-performing exposures by geography

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by geography. Geographical analysis is based on the country of operation of the customer.

		RBSH N.V.						
		a	b	c	d	e	f	g
		Gross carrying/nominal amount €m	Of which: non-performing €m	Of which: defaulted €m	Of which: subject to impairment €m	Accumulated impairment €m	Provisions on off-balance-sheet commitments and financial guarantees given €m	Accumulated negative changes in fair value due to credit risk on non-performing exposures €m
<b>31 December 2023</b>								
010	<b>On-balance sheet exposures</b>	<b>4,477</b>	-	-	<b>3,595</b>	<b>(8)</b>	-	-
020	<i>UK</i>	<b>531</b>	-	-	<b>240</b>	-	-	-
030	<i>Rol</i>	<b>386</b>	-	-	<b>386</b>	-	-	-
040	<i>Other Western Europe</i>	<b>3,109</b>	-	-	<b>2,544</b>	<b>(7)</b>	-	-
050	<i>US</i>	<b>421</b>	-	-	<b>395</b>	<b>(1)</b>	-	-
060	<i>Other countries</i>	<b>30</b>	-	-	<b>30</b>	-	-	-
070	<b>Off-balance sheet exposures</b>	<b>7,557</b>	-	-	-	-	<b>(1)</b>	-
080	<i>UK</i>	<b>141</b>	-	-	-	-	-	-
090	<i>Rol</i>	<b>12</b>	-	-	-	-	-	-
100	<i>Other Western Europe</i>	<b>7,310</b>	-	-	-	-	<b>(1)</b>	-
110	<i>US</i>	<b>94</b>	-	-	-	-	-	-
120	<i>Other countries</i>	-	-	-	-	-	-	-
130	<b>Total</b>	<b>12,034</b>	-	-	<b>3,595</b>	<b>(8)</b>	<b>(1)</b>	-

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent greater than 99% of total exposure.

(2) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

## EU CQ5: Credit quality of loans and advances by industry

The table below shows gross carrying amount of performing and non-performing exposures to non-financial corporations and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by industry.

		RBSH N.V.					f
		a	b	c	d	e	
		Gross carrying amount €m	Of which: non-performing €m	Of which: defaulted €m	Of which: loans and advances subject to impairment €m	Accumulated impairment €m	Accumulated negative changes in fair value due to credit risk on non-performing exposures €m
<b>31 December 2023</b>							
010	Agriculture, forestry and fishing	1	-	-	1	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	141	-	-	141	(3)	-
040	Electricity, gas, steam and air conditioning supply	130	-	-	130	-	-
050	Water supply	20	-	-	20	-	-
060	Construction	2	-	-	2	-	-
070	Wholesale and retail trade	23	-	-	23	-	-
080	Transport and storage	67	-	-	67	-	-
090	Accommodation and food service activities	1	-	-	1	-	-
100	Information and communication	57	-	-	57	(1)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	26	-	-	26	-	-
130	Professional, scientific and technical activities	44	-	-	44	(1)	-
140	Administrative and support service activities	35	-	-	35	-	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	9	-	-	9	-	-
170	Human health services and social work activities	36	-	-	36	(1)	-
180	Arts, entertainment and recreation	2	-	-	2	-	-
190	Other services	-	-	-	-	-	-
200	Total	594	-	-	594	(6)	-

(1) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions.

## EU CR1: Performing and non-performing exposures and related provisions

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off and collateral and financial guarantees received by portfolio and exposure class.

		RBSH N.V.														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral and financial guarantees received		
		Of which:	Of which:		Of which:	Of which:		Of which:	Of which:		Of which:	Of which:		Accumulated partial write-off	On performing exposures	On non-performing exposures
		Total	Stage 1	Stage 2	Total	Stage 2	Stage 3	Total	Stage 1	Stage 2	Total	Stage 2	Stage 3			
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
<b>31 December 2023</b>																
005	Cash balances at central banks and other demand deposits	6,201	6,200	1	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	1,935	1,795	140	-	-	-	(6)	(4)	(2)	-	-	-	-	286	-
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	398	397	1	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	943	942	1	-	-	-	-	-	-	-	-	-	-	2	-
060	Non-financial corporations	594	456	138	-	-	-	(6)	(4)	(2)	-	-	-	-	284	-
070	Of which: SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	2,542	2,542	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	338	338	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	2,146	2,146	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
140	Non-financial corporations	58	58	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	7,557	7,516	41	-	-	-	(1)	(1)	-	-	-	-	-	1,354	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	748	748	-	-	-	-	-	-	-	-	-	-	-	508	-
190	Other financial corporations	613	613	-	-	-	-	-	-	-	-	-	-	-	240	-
200	Non-financial corporations	6,196	6,155	41	-	-	-	(1)	(1)	-	-	-	-	-	606	-
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	18,235	18,053	182	-	-	-	(9)	(7)	(2)	-	-	-	-	1,640	-

(1) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions.

## EU CR1-A: Maturity of exposures

The table below shows the maturity breakdown of gross carrying amount net of related accumulated impairment, provisions and accumulated change in fair value due to credit risk.

RBSH N.V.						
	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
31 December 2023	€m	€m	€m	€m	€m	€m
1 Loans and advances	883	372	622	52	-	1,929
2 Debt securities	-	357	158	2,025	-	2,540
3 Total	883	729	780	2,077	-	4,469

(1) Exposures classified as held-for-trading are excluded in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

## EU CRB: Additional disclosure related to the credit quality of assets

All credit grades map to an asset quality (AQ) scale, used for financial reporting. This AQ scale is based on Basel probability of defaults. Performing loans are defined as AQ1-AQ9 (where the probability of default (PD) is less than 100%) and defaulted non-performing loans as AQ10 or Stage 3 under IFRS 9 (where the PD is 100%). Loans are defined as defaulted when the payment status becomes 90 days past due, or earlier if there is clear evidence that the borrower is unlikely to repay, for example bankruptcy or insolvency.

### Impairment, provisioning, and write-offs

In the overall assessment of credit risk, impairment provisioning and write-offs are used as key indicators of credit quality. RBSH N.V. IFRS 9 provisioning models, which use existing internal ratings based (IRB) models as a starting point, incorporate term structures and forward-looking information. Regulatory conservatism within the IRB models has been removed as appropriate to comply with the IFRS 9 requirement for unbiased ECL estimates.

Five key areas may materially influence the measurement of credit impairment under IFRS 9 – two of these relate to model build and three relate to model application:

#### Model build:

- The determination of economic indicators that have most influence on credit loss for each portfolio and the severity of impact (this leverages existing stress testing models which are reviewed annually).
- The build of term structures to extend the determination of the risk of loss beyond 12 months that will influence the impact of lifetime loss for exposures in Stage 2.

#### Model application:

- The assessment of the SICR and the formation of a framework capable of consistent application.
- The determination of asset lifetimes that reflect behavioural characteristics while also representing management actions and processes (using historical data and experience).
- The choice of forward-looking economic scenarios and their respective probability weights.

### IFRS 9 ECL model design principles

Modelling of ECL for IFRS 9 follows the conventional approach to divide the estimation of credit losses into its component parts of PD, LGD and EAD.

To meet IFRS 9 requirements, the PD, LGD and EAD parameters differ from their Pillar 1 IRB counterparts in the following aspects:

- **Unbiased** – material regulatory conservatism has been removed from IFRS 9 parameters to produce unbiased estimates.
- **Point-in-time** – IFRS 9 parameters reflect actual economic conditions at the reporting date instead of long-run average or downturn conditions.
- **Economic forecasts** – IFRS 9 PD estimates and, where appropriate, EAD and LGD estimates reflect forward-looking economic conditions.
- **Lifetime measurement** – IFRS 9 PD, LGD and EAD are provided as multi-period term structures up to exposure lifetimes instead of over a fixed one-year horizon.

IFRS 9 requires that at each reporting date, an entity shall assess whether the credit risk on an account has increased significantly since initial recognition. Part of this assessment requires a comparison to be made between the current lifetime PD (i.e. the PD over the remaining lifetime at the reporting date) and the equivalent lifetime PD as determined at the date of initial recognition. For assets originated before IFRS 9 was introduced, comparable lifetime origination PDs did not exist. These have been retrospectively created using the relevant model inputs applicable at initial recognition.

### PD estimates

PD models follow a discrete multi-horizon survival approach, predicting quarterly PDs up to lifetime at account level, with a key driver being scores from related IRB PD models. Forward-looking economic information is brought in by economic response models, which leverage the existing stress test model suite. The current suite of PD models was introduced in 2022 replacing the previous, first-generation models to remediate a range of model weaknesses.

### LGD estimates

The general approach for the IFRS 9 LGD models is to leverage corresponding Basel IRB models with bespoke adjustments to ensure estimates are unbiased and, where relevant, forward-looking.

Forward-looking economic information is incorporated into LGD estimates using the existing point-in-time/through-the-cycle framework. For low default portfolios, including sovereigns and banks, loss data is too scarce to substantiate estimates that vary with economic conditions. Consequently, for these portfolios, LGD estimates are assumed to be constant throughout the projection horizon.

### EAD estimates

EAD values are projected using product specific credit conversion factors (CCFs), closely following the product segmentation and approach of the respective IRB model. However, the CCFs are estimated over multi-year time horizons and contain no regulatory conservatism or downturn assumptions.

No explicit forward-looking information is incorporated, on the basis of analysis showing the temporal variation in CCFs is mainly attributable to changes in exposure management practices rather than economic conditions.



## EU CRB: Additional disclosure related to the credit quality of assets continued

### Governance and post model adjustments

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

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

## Significant increase in credit risk (SICR)

Exposures that are considered significantly credit deteriorated since initial recognition are classified in Stage 2 and assessed for lifetime ECL measurement (exposures not considered deteriorated carry a 12 month ECL). RBSH N.V. has adopted a framework to identify deterioration based primarily on relative movements in lifetime PD supported by additional qualitative backstops. The principles applied are consistent across RBSH N.V. and align to credit risk management practices, where appropriate.

The framework comprises the following elements:

- **IFRS 9 lifetime PD assessment (the primary driver)** – on modelled portfolios, the assessment is based on the relative deterioration in forward-looking lifetime PD and is assessed monthly. To assess whether credit deterioration has occurred, the residual lifetime PD at balance sheet date (which PD is established at date of initial recognition (DOIR)) is compared to the current PD. If the current lifetime PD exceeds the residual origination PD by more than a threshold amount, deterioration is assumed to have occurred and the exposure transferred into Stage 2 for a lifetime loss assessment. In broad terms, a doubling of PD would indicate a SICR. However, the PD uplift must be at least 0.1%.
- **Qualitative high-risk backstops** – the PD assessment is complemented with the use of qualitative high-risk backstops to further inform whether significant deterioration in lifetime risk of default has occurred. The qualitative high-risk backstop assessment includes the use of the mandatory 30+ days past due backstop, as prescribed by IFRS 9 guidance, and other features such as forbearance support and exposures managed within the Risk of Credit Loss framework.

The criteria are based on a significant amount of empirical analysis and seek to meet three key objectives:

- **Criteria effectiveness** – the criteria should be effective in identifying significant credit deterioration and prospective default population.
- **Stage 2 stability** – the criteria should not introduce unnecessary volatility in the Stage 2 population.
- **Portfolio analysis** – the criteria should produce results which are intuitive when reported as part of the wider credit portfolio.

## Annex XVII: Credit risk mitigation techniques

### EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table below shows net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques as recognised under the applicable accounting framework regardless of whether these techniques are recognised under CRR. Counterparty credit risk exposures are excluded.

		RBSH N.V.				
		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
		€m	€m	€m	€m	€m
<b>31 December 2023</b>						
1	Loans and advances	7,776	354	-	286	-
2	Debt securities	2,540	-	-	-	-
3	Total	10,316	354	-	286	-
4	<i>Of which: non-performing exposures</i>	-	-	-	-	-
EU-5	<i>Of which: defaulted</i>	-	-	-	-	-

(1) Exposures classified as held-for-trading are excluded in accordance with FINREP definitions and Basel disclosure requirements.

## EU CRC: Qualitative disclosure requirements related to CRM techniques

### Credit risk mitigation

Credit risk mitigation (CRM) is defined as the use of collateral or guarantees to reduce potential loss if a customer fails to settle all or part of its obligations to RBSH N.V.. The application of CRM depends on which approach (standardised or IRB) is used to calculate RWAs related to a credit exposure.

Recognition of CRM under the standardised approach is carried out in accordance with regulatory requirements and entails the reduction of EAD (netting and financial collateral) or the adjustment of risk-weights (in the case of real estate), third-party guarantees and/or credit derivatives. Under the IRB approach, a wider scope of collateral can be recognised.

RBSH N.V. uses a number of credit risk mitigation approaches. Mitigation techniques, as set out in the appropriate credit risk toolkits and transactional acceptance standards, are used in the management of credit portfolios across RBSH N.V.. These techniques mitigate credit concentrations in relation to an individual customer, a borrower group or a collection of related borrowers.

One of the commonly used CRM is funded (cash collateralised) guarantees provided by other NatWest Group entities, typically the direct parent entity.

Where possible, customer credit balances are netted against obligations. Mitigation tools can include structuring a security interest in a physical or financial asset, the use of credit derivatives including credit default swaps, credit-linked debt instruments and securitisation structures, and the use of guarantees and similar instruments (for example, credit insurance) from related and third parties. When seeking to mitigate risk, at a minimum RBSH N.V. considers the following:

- Suitability of the proposed risk mitigation, particularly if restrictions apply.
- The means by which legal certainty is to be established, including required documentation, supportive legal opinions and the steps needed to establish legal rights.
- Acceptability of the methodologies to be used for initial and subsequent valuation of collateral, the frequency of valuations.
- Actions which can be taken if the value of collateral or other mitigants is less than needed.
- The risk that the value of mitigants and counterparty credit quality will deteriorate simultaneously.
- The need to manage concentration risks arising from collateral types.
- The need to ensure that any risk mitigation remains legally effective and enforceable.

The business and credit teams are supported by specialist in-house documentation teams. RBSH N.V. uses industry-standard loan and security documentation wherever possible. However, when non-standard documentation is used, external lawyers are employed to review the documentation on a case-by-case basis. Mitigants (including any associated insurance) are monitored throughout the life of the transaction to ensure they perform as anticipated. Similarly, documentation is also monitored to ensure it remains enforceable.

RBSH N.V. mitigates credit risk relating to customers through the use of netting, collateral and market standard documentation, depending on the nature of the counterparty and its assets. The most common types of mitigation for RBSH N.V. are:

- Funded guarantees provided by other NatWest Group entities, typically the parent entity.
- Credit insurance.
- On a limited basis – other physical assets – including stock, plant, equipment, machinery, vehicles, ships and aircraft. Such assets are suitable collateral only if RBSH N.V. can identify, locate, and segregate them from other assets on which it does not have a claim. RBSH N.V. values physical assets in a variety of ways, depending on the type of asset and may rely on balance sheet valuations in certain cases.
- Receivables – These are amounts owed to RBSH N.V.'s counterparties by their own customers. Valuation takes into account the quality of the counterparty's receivable management processes and excludes any that are past due.
- On a limited and look through basis for immaterial securitisation positions – commercial real estate. These are tradeable bonds, rated AA/AAA and ECB eligible collateral.

All collateral is assessed, case by case, independently of the provider to ensure that it is suitable security for the proposed loan. RBSH N.V. monitors the value of the collateral and, if there is a shortfall, will review the position, which may lead to seeking additional collateral.

## Annex XIX: Use of standardised approach

### EU CR4: standardised approach – Credit risk exposure and CRM effects

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and CCFs as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

RBSH N.V.						
	a	b	c	d	e	f
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWAs	RWAs density
	€m	€m	€m	€m	€m	%
<b>31 December 2023</b>						
1 Central governments or central banks	<b>6,317</b>	-	<b>6,317</b>	<b>508</b>	-	-
2 Regional government or local authorities	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	<b>317</b>	<b>745</b>	<b>334</b>	<b>137</b>	<b>166</b>	<b>35</b>
7 Corporates	<b>416</b>	<b>572</b>	<b>399</b>	<b>286</b>	<b>580</b>	<b>85</b>
8 Retail	-	-	-	-	-	-
9 Secured by mortgages on immovable property	-	-	-	-	-	-
10 Exposures in default	-	-	-	-	-	-
11 Exposures associated with particularly high risk	-	-	-	-	-	-
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	<b>130</b>	-	<b>130</b>	-	<b>327</b>	<b>251</b>
16 Other items	<b>40</b>	-	<b>40</b>	-	<b>38</b>	<b>96</b>
17 Total	<b>7,220</b>	<b>1,317</b>	<b>7,220</b>	<b>931</b>	<b>1,111</b>	<b>14</b>

## Annex XXI: Use of IRB approach to credit risk

### EU CR7: IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

The table below shows the effect of credit derivatives on the calculation of IRB approach capital requirements by AIRB exposure class. The table excludes counterparty credit risk, securitisations, equity exposures and non-credit obligation assets.

		RBSH N.V.	
		31 December 2023	
		a	b
		Pre-credit derivatives RWAs €m	Actual RWAs €m
5	Exposures under AIRB	1,051	1,051
6	Central governments and central banks	-	-
7	Institutions	-	-
8	Corporates	1,051	1,051
8.1	Of which: SME	-	-
8.2	Of which: specialised lending	-	-
8.3	Of which: Other	1,051	1,051
9	Retail	-	-
9.1	Of which: secured by real estate SME - secured by immovable property collateral	-	-
9.2	Of which: secured by real estate non-SME - secured by immovable property collateral	-	-
9.3	Of which: qualifying revolving	-	-
9.4	Of which: other SMEs	-	-
9.5	Of which: other non-SME	-	-
10	Total	-	-

## EU CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB		RBSH N.V.															
			Credit risk mitigation techniques											Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection (FCP)														
			Total exposures €m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWEA with substitution effects both reduction and substitution effects €m	RWEA without substitution effects reduction effects only €m	
31 December 2023		a	b	c	d	e	f	g	h	i	j	k	l	m	n		
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Corporates	3,103	-	13	13	-	-	-	-	-	-	6	3	1,051	1,051		
3.1	Of which: SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.2	Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.3	Of which: other	3,103	-	13	13	-	-	-	-	-	-	6	3	1,051	1,051		
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Of which: immovable property SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Of which: immovable property non-SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.3	Of which: qualifying revolving	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.4	Of which: other SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.5	Of which: other non-SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Total	3,103	-	13	13	-	-	-	-	-	-	6	3	1,051	1,051		

## EU CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques continued

A-IRB

A-IRB		RBSH N.V.													
		Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of RWAs		
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)				
		Total exposures	Part of exposures covered by financial collaterals	Part of exposures covered by other eligible collaterals	Part of exposures covered by immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by other physical collaterals	Part of exposures covered by other funded credit protection	Part of exposures covered by cash on deposit	Part of exposures covered by life insurance policies	Part of exposures covered by third party instruments held by a third party	Part of exposures covered by guarantees	Part of exposures covered by credit derivatives	RWEA with substitution effects both reduction and substitution effects only	RWEA without substitution effects reduction effects only
	€m	%	%	%	%	%	%	%	%	%	%	%	€m	€m	
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	
6	Specialised lending under the slotting approach	28	-	-	-	-	-	-	-	--	-	-	15	15	
7	Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-		

## Annex XXIII: Specialised lending

### EU CR10: Specialised lending and equity exposures under the simple risk weighted approach

The table below shows specialised lending exposures subject to the supervisory slotting approach analysed by type of lending and regulatory category.

		RBSH N.V.					
		31 December 2023					
		a	b	c	d	e	f
Specialised lending: project finance (slotting approach)							
Regulatory categories	Remaining maturity	On-balance sheet exposure €m	Off-balance sheet exposure €m	Risk-weight %	Exposure value €m	Risk-weighted exposure amount €m	Expected loss amount €m
Category 1	Less than 2.5 years	39	0	50%	39	20	0
	Equal to or more than 2.5 years	21	0	70%	21	14	0
Category 2	Less than 2.5 years	15	0	70%	15	10	0
	Equal to or more than 2.5 years	4	3	90%	7	5	0
Category 3	Less than 2.5 years		0	115%	0	0	0
	Equal to or more than 2.5 years		0	115%	0	0	0
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	Equal to or more than 2.5 years	2	0	250%	2	5	0
Category 5	Less than 2.5 years	0	0	-	0	0	0
	Equal to or more than 2.5 years	0	0	-	0	0	0
Total	Less than 2.5 years	54	0		54	30	0
	Equal to or more than 2.5 years	27	3		30	24	0

		RBSH N.V.					
		31 December 2023					
		a	b	c	d	e	f
Specialised lending: income-producing real estate and high volatility commercial real estate (slotting approach)							
Regulatory categories	Remaining maturity	On-balance sheet exposure €m	Off-balance sheet exposure €m	Risk-weight %	Exposure value €m	Risk-weighted exposure amount €m	Expected loss amount €m
Category 1	Less than 2.5 years	20	-	50%	20	10	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	-	-	90%	-	-	-
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total	Less than 2.5 years	20	-		20	10	-
	Equal to or more than 2.5 years	-	-		-	-	-



## Annex XXXIII: Remuneration

This section contains disclosures which are required in accordance with EU regulatory requirements and the Basel Committee on Banking Supervision Pillar 3 disclosure requirements. They also take into account the European Banking Authority (EBA) guidelines on sound remuneration policies. It should be read in conjunction with the Directors' Remuneration Report starting on page 127 of the 2023 NatWest Group Annual Report and Accounts.

### EU REM A - Remuneration policy for all colleagues

The remuneration policy supports the business strategy and is designed to promote the long-term success of NatWest Group. It aims to reward the delivery of good performance provided this is achieved in a manner consistent with NatWest Group values and within acceptable risk parameters.

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

#### Base salary

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

#### Operation

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

#### Role-based allowance

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

#### Operation

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

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

#### Benefits and pension

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

#### Operation

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

#### Annual bonus

The purpose is to support a culture where individuals recognise the importance of helping people, families and businesses to thrive and are rewarded for superior performance. Certain junior roles are not eligible for an annual bonus. Annual bonus is offered to our more senior colleagues, including MRTs, the executive directors and members and attendees of NatWest Group's senior executive committees, as it is appropriate for them to have some variable pay at risk if performance is not at the required level.

#### Operation

The annual bonus pool is based on a balanced scorecard of measures including financial, customer, people and culture, climate, financial capability and enterprise. Allocation from the pool depends on the performance of the business area and the individual.

We use a structured performance management framework to support individual performance assessment. This is designed to assess performance against longer-term business requirements across a range of financial and non-financial metrics. It also evaluates adherence to internal controls and risk management. We use a balanced scorecard to align with the business strategy. Each individual will have defined measures of success for their role.

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

Independent control functions exist for the main legal entities outside the ring fence (NWM Plc and RBS International). Multiple reporting lines are in place into the respective legal entity CEOs and the NatWest Group Control Function Head.

Awards may be granted up to a maximum of 100% of fixed pay. NatWest Group has operated a variable pay cap of one times fixed pay since the regulations came into force in 2014. However, following the removal of the variable pay cap for UK banks, we have increased our normal maximum variable to fixed pay ratio to 2:1, although this is expected to be used on a gradual and targeted basis. We do not anticipate making any immediate changes to our existing construct. No changes are being made to the Executive Directors whose remuneration will be determined based on the terms of our Policy, approved at the 2022 Annual General Meeting.

For awards made in respect of the 2023 performance year, immediate cash awards continue to be limited to a maximum of £2,000. In line with regulatory requirements, for MRTs, 40% of awards under £500,000 will be deferred over four, five or seven years. This rises to 60% for awards over £500,000, and awards granted to the directors of significant UK firms. For MRTs, a minimum of 50% of any variable pay is delivered in shares and a 12-month retention period applies to the shares after vesting.

The deferral period is four years for standard MRTs and Risk Manager MRTs who meet the 'non-higher paid' condition. It rises to five years for 'higher paid' Risk Manager MRTs, FCA Senior Management Functions (SMF), and PRA SMFs who meet the 'non-higher paid' condition; and to seven years for 'higher paid' PRA SMF roles. All awards are subject to malus and clawback provisions.

Guaranteed awards may only be granted for new hires in exceptional circumstances in compensation for awards forgone at their previous company and are limited to first year of service. NatWest Group does not offer sign-on awards. Retention awards are only used in truly exceptional circumstances such as major restructuring and where the individual is a 'flight risk' and is viewed as critical to the successful operation of the business or delivery of a business critical project. Whilst no performance conditions are attached to retention awards, the colleague must continue to deliver to the standard expectations of conduct, behaviour and minimum performance levels prior to the award vesting.

## EU REM A - Remuneration policy for all colleagues continued

Severance payments and/or arrangements can be made to colleagues who leave NatWest Group in certain situations, including redundancy. Such payments are calculated by a predetermined formula set out within the relevant social plans, policies, agreements or local laws. Where local laws require, there is a cap on the maximum amount that can be paid.

### Restricted Share Plan (RSP) awards

The purpose and operation of RSP awards is explained in detail in the Directors' Remuneration Report. NatWest Group provides executive directors and certain members of NatWest Group's senior executive committees with RSP awards which are delivered entirely in shares. Any awards made are subject to a performance assessment prior to grant and a further assessment against underpin criteria prior to vesting.

### Sharing in Success awards

The purpose and operation of the Sharing in Success awards is explained in detail in the Directors' Remuneration Report. Our new Sharing in Success scheme for all employees (individuals eligible to participate and who remain employed by the Group on the award date), is intended to recognise One Bank behaviours, drive a performance culture with purpose-led outcomes and further align colleagues with our strategic direction. For 2023, we measured success based on financial performance, our approach to risk, helping our customers thrive, living up to our climate commitments and delivering value for shareholders. All colleagues are eligible to receive a Sharing in Success award, and these awards are delivered entirely in shares.

### Shareholding requirements

The requirements promote long-term alignment between senior executives and shareholders.

#### Operation

Executive directors and certain members of NatWest Group's senior executive committees are required to build up and hold a shareholding equivalent to a percentage of salary. There is a restriction on the number of shares that individuals can sell until this requirement is met.

### Company share plans

The purpose is to provide an easy way for individuals to hold shares in NatWest Group plc, which helps to encourage financial capability and long-term thinking and provides a direct involvement in NatWest Group's performance.

#### Operation

Colleagues in certain jurisdictions are offered the opportunity to contribute from salary and acquire shares in NatWest Group plc through company share plans. This includes Sharesave and the Buy As You Earn plan in the UK. Any shares held are not subject to performance conditions.

### Criteria for identifying MRTs

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

In 2023, MRTs were identified for 12 legal entities (including at parent, holding company and consolidated levels) within NatWest Group. The MRT criteria are applied for each of these entities, and consequently many MRTs are identified in relation to more than one entity.

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

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

### Personal hedging strategies

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

### Risk in the remuneration process

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

We achieve focus on risk through clear inclusion of risk in performance goals, performance reviews, the determination of variable pay pools, incentive plan design and the application of malus and clawback. The Group Performance and Remuneration Committee (RemCo) is supported in this by the Group Board Risk Committee (BRC) and the Risk function, as well as independent oversight by the Internal Audit function.

We use a robust process to assess risk performance, including how risk has been managed against the appetite levels agreed by the Board. We consider a range of measures, specifically: capital; earnings stability; liquidity and funding risk; credit risk; market risk; pension risk; compliance & conduct risk; financial crime; model risk; climate risk; operational risk and reputational risk. We also consider our overall risk culture.

Remuneration arrangements are in line with regulatory requirements and we fully disclose and discuss the steps taken to ensure appropriate and thorough risk adjustment with the PRA and the FCA.

## Variable pay determination

For the 2023 performance year, NatWest Group operated a robust control function-led multi-step process to assess performance and determine the appropriate bonus pool by business area and function. At multiple points throughout the process, we made reference to Group-wide business performance (from both affordability and appropriateness perspectives).

The process uses financial, customer, people and culture, climate, financial capability and enterprise measures to consider a balanced scorecard of performance assessments at the level of each business area or function. We then undertake risk and control assessments at the same level to ensure performance achieved without appropriate consideration of risk, risk culture and conduct controls, is not inappropriately rewarded.

BRC reviews any material risk and conduct events and, if appropriate, an underpin may be applied to the individual business and function bonus pools or to the overall bonus pool. BRC may recommend a reduction of a bonus pool if it considers that risk and conduct performance is unacceptable or that the impact of poor risk management has yet to be fully reflected in the respective inputs.

Following further review against overall performance and conduct, taking into account input from the CFO on affordability, shareholder alignment and capital and liquidity adequacy, the CEO will make a final recommendation to the RemCo, informed by all the previous steps and their strategic view of the business. The RemCo will then make an independent decision on the final bonus pool taking all of these earlier steps into account.

The assessment process for RSP awards to executive directors and other eligible senior executives uses our internal ratings scale to determine whether satisfactory performance has been delivered in the year prior to grant. A further assessment of performance against underpin criteria including risk considerations takes place before vesting.

## Remuneration and culture

NatWest Group continues to assess conduct and its impact on remuneration as part of the annual Group-wide bonus pool process and also via the accountability review framework. Many colleagues receive fixed pay only, which provides them with greater security and allows them to fully focus on the needs of the customer. The RemCo will continue to review workforce remuneration and the alignment of incentives and reward with culture.

The governance of culture is clearly laid out. Senior management function roles have clearly defined accountabilities which are taken into account in their performance and pay decisions. The Board and Sustainable Banking Committee also play essential roles in building cultural priorities. Frameworks are in place to measure progress.

## Accountability review process and malus/clawback

We introduced the accountability review process in 2012 to identify any material failure of risk management, material error or employee misbehaviour and to ensure accountability for those events. This allows NatWest Group to respond to instances where new information would change the variable pay decisions made in previous years and/or the decisions to be made in the current year. Potential outcomes under the accountability review process are:

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

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

During 2023 a number of issues and events were considered under the accountability review framework. No adjustments were made as part of accountability reviews undertaken in 2023 for any colleagues in NatWest Markets N.V. or RBS International Depositary Services S.A., both entities are subsidiaries of RBS Holdings N.V.

## Remuneration of Material Risk Takers ('MRTs')

### Summary of approach taken

We disclose MRT remuneration details for each of our legal entities in scope of the Capital Requirements Regulations ('CRR firms') in line with the requirements of Article 450 of the CRR, the Basel Committee on Banking Supervision Pillar 3 disclosure requirements and the EBA guidelines on sound remuneration policies. In line with regulations, we identify MRTs at consolidated, sub-consolidated and solo regulated subsidiary entity levels.

RBS Holdings N.V. is not an employing entity. Therefore, the following pages contain the quantitative disclosures for the subsidiary undertakings of RBS Holdings N.V.; NatWest Markets N.V. (NWM N.V.) and RBS International Depositary Services S.A (RBSI DS) which are employing entities. RBSI DS became subsidiary undertaking of RBS Holdings N.V., which was already the sole shareholder of NWM N.V., on 1 December 2023 following the implementation of the Intermediate Parent Undertaking structure. You can find details of remuneration paid to MRTs in our Pillar 3 reporting for other entities within NatWest Group at [natwestgroup.com](https://natwestgroup.com).

### Solo Regulated Entity reporting

Our approach to MRT identification means that many colleagues hold MRT criteria for more than one legal entity. In order to make the disclosures as meaningful as possible, we only report each MRT's compensation in the disclosures for the solo regulated entity for which they perform their primary role. This means that for example where a colleague holds MRT criteria for NWM N.V. and RBSI DS, their pay will only be reported once for the entity in which they perform their primary role. Their pay is excluded from the tables for the other entities.

## NatWest Markets N.V. Remuneration Disclosures

### Remuneration of Material Risk Takers ('MRTs')

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 209 individuals who have been identified as MRTs for NatWest Markets N.V.

We have excluded 163 individuals from the tables below on the basis that, although they have been identified as an MRT in relation to a role within NWM N.V., they do not receive any remuneration for this role and they perform their primary role for another entity within the Group. You can find details of remuneration paid to MRTs in our Pillar 3 reporting for other entities within NatWest Group, at a consolidated, sub-consolidated and solo entity level, at [natwestgroup.com](https://natwestgroup.com). Note the numbers in the tables all agree to the underlying source data, but when presented to two decimal places and aggregated, this can result in small rounding differences.

Following the publication of the updated EBA Guidelines on Remuneration Benchmarking in June 2022, in order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, colleagues who left the Group prior to year-end (but their remuneration remains within the pay values reported); and all severance payments made to MRTs are now included in the variable remuneration value disclosed, even when some or all of that severance does not count towards the calculation of the ratio of fixed to variable pay.

NWM N.V. has a Supervisory Board which oversees remuneration matters (NWM N.V. SB). The NWM N.V. SB is expected to ensure that the remuneration policies, procedures and practices being applied are appropriate for NWM N.V. The key areas of focus for NWM N.V. SB include:

- reviewing and recommending, or where appropriate ratifying, remuneration arrangements for key employees;
- providing input on the proposed bonus pool for relevant entities, and ensuring such proposals are adjusted for performance and risk and meet capital adequacy requirements of those entities; and
- inputting to and subsequently adopting the NatWest Group Remuneration Policy Principles.

The NWM N.V. SB must be able to act independently and the non-executive directors serving on it are supported by the necessary entity-specific management information in order to carry out their duties. The NWM N.V. SB met 7 times in 2023, with remuneration matters discussed at 3 of the meetings.

**EU REM1 and EU REM5: Total remuneration awarded to MRTs for the financial year**

	NWM N.V. INEDs	NWM N.V. EDs	Other senior mngt.	Other MRTs	Capital Markets	Other senior management and other MRTs split by business area				Total
						Control Functions	Corporate Functions	Sales	Trading	
<b>Fixed remuneration</b>										
Total number of MRTs	2	4	8	32						46
Other senior management - split by business area					2	1	3	1	1	8
Other MRTs - split by business area					11	16	2	3	-	32
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Total fixed remuneration of MRTs	0.14	2.31	3.90	8.85	5.81	3.16	1.22	1.96	0.61	15.21
Cash-based	0.14	2.31	3.90	8.85	5.81	3.16	1.22	1.96	0.61	15.21
Share-based	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-
<b>Variable remuneration</b>										
Total number of MRTs	-	3	8	31						42
Other senior management - split by business area					2	1	3	1	1	8
Other MRTs - split by business area					11	15	2	3	-	31
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Total variable remuneration of MRTs	-	0.28	1.66	3.40	3.04	0.43	0.28	1.20	0.12	5.35
Cash-based	-	0.14	0.83	1.75	1.52	0.25	0.15	0.60	0.06	2.72
Of which: deferred cash	-	0.08	0.40	0.66	0.67	0.07	0.05	0.24	0.02	1.13
Share-based (annual bonus)	-	0.14	0.83	1.65	1.52	0.17	0.13	0.60	0.06	2.62
Of which: deferred shares	-	0.08	0.40	0.66	0.67	0.07	0.05	0.24	0.02	1.13
Share-based (LTI awards)	-	-	-	-	-	-	-	-	-	-
Of which: deferred shares	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-
<b>Total remuneration of MRTs</b>	<b>0.14</b>	<b>2.59</b>	<b>5.56</b>	<b>12.26</b>	<b>8.84</b>	<b>3.59</b>	<b>1.50</b>	<b>3.16</b>	<b>0.74</b>	<b>20.56</b>

(1) The breakdown by business areas required in template UK REM5 has been combined with UK REM1 above, as permitted under regulatory guidance for the templates.

(2) Fixed remuneration consists of salaries, allowances, pension and benefit funding.

(3) Variable remuneration consists of a combination of annual bonus and RSP awards, deferred over a four to seven year period in accordance with regulatory requirements; and (where applicable) severance payments. Under the NatWest Group bonus deferral structure, immediate cash awards are limited to £2,000 per person, with a further payment of cash and shares within Year 0.

(4) RSP awards vest subject to the extent to which performance conditions are met and can result in zero payment.

**EU REMA - Derogations**

The regulations allow some flexibility not to apply certain requirements that would normally apply to MRTs where an individual's annual variable remuneration does not exceed €50,000 and does not represent more than 10% of the individual's total annual remuneration (derogations permitted under point (b) of Article 94(3) of CRD V as amended in local regulations in the Netherlands). The Dutch regulations apply for colleagues employed by NatWest Markets N.V., regardless of where they work. The CRD V thresholds (annual variable remuneration does not exceed €50,000 and does not represent more than one third of the individual's total annual remuneration) apply for colleagues employed by all other Group entities. We have used this flexibility to disapply MRT rules relating to deferral and delivery of awards in shares for 8 MRTs in respect of performance year 2023. Total remuneration for these individuals in 2023 was €1.71 million (£1.48 million), of which €1.59 million (£1.38 million) was fixed pay and €0.12 million (£0.10 million) was variable pay.

**EU REMA - Ratio between fixed and variable remuneration**

The variable component of total remuneration for MRTs who perform their primary role for NWM N.V. and work the majority of their time in the Netherlands shall not exceed 20% of the fixed component. The variable component of total remuneration for MRTs who perform their primary role for NWM N.V. and work the majority of their time outside the Netherlands, shall not exceed 100% of the fixed component. The average ratio between fixed and variable remuneration for 2023 was approximately 1 to 0.35. The majority of MRTs were based in the Netherlands.

**EU REM2: Guaranteed awards (including 'sign-on' awards) and severance payments**

	NWM N.V. INEDs	NWM N.V. EDs	Other senior management	Other MRTs
<b>Special payments</b>				
<b>Guaranteed awards and sign on awards</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	-	-
<b>Severance payments awarded in previous periods, paid out during the financial year</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<b>Severance payments awarded during the financial year</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<i>Of which: paid during the financial year</i>	-	-	-	-
<i>Of which: deferred</i>	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	-	-
<i>Of which: highest payment that has been awarded to a single person</i>	-	-	-	-

(1) This table reports details of new hire guarantees and severance. The disclosures do not include buy-outs or retention bonuses (where these have been granted).

(2) No severance payments in excess of contractual payments, local policies, standards or statutory amounts were made to MRTs during the year.

**EU REM3: Outstanding deferred remuneration**

The table below includes deferred remuneration awarded or paid out in 2023 relating to prior performance years.

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods			Amount of performance adjustment to deferred remuneration that was due to vest in the financial year		Amount of performance adjustment to deferred remuneration due to vest in future financial years		Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year		Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention	
	€m	Of which: due to vest in the financial year	Of which: vesting in subsequent financial years	€m	€m	€m	€m	€m	€m	€m	€m
<b>NWM N.V. INEDs - No deferred or retained remuneration held</b>											
<b>NWM N.V. EDs</b>											
Cash-based	0.04	0.01	0.03	-	-	-	-	0.01	-	-	-
Shares or equivalent interests	0.14	0.06	0.08	-	-	(0.03)	-	0.06	0.06	0.06	0.06
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Other senior management</b>											
Cash-based	0.27	0.06	0.22	-	-	-	-	0.06	-	-	-
Shares or equivalent interests	1.09	0.46	0.62	-	-	(0.26)	-	0.46	0.47	0.47	0.47
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Other MRTs</b>											
Cash-based	0.38	0.09	0.29	-	-	-	-	0.09	-	-	-
Shares or equivalent interests	1.73	0.82	0.91	-	-	(0.41)	-	0.82	0.39	0.39	0.39
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Total amount</b>	<b>3.66</b>	<b>1.50</b>	<b>2.16</b>	<b>-</b>	<b>-</b>	<b>(0.70)</b>	<b>-</b>	<b>1.50</b>	<b>0.91</b>	<b>0.91</b>	<b>0.91</b>

- (1) Deferred remuneration reduced during the year relates to long term incentives that lapsed when performance conditions were not met, long term incentives and deferred awards forfeited on leaving and malus adjustments of prior year deferred awards and long-term incentives.
- (2) I.e. Changes of value of deferred remuneration due to the changes of prices of instruments.

**EU REM4: Total remuneration by band for all colleagues earning >€1million**

Total remuneration by band for employees earning >€1 million for 2023	Number of MRTs
€1.0 million to below €1.5 million	2
€1.5 million to below €2.0 million	1
€2.0 million to below €2.5million	-
€2.5 million to below €3.0 million	-
€3.0 million to below €3.5 million	-
€3.5 million to below €4.0 million	-
More than €4.0 million	-
<b>Total</b>	<b>3</b>

- (1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay (including severance, where applicable).
- (2) Where applicable, the table is based on an average exchange rate of €1.1499313 to £1 for 2023.



## RBS International Depository Services S.A. Remuneration Disclosures

### Remuneration of Material Risk Takers (MRTs)

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 70 individuals who have been identified as MRTs for RBS International Depository Services S.A. (RBSI DS).

We have excluded 62 individuals from the tables below on the basis that, although they have been identified as an MRT in relation to a role within RBSI DS, they do not receive any remuneration for this role and they perform their primary role for another entity within the Group. You can find details of remuneration paid to MRTs in our Pillar 3 reporting for other entities within NatWest Group, at a consolidated, sub-consolidated and solo entity level, at natwestgroup.com. Note the numbers in the tables all agree to the underlying source data, but when presented to two decimal places and aggregated, this can result in small rounding differences.

Following the publication of the updated EBA Guidelines on Remuneration Benchmarking in June 2022, in order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, colleagues who left the Group prior to year-end (but their remuneration remains within the pay values reported); and all severance payments made to MRTs are now included in the variable remuneration value disclosed, even when some or all of that severance does not count towards the calculation of the ratio of fixed to variable pay.

RBSI DS has a Supervisory Board which oversees remuneration matters (RBSI DS SB). The RBSI DS SB is expected to ensure that the remuneration policies, procedures and practices being applied are appropriate for RBSI DS.

The key areas of focus for the RBSI DS SB include:

- reviewing and recommending, or where appropriate ratifying, remuneration arrangements for key employees;
- providing input on the proposed bonus pool for relevant entities, and ensuring such proposals are adjusted for performance and risk and meet capital adequacy requirements of those entities; and
- inputting to and subsequently adopting the NatWest Group Remuneration Policy Principles.

The RBSI DS SB must be able to act independently and the non-executive directors serving on it are supported by the necessary entity-specific management information in order to carry out their duties. The RBSI DS SB met 11 times in 2023, with remuneration matters discussed at 7 of the meetings.

### EU REM1 and EU REM5: Total remuneration awarded to MRTs for the financial year

	Other senior management and other MRTs split by business area						
	RBSI DS INEDs	RBSI DS EDs	Other senior mngt.	Other MRTs	Control functions	Institutional Banking	Total
<b>Fixed remuneration</b>							
Total number of MRTs	1	2	3	2			8
Other senior management - split by business area					2	1	3
Other MRTs - split by business area					1	1	2
	€m	€m	€m	€m	€m	€m	€m
Total fixed remuneration of MRTs	0.03	0.44	0.47	0.41	0.54	0.34	1.35
Cash-based	0.03	0.44	0.47	0.41	0.54	0.34	1.35
Share-based	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-
<b>Variable remuneration</b>							
Total number of MRTs	-	2	3	2			7
Other senior management - split by business area					2	1	3
Other MRTs - split by business area					1	1	2
	€m	€m	€m	€m	€m	€m	€m
Total variable remuneration of MRTs	-	0.17	0.06	0.11	0.10	0.07	0.35
Cash-based	-	0.09	0.06	0.08	0.07	0.07	0.22
Of which: deferred cash	-	0.03	-	0.01	0.01	-	0.05
Share-based (annual bonus)	-	0.09	-	0.04	0.04	-	0.13
Of which: deferred shares	-	0.03	-	0.01	0.01	-	0.05
Share-based (LTI awards)	-	-	-	-	-	-	-
Of which: deferred shares	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-
<b>Total remuneration of MRTs</b>	<b>0.03</b>	<b>0.62</b>	<b>0.53</b>	<b>0.52</b>	<b>0.64</b>	<b>0.41</b>	<b>1.70</b>

(1) The breakdown by business areas required in template EU REM5 has been combined with EU REM1 above, as permitted under regulatory guidance for the templates.

(2) Fixed remuneration consists of salaries, allowances, pension and benefit funding.

(3) Variable remuneration consists of a combination of annual bonus and RSP awards, deferred over a four to seven year period in accordance with regulatory requirements; and (where applicable) severance payments. Under the NatWest Group bonus deferral structure, immediate cash awards are limited to £2,000 per person, with a further payment of cash and shares within Year 0.

(4) RSP awards vest subject to the extent to which performance conditions are met and can result in zero payment.



**EU REMA - Derogations**

The regulations allow some flexibility not to apply certain requirements that would normally apply to MRTs where an individual's annual variable remuneration does not exceed €50,000 and does not represent more than one third of the individual's total annual remuneration (derogations permitted under point (b) of Article 94(3) of CRD V). We have used this flexibility to disapply MRT rules relating to deferral and delivery of awards in shares for 4 MRT in respect of performance year 2023. Total remuneration for this individual in 2023 was €0.76 million (£0.66 million), of which €0.66 million (£0.57 million) was fixed pay and €0.10 million (£0.09 million) was variable pay.

**EU REMA - Ratio between fixed and variable remuneration**

The variable component of total remuneration for MRTs at NatWest Group shall not exceed 100% of the fixed component (except where local jurisdictions apply a lower maximum ratio for variable pay). The average ratio between fixed and variable remuneration for 2023 was approximately 1 to 0.26. The majority of MRTs were based in Luxembourg.

**EU REM2: Guaranteed awards (including 'sign-on' awards) and severance payments**

	RBSI DS INEDs	RBSI DS EDs	Other senior management	Other MRTs
<b>Special payments</b>				
<b>Guaranteed awards and sign on awards</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	-	-
<b>Severance payments awarded in previous periods, paid out during the financial year</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<b>Severance payments awarded during the financial year</b>				
Number of MRTs	-	-	-	-
	€m	€m	€m	€m
Total amount	-	-	-	-
<i>Of which: paid during the financial year</i>	-	-	-	-
<i>Of which: deferred</i>	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	-	-
<i>Of which: highest payment that has been awarded to a single person</i>	-	-	-	-

- (1) This table reports details of new hire guarantees and severance. The disclosures do not include buy-outs or retention bonuses (where these have been granted).  
 (2) No severance payments in excess of contractual payments, local policies, standards or statutory amounts were made to MRTs during the year.

**EU REM3: Outstanding deferred remuneration**

The table below includes deferred remuneration awarded or paid out in 2023 relating to prior performance years.

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods			Amount of performance adjustment to deferred remuneration that was due to vest in the financial year		Amount of performance adjustment to deferred remuneration due to vest in future financial years		Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year		Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention	
	€m	Of which: due to vest in the financial year	Of which: vesting in subsequent financial years	€m	€m	€m	€m	€m	€m	€m	€m
<b>RBSI DS INEDs - No deferred or retained remuneration held</b>											
<b>RBSI DS EDs</b>											
Cash-based	0.02	-	0.02	-	-	-	-	-	-	-	-
Shares or equivalent interests	0.03	0.01	0.02	-	-	-	(0.01)	0.01	-	-	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Other senior management</b>											
Cash-based	-	-	-	-	-	-	-	-	-	-	-
Shares or equivalent interests	-	-	-	-	-	-	-	-	-	-	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Other MRTs</b>											
Cash-based	-	-	-	-	-	-	-	-	-	-	-
Shares or equivalent interests	-	-	-	-	-	-	-	-	-	-	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-
<b>Total amount</b>	<b>0.05</b>	<b>0.02</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>(0.01)</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (1) Deferred remuneration reduced during the year relates to long term incentives that lapsed when performance conditions were not met, long term incentives and deferred awards forfeited on leaving and malus adjustments of prior year deferred awards and long-term incentives.
- (2) I.e. Changes of value of deferred remuneration due to the changes of prices of instruments.

**EU REM4: Total remuneration by band for all colleagues earning >€1million**

Total remuneration by band for employees earning >€1 million for 2023	Number of MRTs
€1.0 million to below €1.5 million	-
€1.5 million to below €2.0 million	-
€2.0 million to below €2.5million	-
€2.5 million to below €3.0 million	-
€3.0 million to below €3.5 million	-
€3.5 million to below €4.0 million	-
More than €4.0 million	-
<b>Total</b>	<b>-</b>

- (1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay (including severance, where applicable).
- (2) Where applicable, the table is based on an average exchange rate of €1.1499313 to £1 for 2023.

# ESG disclosures

## Qualitative Information on ESG Risks

(Information given as at 31 December 2023, in accordance with EBA ITS relating to CRR2 Pillar III Disclosures, unless otherwise stated)

As clarified by the EBA/ITS/2022/01, institutions should make the Pillar III ESG related disclosures at the highest level of consolidation in the EU, as regulated in Article 13 CRR. NatWest Group (NatWest Group Plc and its subsidiaries), as a third-country group with two or more subsidiary banking institutions in the European Union (EU), was approved by the ECB to establish a dual Intermediate EU Parent Undertaking (IPU) structure on behalf of its European subsidiaries. As a result, RBS Holdings N.V. (RBSH N.V.) acts as the non-ring fenced IPU and thus is responsible for making the disclosures within this report. RBSH N.V. is a financial holding company, and its primary subsidiary is NatWest Markets N.V. (NWM N.V.). On 1 December 2023, following supervisory approval, RBSH N.V. acquired RBS International Depository Services S.A. (RBSI DS S.A.) from Royal Bank of Scotland International (Holdings) Limited (RBSIH).

NWM N.V., registered in Amsterdam, Netherlands, is a wholly owned subsidiary of RBSH N.V. NWM N.V. is a licensed bank operating as an investment bank providing global market access, financing, risk management and trading solutions to corporates and financial institutions via products and services in currencies, rates, financing, and lending. NWM N.V. Group refers to NWM N.V. and its subsidiary and associated undertakings. RBSH N.V. is a wholly owned subsidiary of NatWest Markets Plc (NWM Plc), which is based in UK. The term NWM Group refers to NWM Plc and its subsidiary and associated undertakings. As an indirect subsidiary of NWM Plc, and a part of the Commercial & Institutional (C&I) franchise of the NatWest Group, the policies of NWM N.V. Group particularly those relating to ESG risks, are subject to, or largely in alignment with strategies and policies of the NWM Group, C&I and the NatWest Group strategies/policies.

The disclosure below focusses on qualitative information regarding the strategy of NWM N.V. Group, as the main operating subsidiary of the RBSH N.V., to assess the impact of environmental, social and governance factors on its business environment and business model and integrate it into its strategy, risk management and financial planning.

Whilst RBSH N.V., through its subsidiary NWM N.V., has made some progress towards the integration of environment, social and governance factors within its strategy and operations, most of this progress has been made in the direction of climate-related matters. This is because we are a part of a UK based group, which has climate as its strategic area of focus, in line with the focus of applicable regulatory requirements. RBSH N.V. and NWM N.V., however recognise that there is still much work to do in the fields of other non-climate specific environmental, social and governance risks. We aim to take a deeper dive into understanding and integrating these topics into our policies and processes going forward.

## ESG related Business Strategy and Processes

NWM N.V. Group, recognises the huge responsibilities that its role as a financial institution brings, from supporting the day-to-day financial needs of its customers, to the positive impacts it can have by supporting its stakeholders (customers, investors, suppliers, regulators and employees) in their transition to net zero, and in achieving their environmental and social goals. It has an important role to play in helping to address the climate emergency and other sustainability related challenges, which may adversely affect:

- economic activity
- asset pricing and valuations of financial instruments
- corporate profitability
- the viability or resilience of business models
- legal compliance and reputation
- exacerbation of existing risks like credit, operational, market, liquidity and funding risks

NWM N.V. Group recognizes the needs to continually engage with customers on ESG topics to maintain its relevance in the market. In 2023, NWM N.V. Group developed its own high level aspirational Climate and Environmental strategy (approved by NWM N.V. Managing and Supervisory Boards), to become a forward-thinking Climate & ESG bank in Europe, with a key focus on climate and sustainability matters, to help its customers and EU capital markets advance sustainability objectives. This strategy is aligned to NatWest Group's strategy and is structured around the following four pillars:

- **Customer** - Continually engaging with customers to understand their evolving aspirations and needs.
- **Propositions** - Deepening and growing NWM N.V. Group's propositions across sustainable asset classes.
- **Market Presence** - Building market recognition and contributing to application of sustainability principles in capital markets.
- **Tools and portfolio** - Developing and embedding tools that enable risk management, portfolio transition and decision-making.

In addition to these, NWM N.V. Group has the objective to curtail environmental, social and governance risks within its own operations and across its value chain.

## Customer Engagement

An essential part of NatWest Group's (including NWM N.V. Group's) strategy is to engage with new or existing counterparties (directly or indirectly) to understand their evolving sustainability related aspirations and needs. Also, it aims to take active roles in relevant industry bodies and working groups, attend key industry events and publish thought leadership material on relevant topics. Following actions have been taken in this direction:

- NWM Group's ESG advisory team, established to develop and maximise ESG related business opportunities, is a key element of NWM N.V. Group's ESG Services, offering advice, analysis and insights on the management and maintenance of ESG ratings for its corporate customers, and helping clients to improve their ESG reporting and sustainability performance. To this effect, "ESG Rating Management" training modules were delivered in 2023, as part of the Corporate Sustainable Finance Leadership Toolkit series.
- During 2023, NWM N.V. Group hosted nine ESG-focused events across its main countries of operation and sponsored the AFME European Sustainable Finance conference in Amsterdam.
- NatWest Group hosted a workshop at the European Covered Bond Conference (ECBC) on "Understanding the implications and challenges of ESG ratings for issuers".
- NatWest Group published the results from its "Global Fixed Income Investor Survey: Climate Risks and Opportunities: What Debt Investors Expect from Issuers", which surveyed 225 asset managers across North America, APAC, the UK, and Europe, involved in making or executing fixed income decisions related to ESG strategies.
- NWM Group (including NWM N.V. Group), participated in various industry working groups such as International Capital Market Association (ICMA), and helped review and update the ICMA's Climate Transition Finance Handbook (provides guidance on how GSS or SLBs can contribute towards climate transition strategy), and Sustainability-Linked Bond Principles, both published in June 2023.
- NWM N.V. Group continued to support its customers in issuing and/or with the provision of ESG-labelled products.

### Sustainable Financing

NWM N.V. Group aims to support its clients' strategic sustainability objectives through a suite of climate and sustainability focused products and services, across fixed income and risk management asset classes. Climate and Sustainable Funding and Financing (CSFF) metric is used by NatWest Group to measure the level of support it provides customers, through lending products and underwriting activities, to help in their transition towards sustainability. The CSFF Inclusion criteria, outlines NatWest Group's (including NWM N.V. Group's) eligibility criteria to determine the assets, activities and companies that are eligible to be included in this metric. All transactions are also subject to NatWest Group's Environmental, Social, and Ethical (ESE) risk policies as detailed in a later section of this disclosure.

Since July 2021, when NatWest Group had set a target of the £100 billion in CSFF by end of 2025, NatWest Group has achieved £61.9 billion (£29.3 billion in 2023) of this target. This comprised of €17.9 billion (£15.4 billion) by NWM N.V. Group (£8.9 billion or £7.8 billion in 2023).

During 2023, NWM N.V. Group continued to support its customers as lead manager on a broad range of green, social, and sustainability (GSS) bonds, sustainability-linked bonds (SLBs) and sustainability-linked loans (SLLs). This included NWM N.V. Group being the sole arranger on Ørsted's €100 million privately placed blue bond issuance (the world's first blue bond issued by an energy company), focusing on the sustainable use of ocean resources while preserving marine ecosystems. It also acted as sole ESG Structuring Advisor to ACCIONA with regards to the company's new Sustainable Impact Financing Framework. Furthermore, we continued our strong engagement in the private finance business, successfully completing several green and sustainability linked transactions with our European clients, while actively developing others. In some of these transactions, it assumed the role of sustainability coordinator, strengthening its presence in the market.

### Market Presence

NWM Group (including NWM N.V. Group) continues to rank amongst one of the leading bookrunners for sustainable finance. In April 2023, NatWest won the Environmental Finance's Bond Awards in the following three categories:

- Lead manager of the Year, sustainability bonds – corporate
- Lead manager of the Year, social bonds – financial institution
- Lead manager of the Year, social bonds – supranational, sub-sovereign and agency (SSA)

NWM Group's support for customers has also contributed to its recognition as 2023 regional winner for Sustainable Infrastructure Finance in Western Europe. It ended 2023 as the fourth largest bookrunner by deal value, for European Corporates issuance in GSS labelled debt (source: Dealogic).

NWM Group continued to develop its proposition for voluntary carbon markets. Customers are developing and implementing climate transition plans, and as part of this are considering how carbon credits can be used as a tool to support these. NWM Group became the first bank to be completely onboarded onto Carbon place (a voluntary carbon credit trading platform launched in 2022). It continues to work with Carbon place to enhance platform functionalities.

### Tools & Portfolio

NWM N.V. Group aims to embed climate decisioning tools into portfolio management and develop environmental risk mapping. In addition, it intends to leverage tools to identify new customer funding and financing opportunities as well as to inform sustainability decisions.

During 2023, NWM Group (including NWM N.V. Group) enhanced internal data availability to support growth opportunities for customer facing staff, with a climate and ESG data exploration tool of external data on instruments, counterparties and sovereigns.

NatWest Group, including NWM N.V. Group, also started to develop Climate Decisioning Framework (CDF) tools, to further embed climate within customer journeys and for enhanced decision making. For further details on CDF refer to the Risk Management section.

## Operations and Value Chain

### Net Zero

NatWest Group has an ambition to be net zero across its financed emissions, its assets under management (AuM) and its operational value chain by 2050. It also has ambition to halve the climate impact of its financial activity, reduce the carbon intensity of its in-scope AuM by 50%, and reduce emissions for its operational

value chain by 50%, each against a 2019 baseline. In alignment with these ambitions and with the 2015 Paris Agreement, NatWest Group published its science-based targets validated by the Science Based Targets initiative (SBTi), a leading framework for Net-Zero target-setting. As a NatWest Group subsidiary, NWM N.V. Group's strategy is aligned to contribute to the same ambition.

### Human Rights and Modern Slavery

At NatWest Group, it is understood that businesses have an important role to play in promoting respect for human rights and to uphold human resource related laws. A policy framework has been established to promote these. NatWest Group publishes a Human Rights Position Statement, and a Modern Slavery and Human Trafficking Statement. These are reviewed and updated annually. They set out the steps that are being taken to identify and address these issues within its operations and throughout its value chain (with its customers, its colleagues and its suppliers). Copies of both these statements are available on NatWestGroup.com website

### Suppliers

Practices of suppliers can have environmental and social impacts, and therefore, can be sources of reputational and operational risks for NatWest Group. Regular review meetings were held with key suppliers, with a standing agenda point to discuss the Supplier Charter (updated December 1, 2023), which covers topics such as ethical business conduct, real living wage, modern slavery, human rights, diversity, equity, inclusion and environmental sustainability. All NatWest Group's suppliers, direct and indirect, are asked to meet or exceed the requirements of responsible business practice and behaviour set out in this charter, and where possible, share best practices. Non-compliance with the bank policy is dealt with on a case-by-case basis and includes engaging with the supplier to identify potential remediation measures.

To help understand and measure the performance of its suppliers against core ESG pillars, NatWest Group worked with EcoVadis, a leading provider of evidence-based assessments of sustainability performance. In 2023, NatWest Group made tangible progress, with over 528 of its suppliers participating in the EcoVadis assessments and scoring an average of 57.6% against the Global EcoVadis average of 45.9%. Where suppliers performed below the global average, corrective improvement plans were implemented to support them in improving their performance on key sustainability topics. A EcoVadis also conducted the annual sustainability assessment of NatWest Group, where it scored 67%, which is higher than the global EcoVadis average of 52%.

### Workplace Practices

NatWest Group (including NWM N.V. Group) recognizes that its colleagues are the heart of its business, and supporting them to champion their potential, is fundamental to delivering long-term, sustainable performance.

One of NatWest Group's priorities remains championing Diversity, Equity & Inclusion and creating an inclusive attractive workplace that provides its people with the best opportunities to thrive at work. NatWest Group's inclusion guidelines apply to all colleagues globally, and cover being LGBT Innovative, Gender Balanced, Disability Smart, Ethnically Diverse.

The One Bank Diversity, Equity & Inclusion Action Committee, made up of senior leaders from across NatWest Group as well as colleague representatives, has three workstreams: recruitment and attraction; learning and development; and leadership and retention. A revised and improved Recruitment YES Check was launched to ensure Diversity, Equity & Inclusion (DE&I) is front of mind at every stage of the recruitment process. Inclusive Interview Ambassadors (now over 800 across NatWest Group) were selected, who are trained in inclusion and identifying bias, along with technical aspects of interviewing. A learning module, "Choose to Challenge", was introduced for colleagues, which educates participants on the importance of challenging non-inclusive behaviours. Colleagues were also encouraged to take other learning modules such as LGBT+ Awareness and Disability Smart, to continue to build a more inclusive workplace across NatWest Group. Via NatWest Group's Sponsorship program ExCo members use the best practice Sponsorship guide to take responsibility for supporting and advancing individuals from under-represented groups. Employee-Led Networks (ELNs) are made up of volunteer colleagues from across NatWest Group who play a key role in delivering, raising awareness of, and influencing its DE&I strategy. Inclusion Champions, take action to create a culture where colleagues and customers feel they are treated fairly and respectfully. As per survey on inclusivity conducted at NatWest Group level, colleague sentiment remained strong at 93% in 2023, 7% over the Global High-Performance Norms and 10% over Global Financial Services Norm.

Balanced gender representation is another of its key focus areas. NatWest Group has a target of 40% women representation on the Board by 2025 (as per the FTSE Women Leader Review guidelines). This figure is at 40% for NatWest Group, and at 33.3% for NWM N.V. as at 31 December 2023. NatWest Group also has a target to have full gender balance in its CEO-3 and above global roles by 2030. As of 31 December 2023, there were, on aggregate, 41% women in NatWest Group's CEO-3 and above global roles.

NatWest Group continues to ensure employees are paid fairly for the work they do and are supported by simple and transparent pay structures in line with industry best practices. NatWest group provided financial support to its colleagues in response to the unprecedented rise in cost-of-living by making significant investment in annual pay. In September 2022, it provided a permanent uplift in salary to our lower-paid employees. This targeted action was complemented by a one-off cash payment in January 2023 to most of the workforce and further uplift and significant investment in fixed pay from April 2023.

Underpinned by its ambition to be a learning organisation, NatWest Group (including NWM N.V. Group) continues to invest in its workforce to deliver long-term, sustainable performance by providing colleagues with the capabilities and skills they need to fulfil their potential. Its technology is supporting this by providing personalised recommendations for learning, based on colleagues' skills and skills interests. It runs an award-winning internship programme and an early career programme to help graduates and apprentices. Its leadership and coaching faculty support leaders and their teams. Its new leadership experience, Thrive, gives its leaders opportunities to learn and grow to lead their people better. Mandatory training on ESG topics were launched for all staff through Group Policy Learning (GPL) programme, which consists of a set of training modules that need to be completed each quarter.

A specific session on the Climate and Environmental strategy of NWM N.V. was also delivered. Additionally, role specific training was also provided to enable colleagues to effectively manage ESG risks and support customers better.

NatWest Group recognises the importance of taking proactive action to support positive mental health and wellbeing of its colleagues. It collaborated with Just Ask A Question (JAAQ), a new mental health and wellbeing social media platform that provides information from trusted experts, academics and people with lived experience. Additionally, it worked with Peppy Health, launching a brand-new digital product on menopause providing colleagues and their partners with online support and access to specialist clinicians. A new market-leading partner leave policy was also launched from January 2023. The policy supports all eligible employees with significantly more time away from work to look after their new child, whether the child has arrived through birth, adoption or surrogacy.

To help promote colleague voices in the boardroom, a Colleague Advisory Panel (CAP) was set up. Topics discussed include remuneration, skilling, ESG, consumer duty, human rights and NatWest Group values. Employee representative bodies, including works councils, help in maintaining good employee relations by representing employees of NWM N.V. Group

## ESG Governance

NWM N.V. ESG related governance structure, together with roles and responsibilities, is summarised below:

Level	Forum	Role/Responsibility
<b>Board Level Governance</b>	Supervisory Board	oversees delivery against agreed strategy and objectives of NWM N.V., including tracking progress towards ESG goals, within the ambitions of the wider NatWest Group. It is also responsible for approving risk appetite.
	Board Risk Committee	advises on current and future risk exposures, oversees NWM N.V.'s risk management and tracks its progress towards meeting regulatory expectations over environmental and social matters.
	Audit Committee	oversees all NWM N.V.'s material external disclosures, (financial or non-financial), regulatory compliance and product approval processes. It also reviews and monitors internal controls required to manage risks, including those related to ESG, across functions and business areas.
<b>Executive Level Governance</b>	Managing Board	reports to Supervisory Board and is the principal decision-making corporate body for the day-to-day activities of NWM N.V. With regards to ESG related matters, it is responsible for: <ul style="list-style-type: none"> <li>- implementing the ESG strategy, and receiving reports on progress from Business Heads,</li> <li>- managing how ESG related risks are identified, measured, monitored, and mitigated,</li> <li>- setting risk appetite and managing the risk management response,</li> <li>- identifying ESG related opportunities throughout the business.</li> </ul>
	Risk and Control Committee	is responsible for: <ul style="list-style-type: none"> <li>- the review and challenge of all risks, including ESG risks,</li> <li>- the implementation of and compliance with risk management framework, and reporting to Managing Board on its performance and any issues observed,</li> <li>- providing inputs on setting of risk appetite, overseeing its management, and escalating any excesses.</li> </ul>
	Disclosure Committee	reviews all material financial and non-financial disclosures, including those on ESG topics. It monitors, evaluates, and enhances disclosure procedures & controls.
<b>Additional NWM Plc Level Governance</b>	NWM Plc Climate and Sustainability Committee (CSC)	is the executive level forum which has the objective of assessing and managing environment and social risks and opportunities. The NWM Plc CSC, is also attended by the CEO and Chief Risk Officer (CRO) of NWM N.V.
	NWM Plc Reputational Risk Committee	Is responsible for discussing and reviewing all business activities and transactions (including those relating to ESG) that may have reputational risk consequences. NWM N.V. representatives are included in this Committee.

NWM N.V. Climate & ESG Programme Board was set up in 2022, under the authority of the NWM N.V. Managing Board, to oversee the further embedding of climate, environmental, and social themes into the functioning of NWM N.V. Group. The NWM N.V. Climate & ESG Programme Board provides risk related updates, that form part of the CRO report presented to the Risk and Control Committee, as well as the Managing Board on a monthly basis. The CRO report regarding key risks is also provided to the Board Risk Committee and the Supervisory Board on bimonthly basis.



The NWM N.V. Climate & ESG Programme Board also provides sustainability related business and progress updates to NWM Plc CSC ahead of each monthly CSC meeting which is also attended by executives from NWM N.V. The NWM Plc CSC updates relating to NWM N.V. Group are also presented to the NWM N.V. Managing and Supervisory Boards. These updates include the progress on implementing climate and environmental strategy, risk materiality assessment and impact on NWM Group, risk appetite measures, and ESG related disclosures. The NWM Plc CSC was setup in 2020, under the authority of the Climate Change Steering Group (part of NatWest Group executive level governance), which can report/escalate matters to NWM Plc executive level committees or to NWM Plc Board and board level committees, if necessary.

In order to support management's response to ESG related risks and opportunities, training continued to be provided in 2023 for the Managing and Supervisory Board members on ESG matters. Besides the completion of the Climate Change Fundamentals programme, which is mandatory for all colleagues, NWM N.V. Managing Board and Supervisory Board members were provided with the following additional training sessions in 2023:

- Deep dive session on the requirements for the upcoming CSRD regulation provided by Deloitte in September 2023.
- Training on greenwashing risks received in November 2023, delivered by the Litigation and Investigations team.
- Session on nature & biodiversity led by the World Wildlife Fund (WWF) in December 2023.

## Remuneration

NWM N.V. Group's approach to remuneration, in line with NatWest Group's approach, promotes effective risk management through having clear risk input into incentive plan design, performance goals, performance reviews, determination of variable pay and the application of malus and clawback. It comprises of a fixed component, which reflects the role undertaken by an individual, and a variable component, which is directly linked to risk-adjusted performance. In addition to financial measures, there is alignment between progress on its ESG priorities and variable pay across NatWest Group.

For NWM N.V.'s executive directors and executive management team, variable remuneration comprises of annual bonus and Restricted Share Plan (RSP). A bonus scorecard, including ESG targets, is used to compute annual bonus. In a number of areas NWM N.V. Group's ESG ambitions stretch over several years. However, there are specific measures and targets set for each year. The measures and targets are reviewed and approved annually to align with latest strategic focus areas of NWM N.V. Group. RSP awards are granted provided performance has been satisfactory, based on NWM N.V. Group's internal performance management ratings scale. Checks take place before grant and again after three years to ensure sustained performance has been achieved. RSP awards are delivered in shares over multiple years to align with long-term performance.

## ESG Risk Management

The approach for managing risks (including ESG risks) within the NatWest Group is set out in the Enterprise-Wide Risk Management Framework (EWRMF), which is applicable to all subsidiaries, franchises, and functions. The potential impact of the activities of any of the NatWest Group entities (including NWM N.V.) on its risk profile is assessed and managed, using the EWRMF and its individual components. It also sets out the requirements on how risk appetite is implemented through risk policies and standards and translated into operational procedures. The EWRMF is designed and maintained by NatWest Group Chief Risk Officer (Group CRO) and the NatWest Group Risk function. It is subject to periodic review and enhancements and is approved at least annually by the NatWest Group Board.

NatWest Group's ESG related strategy as well as risk management framework is based upon multiple internationally recognized frameworks/standards such as:

- UN Principles of Responsible Banking (PRB)
- UN Sustainable Development Goals (SDGs)
- UN Global Compact
- UN Guiding Principles on Business and Human Rights (UNGPs)
- International Labour Organization Fundamental Conventions
- 2015 Paris Agreement
- Science Based Targets initiative (STBi)
- The Equator Principles

## Climate Risk Framework

NWM N.V. Group recognises that climate change and nature loss (including environmental degradation) are global issues which have significant implications for its customers, colleagues, suppliers and partners as well as for NWM N.V. Group itself, and require immediate and significant action to avert potentially irreversible impacts. These implications are both financial and non-financial in nature and can be caused not only by increasing frequency and severity of extreme weather events and biodiversity loss (physical risk), but also as the transition to a net-zero economy accelerates (transition risk).

Using the judgement of risk subject matter experts, along with approaches like PESTL analysis, scenario analysis and stress testing, it has been recognised that climate has the potential to increase the likelihood and /or magnitude of other principal risks such and to take the exposure to these risks outside acceptable appetite for them. The assessment identifies the following principal risks as most exposed to relatively significant impact:

- credit risk
- operational risk
- reputational risk
- conduct risk
- regulatory compliance risk

Additionally, exposures to climate risks have been recognised as potentially significant to other principal risks such as capital risk, liquidity and funding risk, market risk and model risk.

Climate risk is thus recognized as a principal risk. It has been included in the NatWest Group risk directory since 2021 alongside an iterative multi-year approach to mature capabilities. It is integrated into the risk management policies and processes, as detailed in the EWRMF. During 2023 NatWest Group expanded the scope of climate risk within the EWRMF to include nature-related risks.

To assess the impact of climate change on the wider business environment over the medium term (3-5 years), NWM N.V. Group together with NWM Group, undertook a high-level analysis of political, economic, social, technological, and legal (PESTL) factors in 2022. In 2023, this assessment was extended to also consider environmental factors beyond climate change, such as water, pollution, waste management and biodiversity loss. The outcomes of these assessments aim to support the development of NWM Group's overall business strategy, including the assessment of business risks and opportunities, product development, allocation of resources and its approach to scenario analysis. NWM Group plans to update these assessments periodically in response to the changing regulatory requirements, stakeholder expectations and relevant developments in its business environment.

NWM N.V. Group has identified a number of climate-related impacts which may affect its business and strategy, primarily associated with greenhouse gas emissions. Emissions resulting from NWM N.V. Group business activities include:

- **Financed Emissions** - Attributable to lending and investment activities. Given the smaller size of the banking book relative to NWM N.V. Group's underwriting activities and trading book, financed emissions currently play a limited role. Drawn lending exposure, as defined by the Partnership for Carbon Accounting Financials (PCAF) standard, account for approximately 11% of NWM N.V.'s total assets, as at 31 December 2023. The undrawn loan commitments are currently excluded, and therefore could potentially increase the financed emission estimations during challenging market conditions, if called up by customers. Currently, NWM N.V. does not estimate or report its financed emissions at an entity level. Its financed emissions are included in NatWest Group's consolidated group estimates available in Group's Climate Related Disclosures Report 2023. 90% of its loans and investments exposure (as at 31 December 2022) has been analysed by the NatWest Group for the Scope 3 category 15 financed emissions.
- **Facilitated Emissions** - Attributable to underwriting activities. These are off-balance sheet activities that involve temporary association with transactions. The absolute facilitated emissions related to corporate bond underwriting, which equate to 28% of NWM N.V. Group's total bond underwriting, comes to 0.9 MtCO<sub>2</sub>e for 2023. Further details pertaining to these emissions can be found on Page 16 and 17 of NWM N.V.'s Annual Report for 2023.
- **Trading Book Emissions** - Trading book activities may also be impacted by climate-related risks, however preliminary analysis carried out in 2022 indicated that climate risk drivers are unlikely to put NWM N.V. Group out of appetite for market risk. Over the course of 2023, NWM Group's (including NWM N.V. Group's) scenario analysis work continued to build internal capability and mitigate some of the limitations identified in previous scenario exercises. As it relates to market risk stress testing for issuer risk, counterparty risk and macro-parameters, NWM Group (including NWM N.V. Group) continues to be resilient to climate driven market.
- **Moves** - Due to the size of the trading book within NWM N.V. Group, the associated emissions have the potential to be significant. However, at present, the scale of these emissions is uncertain given that trading book positions are typically shorter term and more dynamic than those in the banking book. This is currently an industry-wide challenge with no agreed approach on quantification of trading book related emissions.
- **Emission from Own Operations** - Emissions attributable to NWM N.V. Group's own operations, are not measured separately and are subsumed into NatWest Group's estimation of emissions. As at 31 December 2023, NatWest Group's Scope 1 and Scope 2 emissions from own operations have been reduced by 54% against the 2019 baseline. Details of these estimated emissions are reported in the Group's Climate Related Disclosures Report 2023.

Work continued in 2023 to mature NatWest Group's (including NWM N.V. Group's) climate related risk capabilities. A suite of key risk indicators has been built and will continue to be enhanced going forward.

NWM N.V. Group, as part of the NatWest Group, uses **Scenario Analysis** to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present, in order to be better prepared for managing risks that could arise. NatWest Group develops credit risk scenario modelling for NatWest Group as a whole, including other legal entities within the NatWest Group, such as NWM N.V. Group. In addition to capturing transition-driven risk in its ICAAP P2B and IFRS 9 ECL measurement frameworks, NatWest Group undertook two climate scenarios as part of a dedicated end-to-end transition-driven exercise focused on large and mid-corporates. The exercise provided an up-to-date view of NatWest Group's (including NWM N.V. Group's) corporate exposures. In 2023, material enhancements to NatWest Group's scenario generation capability covered the maturing of sectoral and corporate transition risk modelling capabilities as well as commencing the development of physical scenario analysis capabilities. Data availability remains a challenge, but NatWest Group continued to develop its specialist climate data capabilities, including bringing in new data sets to increase the granularity at which climate risks are assessed.

NatWest Group operates a **Stress Testing** programme that supports risk management, capital planning and executes stress tests mandated by regulators (for ex. ICAAP). It is used to quantify, evaluate and understand the potential impact of specified changes to risk factors on the financial strength of NatWest Group. The traded market risk stress test was updated from a carbon intensity approach to an internal gross value add (GVA) stress approach. The new methodology uses credit spread adjustments derived from the GVA shocks, capturing both the costs and opportunities associated with the climate transition and their impact on the trading book. Climate risk is explicitly considered under one of the 2023 ICAAP scenarios. Climate-related and environmental risk drivers were also included in liquidity stress testing, including a scenario in the form of major environmental disruption in the UK and Northern Europe, for 2023, outputs from this scenario were not found to be the most severe, so did not directly impact the internal stress testing results. Stress exposures continue to be calculated and monitored monthly along with other climate related market risks.

NatWest Group's heightened climate-related risk **Sector Assessment** seeks to identify sectors that are likely to see increased credit risks for NatWest Group (including NWM N.V. Group) as a result of climate-related factors, over a 10-to-15-year horizon. Informed by the results of the Climate Biennial Exploratory Scenario (CBES) stress testing run by NatWest Group, in 2023, NWM N.V. Group undertook an analysis of key high climate risk sectors in its portfolio, starting with a deep dive into Power and Utilities sector as it had the most sizeable exposure amongst these sectors. The approach involved identifying key indicators for measuring climate risk and developing a balanced scorecard methodology to assess counterparties. The result of this assessment has led to an analysis of counterparties, which will inform future client actions and exposure decisions. Furthermore, NWM N.V. Group has expanded this methodology to include a full deep dive of oil and gas sector which is now complete. Additional sectors, including land transport, auto, and telecommunications, will be reviewed and prioritised as part of the ongoing programme delivery in 2024.



To supplement the sector assessments mentioned above, NWM N.V. Group piloted an initial, limited, **Environmental Risk Materiality Assessment** in 2022, with the aim to understand how environmental risks could potentially impact its lending book. The initial assessment was undertaken (i) at the sector level, the top-down assessment, which helped to identify sectors with high and very high environmental risk; and (ii) at the counterparty level, a bottom-up assessment, which provided insights of the sensitivities of how environmental risk could potentially have an impact on the financial performance for a small sample of selected counterparties. The assessment has been expanded throughout 2023 which encompassed a refresh of the oil and gas sector, the assessment of technology, media and telecom sector, and a bottom-up assessment of five more counterparties. This analysis intends to support NWM N.V. Group's credit risk assessments specifically, and its strategic and business model risk more broadly.

NatWest Group (including NWM N.V. Group) uses **Climate Risk Scorecards** to provide a consistent and structured approach for assessing customer specific exposure to climate-related risks. During 2023, NatWest Group completed a review and recalibration exercise to enhance the quality of the insights generated by the qualitative climate risk scorecards. This included providing refined guidance to the customer relationship managers. Through this process NatWest Group continues to build capability among first- and second-line risk colleagues, and a culture where consideration of climate risk is part of the credit journey.

In 2023, in parallel with the roll-out of the initial suite of qualitative climate risk scorecards, NatWest Group has begun further enhancing the scorecards to incorporate more quantitative inputs, as well as a customer transition plan assessment, as part of a new set of customers decisioning tools within **Climate Decisioning Framework (CDF)**. The new tools sit within existing systems and aim to enhance quantification in the assessment by leveraging internal and external data points where available e.g., customer emissions data. NWM N.V. Group intends to start the implementation of the CDF on phased, test-and-learn basis from early 2024, starting initially with the largest customers in the corporate and financial institutions sectors.

In 2023, NWM N.V. Group has also started the implementation of the broader, **Environmental Risk Scorecards** to support the assessment of customer-specific risk exposure across different environmental physical and transition risks. These scorecards were applied to three priority sectors: electricity generation, land transport and logistics and commercial real estate. NWM N.V. Group aims to expand the scorecards sector coverage in 2024.

As part of its climate-related and environmental due diligence, NWM N.V. Group aims to expand its client onboarding process with a Climate and Environment **(C&E) Risk Assessment** for all clients, both at the inception of a client relationship and on an ongoing basis. A pilot phase has been initiated in 2023 for all new clients onboarded. NWM N.V. Group aims to review the process and update it in 2024 based on the periodic evaluations and inputs from the stakeholders involved. In addition, changes to the onboarding process were made which affect customers linked to high-risk Environmental, Social and Ethical (ESE) sectors. Customers which fall into one of the high-risk sectors as outlined in the ESE Risk Framework need to follow a separate onboarding process and are excluded from the C&E client risk assessment process described above.

Processes and tools mentioned above enable ongoing monitoring to confirm the risk profile remain within approved Risk Appetite. To ensure adequate response to climate-related risk, other key risk management processes may require further enhancements. Some of the enhancement work has already been undertaken, for example, within credit risk, the future enhancements encompass progressive utilisation of the **CDF tools**. Within conduct risk, this includes conducting non-financial risk scenario analysis relating to greenwashing to apply product flaw control, align products with strategic objectives, address customer needs, and substantiate any climate-related product claims. Within reputational risk this includes reviewing and updating ESE risk acceptance criteria (explained in the ESE Risk Management section below), where applicable, for identified sectors with increased climate-related impacts.

## Data Availability, Quality and Accuracy

Due to the diverse nature of NWM N.V. Group's clients, both in terms of activities and size, availability and quality of client specific non-financial data remains a challenge. Although a small proportion of its client base is already subject to the Non-Financial Reporting Directive (NFRD), and as such already required to disclose certain non-financial information, most of its clients will be or become subject to the CSRD and EU Taxonomy regulation and will likely need to disclose non-financial information from financial year 2025 onwards. This will greatly improve the effectiveness of its risk management processes as well as the quality of its own non-financial disclosures. In the meantime, it will continue integrating non-financial data requirements into its client onboarding and management processes; keep improving the measurement, analysis and assessment of relevant information to add consistency and transparency to its reporting and decision-making process; and to keep working with industry and customers to develop solutions.

## ESE Risk Framework

NatWest Group recognises that the activities of its corporate customers can have undesired ESE impacts in form of pollution, emission, human rights infringement, unethical business conduct, unequal wage/employment practices, etc. These impacts can have reputational implications for NatWest Group and its subsidiaries such as RBSH N.V. or NWM N.V. Thus, ESE risk is integrated into NatWest Group's business processes and risk management through the NatWest Group's Reputational Risk policy, which applies to all legal entities within the NatWest Group including NWM N.V. Group. The ESE risk framework helps NWM N.V. Group assess and manage risks through enhanced due diligence performed for certain customers, projects and transactions associated with its lending and loan underwriting activities.

To manage ESE risks, Risk Acceptance Criteria (RAC) were developed for nine sectors which present heightened ESE risk, and the level of ESE risk NatWest Group is prepared to accept were defined. It reflects applicable national & international laws and standards that its customers are expected to adhere to. This includes ensuring that customers have relevant policies and procedures which demonstrate a good understanding of ESE issues and have the capacity to manage these risks through good governance and controls. The ESE RAC are applicable to corporate customer lending and underwriting and apply to all legal entities within the NatWest Group including NWM N.V. Group. The suite of sector ESE RAC is reviewed and updated regularly to ensure it reflects the evolving risk landscape. NatWest Group also has an ESE Risk Concerns process which seeks to ensure that ESE risk is identified and managed for customers and transactions in sectors which are not covered by a Risk Acceptance Criteria.

ESE Risk Assessment is an online questionnaire created to help colleagues assess customer activities in order to determine an ESE risk rating. An ESE Risk Assessment should be undertaken at the time of on boarding a new customer, in case of material change in existing customer's operations, and if any adverse information is received about a customer which suggest an ESG risk concern.

As the first step, an initial screening is completed by relationship management team via the ESE Risk Assessment questionnaire for customers/transactions falling under the Risk Assessment Criteria sectors. The nine sectors for which Risk Assessment Criteria are available are:

- Adult Entertainment
- Animal Welfare
- Defence
- Mining & Metals
- Oil & Gas
- Power Generation
- Gambling
- Forest, Fisheries and Agribusiness
- Private Security Companies

Based on the activity which the customer/transaction is involved in, one of the ESE risk ratings is assigned. Subsequently, the ESE assessments team performs the risk assessment and confirms the ESE risk rating. The risk rating determines approval requirements and when the next ESE assessment is required in the customer lifecycle. Risk ratings and associated governance processes are detailed below:

- **Normal** - New customers are to be approved by ESE Risk Advisory Committee (NatWest Group Level). Existing Normal rated customers to be evaluated every 5 years. Risk auto approved (no need for Committee approval) in case there is no change to Normal rating.
- **Sensitive** - Due diligence is conducted by the ESE Risk Advisory Committee and sent to the accountable Executive for approval. Ratings of existing customers, to be reassessed every 2 years.
- **High** - Due diligence is conducted by the ESE Risk Advisory Committee and sent to the accountable Executive and to the franchise/entity Reputational Risk Committee for approval. Ratings of existing customers, to be reassessed annually.
- **Prohibited** - New customer/transaction cannot be supported/processed. For existing customers/transactions, an approval to exit has to be taken from the accountable Executive and by the franchise/entity Reputational Risk Committee.

At NWM N.V. Group level, ESE Risk Framework oversight and effectiveness is provided by NWM N.V. Risk Function.

Further, requirements of the Equator Principles (EP) are included in the ESE Risk Framework. The EP is a voluntary framework adopted by financial institutions to help determine, assess and monitor environmental and social risks associated with projects-related transactions. It has a defined scope set by the Equator Principles Association. All transactions that fall within the scope of EP undergo an initial environmental and social risk screening using a questionnaire (Environment and Social Risk Assessment (ESRA)). These transactions must satisfy the full requirements of the latest version of the EP guidance (currently EP4) related to revenue and categorisation; environmental & social standards and assessment; management system and action plan; stakeholder engagement; grievance mechanism; independent review, monitoring and reporting; covenants; transparency and reporting.

Typically, a suitably qualified technical advisor is engaged, who provides an opinion on potential environmental and social impacts of the project and compliance with the EP. Additionally, such transactions are subject to enhanced due diligence by an ESE advisory team. The result is documented, and forms part of the credit application pack submitted for approval. The EP use a scale of categorisation – A to C – to determine the scale of environmental and social impacts, with Category A being projects with the highest impacts (multiple, irreversible or unmitigable), Category B covering projects with limited, largely reversible and mitigable impact, and Category C being projects with minimal or no impact. The financing of Category A projects is subject to similar approval process as high ESE risk cases i.e. by the accountable Executive and by the franchise/entity Reputational Risk Committee.

NatWest Group produces public reporting on its adherence to the Equator Principles on an annual basis.

## Other Social & Governance Risk Management

Apart from NatWest Group's ESE Risk Framework, which includes ensuring that certain corporate customers, belonging to high risk sectors, have relevant policies and procedures which demonstrate a good understanding of ESE issues and have the capacity to manage these risks through good governance and control, other procedures and controls that NWM N.V. Group deploys to counter Social and Governance Risk are described in the section below:

### Financial Crime

Financial crime risk is the risk that an institution's products and services are intentionally or unintentionally used by its customers, employees or third parties to facilitate financial crime in the form of money laundering, terrorist financing, bribery, corruption, escaping sanctions and tax evasion, as well as external or internal fraud. There is no appetite to operate in an environment where systems and controls do not enable the effective identification, assessment, monitoring, management, and mitigation of financial crime risk. NWM N.V. Group operates a framework with preventative and detective controls designed to mitigate the risk that it could facilitate financial crime. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions, and behaviours that may require further investigation or other actions. These controls are supported by a suite of policies, procedures and guidance to ensure they operate effectively. Centralised expertise within NatWest Group is available to detect and disrupt threats. Intelligence is shared with law enforcement, regulators, and government bodies to strengthen national and international defences against those who would misuse the financial system for criminal motives.

Significant investments continue to be made to support delivery of the multi-year transformation plan to have more robust financial crime risk management.

- Enhancements were made to technology and data analytics to improve the effectiveness of systems used to monitor customers and transactions.
- A financial crime and fraud training was rolled out to colleagues across NatWest Group.
- Financial crime roadshows were held throughout the year to further embed financial crime risk management culture and behaviours.

Financial crime risks are identified and reported through continuous risk management and regular reporting. Material financial crime risks and issues are reviewed by the Financial Crime Risk Committee, chaired by NWM Plc's Head of Compliance & Financial Crime, and where applicable, escalated to NWM Plc's Executive Risk Committee and Board Risk Committee. Additionally, NWM N.V. is represented on NatWest Group's Financial Crime Executive Steering Group, which oversees financial crime risk management, operational performance, and transformation matters across NatWest Group. Financial Crime Risk is a fixed agenda item for the NWM N.V. Risk & Control Committee and is regularly discussed by its Managing Board, Board Risk Committee and Supervisory Board.

### ABC Policy

NWM N.V. Group is committed to ensuring it acts responsibly and ethically, both when pursuing its own business opportunities and when awarding business. Consequently, it has embedded NatWest Group's Anti-bribery and corruption (ABC) policies, procedures, and controls so that its employees, and any other parties it does business with, understand these obligations and abide by them whenever they act with us. ABC training is mandatory for all staff on an annual basis, with targeted training appropriate for certain roles. Where appropriate, ABC contract clauses are embedded in written agreements.

### Conflicts of Interest

The NatWest Group's Conflicts of Interest policy sets out how it will identify, prevent, or appropriately manage actual and potential conflicts of interest that may arise through the normal course of business. It applies to all employees and contractors and covers all franchises, functions, and legal entities within the NatWest Group including NWM N.V. Group. Where third-party suppliers support the services that NatWest Group provides to customers and clients, those suppliers are also required to meet the relevant requirements. All appropriate steps are required to be taken to identify and to prevent or manage conflicts where:

- the interests of one part of NatWest Group conflict directly with those of a customer
- the interests of NatWest Group's employees' conflict with those of its customers
- the interests of two or more customers compete with one another.

To ensure that the conflicts of interest policy is implemented effectively NatWest Group seeks to continually and proactively identify situations where potential conflicts may exist/arise and govern those situations to ensure fair and proper outcomes. Conflicts of interest for also support meeting its conflicts of interest requirements. It employs a number of techniques to manage and mitigate conflicts, including: using physical and electronic information barriers to control the flow of information between different parts of NatWest Group; separate supervision of employees who are involved in different business activities which provide services to customers whose interests may conflict; a remuneration policy that avoids employees being remunerated in a way that creates conflicts; maintaining and reviewing a conflicts register; and provision of internal guidance and training to relevant employees to raise their awareness of conflicts and how to deal with conflicts when they arise.

## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

This template reflects RBSH N.V. Banking book Loans and advances (€ 594 mln) and debt securities (€ 58 mln) to non-financial corporations. This portfolio is relatively a small portion of the total balance sheet 2%. The largest exposures originate from drawings under revolving credit facilities.

The identification of exposures to counterparties excluded from the EU-Paris-aligned benchmarks (Article 12(1), points (d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818) was carried out by assessing exposures towards companies in the following NACE sectors: Mining & Quarrying, Electricity & Gas, Manufacturing, and Transport (of oil or fuels). Taking the data availability into consideration, further split out of the counterparty sector was based on the primary activity and the gross exposure of the counterparty. Specifically for the power generation companies, the reported emission intensity for scope 1 and 2 were used to determine the alignment with the Paris benchmark threshold.

For the preparation of the data in the template the NatWest Group financed emissions (Scope 1&2) counterparties data is the basis. RBSH N.V. portfolio is a subset of this and the data is derived from Group workings. Please refer below link for more information on financed emissions disclosure (Section 3 cover Risk and Scenario Analysis and Section 5 covers Emissions and associated Methodology).

<https://investors.natwestgroup.com/~media/Files/R/RBS-IR-V2/results-center/16022024/nwg-2023-climate-related-disclosure-report.pdf>.

Scope 3 emissions are currently not included in December 2023 reporting. The Scope 3 emission can be shared once data availability and quality challenges have improved.

## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity continued

		RBSH N.V.															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Of which: Exposures towards companies excluded from EU-Paris-aligned Benchmarks in accordance with Article 12(1) points (d)		Of which: Environmentally sustainable (CCM)	Of which: Stage 2 exposures	Of which: Non- performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: Stage 2 exposures	Of which: Non- performing exposures	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty (in tons of CO2 equivalent)	Of which: Scope 3 financed emissions	GHG emissions (column l): gross carrying amount percentage of the portfolio derived from company- specific reporting				Average weighted maturity	
		Gross carrying amount	to (g) and Article 12(2) of Regulation (EU) 2020/1818	Environmentally sustainable (CCM)	Of which: Stage 2 exposures	Non- performing exposures	fair value due to credit risk and provisions	Of which: Stage 2 exposures	Non- performing exposures	emissions of the counterparty (in tons of CO2 equivalent)	Scope 3 financed emissions	company- specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Years
31 December 2023		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	€m	€m	€m	€m	Years
1	Exposures towards sectors that highly contribute to climate change	464	136	105	94	-	(3)	(1)	-	105,922	-	87	453	12	-	-	3
2	A - Agriculture, forestry and fishing	1	-	-	-	-	(0)	-	-	223	-	-	1	-	-	-	5
3	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	B.05 - Mining of coal and lignite	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	B.08 - Other mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	B.09 - Mining support service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	C - Manufacturing	175	-	63	65	-	(2)	(1)	-	6,211	-	34	165	10	-	-	3
10	C.10 - Manufacture of food products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	C.11 - Manufacture of beverages	6	-	-	-	-	(0)	-	-	-	-	-	4	2	-	-	1
12	C.12 - Manufacture of tobacco products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	C.13 - Manufacture of textiles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	C.14 - Manufacture of wearing apparel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity continued

		RBSH N.V.																									
		a	b	c	d	e	f			g	h	i		j	k		l	m	n	o	p						
		Of which: Exposures towards companies excluded from EU-Paris-aligned Benchmarks in accordance with Article 12(1) points (d)					Of which: Environmentally sustainable		Of which: Stage 2 exposures	Of which: Non- performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: Stage 2 exposures	Of which: Non- performing exposures	GHG financed emissions (scope 1, scope 2 and scope 3 counterparty emissions of the (in tons of CO2 equivalent)	Of which: Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company- specific reporting	%	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity					
Gross carrying amount		to (g) and Article 12(2) of Regulation (EU) 2020/1818		(CCM)		exposures		Non- performing exposures		to credit risk and provisions		Stage 2 exposures		Non- performing exposures		(in tons of CO2 equivalent)		Scope 3 financed emissions		company- specific reporting		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
31 December 2023		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	€m	€m	€m	€m	€m	€m	€m	€m	Years	
15	C.15 - Manufacture of leather and related products	3	-	-	-	-	(1)	-	-	131	-	-	3														3
16	C.16 - Manufacture of wood and of products of wood and cork except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	C.17 - Manufacture of paper and paper products	2	-	-	-	-	(0)	-	-	1,100	-	-	2														4
18	C.18 - Printing and reproduction of recorded media	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	C.19 - Manufacture of coke and refined petroleum products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	C.20 - Manufacture of chemicals and chemical products	20	-	1	-	-	(0)	-	-	1,434	-	-	17	3													3
21	C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	19	-	-	-	-	(0)	-	-	176	-	28	17	2													3
22	C.22 - Manufacture of rubber products	2	-	-	-	-	(0)	-	-	246	-	-	2														4

## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity continued

		RBSH N.V.																		
		a	b	c	d	e	f			g	h	i		j	k	l	m	n	o	p
		Of which:																		
		Exposures towards companies excluded from EU-Paris-aligned Benchmarks in accordance with Article 12(1) points (d)					Accumulated impairment, accumulated negative changes in			GHG financed emissions (scope 1, scope 2 and scope 3		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from								
		Gross carrying amount	to (g) and Article 12(2) of Regulation (EU) 2020/1818	Environmentally sustainable (CCM)	Of which: Stage 2 exposures	Non-performing exposures	fair value due to credit risk and provisions	Of which: Stage 2 exposures	Non-performing exposures	emissions of the counterparty (in tons of CO2 equivalent)	Scope 3 financed emissions	company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity			
31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m			%	€m	€m	€m	€m	€m	Years			
23	C.23 - Manufacture of other non-metallic mineral products	4	-	1	-	-	(0)	-	-	-	-	-	2	2			3			
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	64	-	58	58	-	(0)	(0)	-	1,378	-	91	64				4			
26	C.26 - Manufacture of computer, electronic and optical products	18	-	-	5	-	(1)	(0)	-	671	-	-	18				3			
27	C.27 - Manufacture of electrical equipment	12	-	0	2	-	(0)	(0)	-	325	-	-	12				3			
28	C.28 - Manufacture of machinery and equipment n.e.c.	12	-	1	-	-	(0)	-	-	732	-	-	12				3			
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	5	-	3	-	-	-	-	-	-	-	-	5				1			
30	C.30 - Manufacture of other transport equipment	6	-	-	-	-	(0)	-	-	18	-	-	5	1			4			
31	C.31 - Manufacture of furniture	-	-	-	-	-	-	-	-	-	-	-	-				-			
32	C.32 - Other manufacturing	1	-	-	-	-	-	-	-	-	-	-	1				2			
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity continued

RBSH N.V.																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Of which: Exposures towards companies excluded from EU-Paris-aligned Benchmarks in accordance with Article 12(1) points (d)	Of which: Environmentally sustainable (CCM)	Of which: Stage 2 exposures	Of which: Non- performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: Stage 2 exposures	Of which: Non- performing exposures	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty (in tons of CO2 equivalent)	Of which: Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company- specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m			%	€m	€m	€m	€m	Years
34 D - Electricity, gas, steam and air conditioning supply	136	136	38	-	-	(0)	-	-	44,393	-	100	136	-	-	-	2
35 D35.1 - Electric power generation, transmission and distribution	136	136	38	-	-	(0)	-	-	44,393	-	100	136	-	-	-	2
36 D35.11 - Production of electricity	101	101	-	-	-	(0)	-	-	474,393	-	100	101				3
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38 D35.3 - Steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39 E - Water supply; sewerage, waste management and remediation activities	23	-	1	16	-	(0)	(0)	-	46,455	-	90	23	-	-	-	3
40 F - Construction	2	-	-	-	-	(0)	-	-	-	-	-	2	-	-	-	3
41 F.41 - Construction of buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 F.43 - Specialised construction activities	2	-	-	-	-	(0)	-	-	-	-	-	2				3
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	26	-	-	2	-	(0)	(0)	-	6,242	-	9	25	0		-	3
45 H - Transportation and storage	72	-	2	5	-	(0)	(0)	-	2,088	-	80	72	-	-	-	2



## Template 1 – Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity continued

		RBSH N.V.																		
		a	b	c	d	e	f		g	h	i		j	k		l	m	n	o	p
		Gross carrying amount	Of which: Exposures towards companies excluded from EU-Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which: Environmentally sustainable (CCM)	Of which: Stage 2 exposures	Of which: Non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: Stage 2 exposures	Of which: Non-performing exposures	GHG financed emissions of the counterparty (in tons of CO2 equivalent)	Of which: Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting				Average weighted maturity				
												<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years					
31 December 2023		€m	€m	€m	€m	€m	€m	€m	€m			%	€m	€m	€m	€m	€m	Years		
46	H.49 - Land transport and transport via pipelines	13	-	-	-	-	(0)	-	-	-	-	80	13					4		
47	H.50 - Water transport	3	-	1	-	-	(0)	-	-	548	-	-	3					2		
48	H.51 - Air transport	1	-	-	-	-	-	-	-	-	-	-	1					2		
49	H.52 - Warehousing and support activities for transportation	53	-	-	5	-	(0)	(0)	-	1,536	-	87	53					1		
50	H.53 - Postal and courier activities	2	-	1	-	-	-	-	-	-	-	-	2					2		
51	I - Accommodation and food service Activities	2	-	-	-	-	(0)	-	-	15	-	-	1	1				2		
52	L - Real estate activities	27	-										27					2		
53	Exposures towards sectors other than those that highly contribute to climate change*	188	-	1	43	-	(3)	(1)	-				176	12	-	-		4		
54	K - Financial and insurance activities	-	-	-	-	-	-	-	-				-					-		
55	Exposures to other sectors (NACE codes J, M - U)	188	-	1	43	-	(3)	(1)	-				176	12				3		
56	Total	652	136	106	138	-	(6)	(1)	-	105,922	-		629	24	-	-		3		

## Template 2 – Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral

The table below is set up to present the gross carrying amount of loans collateralised with commercial and residential immovable property and of repossessed real estate collateral and would include information on the level of energy efficiency of the underlying collateral measured in kWh/m<sup>2</sup> energy consumption and in terms of the label of the energy performance certificates (EPC) 2 - where a mapping to the EU EPC label exists.

RBSH N.V. does not have loans collateralised with immovable property for the period ended 31 December 2023. This is consistent with other external reporting, for example FinRep.

		RBSH N.V.															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount €m	Level of energy efficiency (EP score in kWh/m² of collateral)					Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral €m	Of which ; level of energy efficiency (EP score in kWh/m² of collateral) estimate €m	
			0; ≤ 100 €m	> 100; ≤ 200 €m	> 200; ≤ 300 €m	> 300; ≤ 400 €m	> 400; ≤ 500 €m	> 500 €m	A €m	B €m	C €m	D €m	E €m	F €m			G €m
31 December 2023																	
1	Total EU area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Of which: Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which: Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which: Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-
6	Total non-EU area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which: Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which: Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Of which: Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-

## Template 4 – Banking book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

The table is set up to provide an aggregated view of the RBSH N.V. exposures towards the top 20 carbon-intensive companies in the world. It is complementary to the sectoral approach applied in the previous templates. It includes information on the average maturity of the exposures, providing some insight on how these exposures may be impacted by longer-term climate change transition risks. For this template the same asset classes as referred to in template 1 are applicable.

The underlying data source for identifying the top 20 most carbon-intensive firms is the publicly available list from the CDP Carbon Majors Database (<https://cdn.cdp.net/cdp-production/cms/reports/documents/000/002/327/original/Carbon-Majors-Report-2017.pdf>). The Carbon Major database list does not have companies Unique Identifier ID included, as a result matching on name has been undertaken on best effort basis. RBSH N.V. currently has no exposures in the banking book assets in scope against the names or identifier ID's in the published lists.

The methodology for determining exposures to the top 20 carbon-emitting companies is expected to evolve as per data availability, industry guidance and market practice changes over time. Transparency will be provided about the methodologies applied in the disclosures, but results may not be comparable year on year.

RBSH N.V.					
	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which: environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
31 December 2023	€m	%	€m		
010 Counterparty	-	-	-	-	-

## Template 5 – Banking book – Indicators of potential climate change physical risk: Exposures subject to physical risk (I)

The table below provides information on exposures subject to climate change physical risk (chronic and acute risks) and includes a sectoral breakdown of gross exposures to non-financial corporations and by geography of location of the activity of the counterparty or of the collateral. The exposures include loans and advances, debt securities and equity instruments other than those held-for-trading or for sale. The template provides further details on the type of physical risk (acute, chronic or both).

Acute and Chronic climate change events are defined as the likelihood of gradual changes in weather and climate conditions. These changes can have a potential impact on economic output and productivity, can cause sudden damage to properties, disruption of supply chains, and depreciation of assets, as well as additional cost related to operational downtime.

RBSH N.V. has used MSCI 3°C REMIND Orderly scenario results to Report Physical Risk. Acute risk has been checked per MSCI Scenarios on Extreme Wind, Coastal Flooding, Fluvial Flooding, River Low Flow, Tropical Cyclones and Wildfire. Chronic Risk has been checked per MSCI Scenarios on Extreme Cold, Extreme Heat, Extreme Precipitation, Extreme Snowfall and Extreme Wind. We have seen Data points in MSCI for 70 out of 208 Clients, this covers 40% of overall Lending balance. This covers balances presented in both templates D 05.00a and D05.00b

MSCI ESG Research's scenario analysis is designed to be closely aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations that institutional investors are now expected to disclose the risks and opportunities associated with climate change of the companies and assets in which they are invested. MSCI ESG Research provides physical risks for a variety of scenarios. The scenarios are aligned with those recommended by the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC).

For more details on Methodology, refer to <https://www.msci.com/esg-and-climate-methodologies>.

MSCI provides the scenario against two outcomes, for which we will use the former of these:

- Average outcome - A company's expected downside or upside potential.
- Aggressive outcome - A company's "worst-case" (95th percentile) downside or upside potential.

Those exposures identified as subject to both acute and chronic physical risk are required to be reported in the combined column along with reflecting in Individual column basis significant impact.

Financial Risk Categories as defined in MSCI are Risk Reduction, Negligible Risk Reduction, No Identifiable Risk, Negligible Risk, Moderate Risk, Significant Risk and Severe Risk. RBSH N.V. reports in this template risk categories of moderate and above. Where client data was not available in MSCI the information of the clients' parent has been used.

RBSH N.V. clients are significantly EU based, a small number of clients are non-EU € 4 mln, these have been clubbed in one template considering no significant lending value.

Template 5 – Banking book – Indicators of potential climate change physical risk: Exposures subject to physical risk (I) continued

Geographical area subject to climate change physical risk - acute and chronic events: EU

RBSH N.V.														
b		c	d	e	f	g	h	i	j	k	l	m	n	o
Of which exposures sensitive to impact from climate change physical events														
	Gross carrying amount €m	Breakdown by maturity bucket				Average weighted maturity Years	Of which: exposures sensitive to impact from chronic climate change events €m	Of which: exposures sensitive to impact from acute climate change events €m	Of which: exposures sensitive to impact both from chronic and acute climate change events €m	Of which: Stage 2 exposures €m	Of which: non-performing exposures €m	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions €m	Of which: Stage 2 exposures €m	Of which: non-performing exposures €m
		> 5 year	> 10 year											
		<= 5 years €m	<= 10 years €m	<= 20 years €m	> 20 years €m									
<b>31 December 2023</b>														
1 A - Agriculture, forestry and fishing	1	-				-	-	-	-	-		-	-	-
2 B - Mining and quarrying														
3 C - Manufacturing	141	88				2	74	4	10	58		0	0	-
4 D - Electricity, gas, steam and air conditioning supply	130	105				2	1	3	101	-		0	-	-
5 E - Water supply; sewerage, waste management and remediation activities	20	19				2	1	17	1	16		0	0	-
6 F - Construction	2													
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	21	5				2	4		1	-		0	-	-
8 H - Transportation and storage	67	5				2	2	1	2	-				
9 L - Real estate activities	26	6				2	-	6	-	-		0	-	-
10 Loans collateralised by residential immovable property														
11 Loans collateralised by commercial immovable property														
12 Repossessed collaterals														

## Template 5 – Banking book – Indicators of potential climate change physical risk: Exposures subject to physical risk (II)

RBSH N.V.														
	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Of which exposures sensitive to impact from climate change physical events													
	Breakdown by maturity bucket						Of which: exposures sensitive to impact from chronic climate change events	Of which: exposures sensitive to impact from acute climate change events	Of which: exposures sensitive to impact both from chronic and acute climate change events		Of which: non- performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: Stage 2 exposures	Of which: non- performing exposures
	Gross carrying amount	<= 5 years	<= 10 years	<= 20 years	> 20 years	Average weighted maturity				Of which: Stage 2 exposures				
	€m	€m	€m	€m	€m	Years	€m	€m	€m	€m	€m	€m	€m	€m
31 December 2023														
I Accommodation and food service activities	2	1				1	1	0	0	0	0	0	0	0
J Information and communication	62	2				2	0	1	1	0	0	0	0	0
M Professional, scientific and technical activities	44	18				3	0	17	1	17	0	0	0	0
Q Human health and social work activities	36	2				3	0	2	0	0	0	0	0	0

## Common Narratives for GAR Templates.

RBSH N.V. has a relative small banking book for loans and advances. The coverage of the current gross carrying amount in relation to the total assets is only 11% as per below table. The main purpose of the bank is delivering clients with products that are part of the trading book which is out of scope of the Green Asset Ratio (GAR) calculation. Template 7 will show the composition of the GAR assets, the build up of the denominator and the elements of the balance sheet that are outside of scope due to being either part of the trading book or being exposure to the central bank or sovereigns. The last category makes up 82% of the assets for December 2023. The nostro balances and the settlement balances alongside other assets are part of the denominator and they are at year end 7% of all the assets. When calculating the GAR ratio the GAR assets that are in scope for alignment are measured against the denominator.

The institutions are only allowed to align the exposures with public available published client data containing the aligning information for climate change mitigation and climate change adoption. At this current time the availability of non-financial GAR data as disclosed by way of Annex II of the Delegated Disclosure Act by non-financial undertakings subject to NFRD specific to our non-financial clients is limited.

Due to the limited availability around client's alignment only a small number of exposures were aligned. Of the non-financial corporates subject to NFRD (€ 567 mln ) only € 73 mln was aligned. Where the maximum score if all NFRD clients were aligned could be 17.9% now we only had a score of 1.38%. The flow GAR percentage is for the same reason low. The basis for this is the new gross loans and advances in the portfolio of the last half year of 2023.

Because there is a high variance in the settlement balance which is part of the denominator and the low current alignment of the NFRD clients the GAR ratio will over time have a non-chronological pattern.

The Green Asset Ratio for Stock and Flow have been calculated in line with section 1.2.1.1 of the EU Taxonomy Delegated Disclosure Act based on Turnover KPI alone, as prescribed for EBA ITS Pillar 3 disclosure. Key point to note:

The gross carrying amount of project finance exposures was deemed to zero; all calculations treated exposures as being 'general-purpose' – i.e. the use of proceeds was unknown

- The GAR was only calculated for non-financial exposures since for financial undertakings subject to NFRD, the earliest mandatory reporting point was for the Financial Year ended 2023 for which data was unavailable.
- Where no sustainability / integrated reports can be found on the internet (e.g. google search), then assumption is no Annex II metrics would have been published by the company.

## Template 6 - Summary of GAR KPIs (I)

		RBSH N.V.			
		KPI			
		Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + climate change adaptation)	% coverage (over total assets)*
		%	%	%	%
<b>31 December 2023</b>					
010	GAR stock	<b>1.38</b>	-	<b>1.38</b>	<b>11.22</b>
020	GAR flow	<b>0.73</b>	-	<b>0.73</b>	<b>7.98</b>

## Template 7 - Mitigating actions – Assets for the calculation of GAR (I)

		RBSH N.V.															
		31 December 2023															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
			Of which: towards taxonomy relevant sectors (taxonomy-eligible)				Of which: towards taxonomy relevant sectors (taxonomy-eligible)					Of which: towards taxonomy relevant sectors (taxonomy-eligible)					
			Of which: environmentally sustainable (taxonomy-aligned)				Of which: environmentally sustainable (taxonomy-aligned)					Of which: environmentally sustainable (taxonomy-aligned)					
					Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling
			€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
GAR - Covered assets in both numerator and denominator																	
010	Loans and advances, debt securities and equity instruments not HFT-eligible																
	GAR calculation	3,168	105.51	72.96	-	1	49	1	0	-	-	0	106	73	-	1	49
020	Financial corporations	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	Credit institutions	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Loans and advances	73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Debt securities, including UoP	-	-			-	-	-			-	-	-			-	-
060	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
070	Other financial corporations	2,528	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	Of which: investment firms	288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Loans and advances	288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	Equity instruments	-	-			-	-	-			-	-	-			-	-
120	Of which: management companies	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Loans and advances	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Template 7 - Mitigating actions – Assets for the calculation of GAR (I) continued

		RBSH N.V.															
		31 December 2023															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
Of which: towards taxonomy relevant sectors (taxonomy-eligible)					Of which: towards taxonomy relevant sectors (taxonomy-eligible)					Of which: towards taxonomy relevant sectors (taxonomy-eligible)							
Of which: environmentally sustainable (taxonomy-aligned)					Of which: environmentally sustainable (taxonomy-aligned)					Of which: environmentally sustainable (taxonomy-aligned)							
	Of which: specialised lending		Of which: transitional	Of which: enabling		Of which: specialised lending	Of which: transitional	Of which: enabling		Of which: specialised lending	Of which: transitional	Of which: enabling					
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
140	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
160	Of which: insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
170	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
190	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations (subject to NFRD disclosure obligations)	567	106	73	-	1	49	1	0	-	-	0	106	73	-	1	49
210	Loans and advances	510	94	70	-	1	48	-	-	-	-	-	94	70	-	1	48
220	Debt securities, including UoP	57	11	3	-	0	1	1	0	-	-	0	12	3	-	0	1
230	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
240	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
250	Of which: loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
260	Of which: building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270	Of which: motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
280	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
290	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320	Total GAR assets	3,168	106	73	-	1	49	1	0	-	-	0	106	73	-	1	49

## Template 7 - Mitigating actions – Assets for the calculation of GAR (I) continued

		RBSH N.V.															
		31 December 2023															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Total gross carrying amount		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Of which: towards taxonomy relevant sectors (taxonomy-eligible)					Of which: towards taxonomy relevant sectors (taxonomy-eligible)					Of which: towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which: environmentally sustainable (taxonomy-aligned)					Of which: environmentally sustainable (taxonomy-aligned)					Of which: environmentally sustainable (taxonomy-aligned)					
				Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling	
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
325	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
330	EU Non-financial corporations (not subject to NFRD disclosure obligations)	-															
340	Loans and advances	-															
350	Debt securities	-															
360	Equity instruments	-															
370	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	79															
380	Loans and advances	79															
390	Debt securities	1															
400	Equity instruments	-															
410	Derivatives	-															
420	On demand interbank loans	898															
430	Cash and cash-related assets	-															
440	Other assets (e.g. Goodwill, commodities etc.)	1,133															
450	Total assets in the denominator (GAR)	5,279															
455	Other assets excluded from both the numerator and denominator for GAR calculation																
460	Sovereigns	338															
470	Central banks exposure	5,979															
480	Trading book	16,646															
490	Total assets excluded from numerator and denominator	22,963															
500	Total assets	28,242															

## Template 8 - GAR% (I)- KPIs on stock

		RBSH N.V.																			
		31 December 2023																			
		a	b	c		d	e	f	g	h		i	j	k	l	m		n	o	p	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					KPI's in stock				
		Proportion of eligible assets funding taxonomy-relevant sectors					Proportion of eligible assets funding taxonomy-relevant sectors					Proportion of eligible assets funding taxonomy-relevant sectors									
		Of which: environmentally sustainable					Of which: environmentally sustainable					Of which: environmentally sustainable									
					Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling			Of which: specialised lending	Of which: transitional	Of which: enabling	Proportion of total assets covered			
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%		
010	GAR	2.00	1.38	-	0.01	0.92	0.01	-	-	-	-	2.01	1.38	-	0.01	0.92	-	11.22			
020	Loans and advances, debt securities and equity instruments not HFT-eligible for GAR calculation	2.00	1.38	-	0.01	0.92	0.01	-	-	-	-	2.01	1.38	-	0.01	0.92	-	11.22			
030	Financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26			
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26			
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.95			
060	Of which: investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.02			
070	Of which: management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12			
080	Of which: insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
090	Non-financial corporations subject to NFRD disclosure obligations	2.00	1.38	-	0.01	0.92	0.01	-	-	-	-	2.01	1.38	-	0.01	0.92	-	2.01			
100	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
110	Of which: loans collateralised by residential immovable property	-	-	-	-	-						-	-	-	-	-	-	-			
120	Of which: building renovation loans	-	-	-	-	-						-	-	-	-	-	-	-			
130	Of which: motor vehicle loans	-	-	-	-	-						-	-	-	-	-	-	-			
140	Local government financing	-	-	-	-	-						-	-	-	-	-	-	-			
150	Housing financing	-	-	-	-	-						-	-	-	-	-	-	-			
170	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-						-	-	-	-	-	-	-			

## Template 8 - GAR %(II)- KPIs on flow

		RBSH N.V.																			
		31 December 2023																			
		q	r	s			t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					KPI's in stock				
		Proportion of new eligible assets funding taxonomy-relevant sectors					Proportion of new eligible assets funding taxonomy-relevant sectors					Proportion of new eligible assets funding taxonomy-relevant sectors									
		Of which: environmentally sustainable						Of which: environmentally sustainable						Of which: environmentally sustainable				Proportion of total new assets covered			
				Of which: specialised lending	Of which: transitional			Of which: enabling			Of which: specialised lending			Of which: transitional	Of which: enabling				Of which: specialised lending	Of which: transitional	Of which: enabling
010	GAR	1.10	0.73		-	-	0.65	0.03	-	-	-	-	-	1.12	0.73	-	-	0.65	7.98		
020	Loans and advances, debt securities and equity instruments not HFT-eligible for GAR calculation	1.10	0.73		-	-	0.65	0.03	-	-	-	-	-	1.12	0.73	-	-	0.65	7.98		
030	Financial corporations	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
040	Credit institutions	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
050	Other financial corporations	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.42		
060	Of which investment firms	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
070	Of which management companies	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
080	Of which insurance undertakings	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
090	Non-financial corporations subject to NFRD disclosure obligations	1.10	0.73		-	-	0.65	0.03	-	-	-	-	-	1.12	0.73	-	-	0.65	2.56		
100	Households	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
110	Of which loans collateralised by residential immovable property	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
120	Of which building renovation loans	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
130	Of which motor vehicle loans	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
140	Local government financing	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
150	Housing financing	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
170	Collateral obtained by taking possession: residential and commercial immovable properties	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy

This template’s purpose is to provide information on other climate change mitigating actions that support counterparties in the transition and adaptation process for the objectives of climate change mitigation and adaptation. These mitigating actions include green bonds, sustainable bonds, sustainability-linked bonds, green loans and sustainability-linked loans, that are linked to aspects of climate change. The exposures reported in this table do not need to be aligned with the criteria laid out in the EU Taxonomy Regulation 2020/852 and would not be considered under the GAR.

Mitigation actions for NatWest Group are managed at group level. There are no exclusive mitigation investments to be reported for RBSH N.V. The methodology, availability and quality of data will evolve over time.

	RBSH N.V.					
	a	b	c	d	e	f
	Loans/Bonds	Type of counterparty	Gross carrying amount €m	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
31 December 2023						
999 Type of instrument (and by type of counterparty)						

# Important information

## Caution about the information this report is based on

This report is prepared based on reviews and analysis of (i) our data derived from management systems that are not necessarily part of the internal controls and procedures over financial reporting used for the preparation of our IFRS financial statements as adopted by the EU; and (ii) financial, statistical and other information and data published by third parties.

## Caution about information that is subject to significant measurement uncertainties

The information in this report includes non-financial metrics, estimates or other information that are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties, some of which cannot be independently verified. The preparation of certain information in this report requires the application of a number of key judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities. There is a risk that these judgments, assumptions or estimates may subsequently prove to be incorrect and/or may need to be restated or changed.

## Caution about data quality

The quality of the data relied upon for the purposes of climate and sustainability-related reporting is often not yet of the same standard as more traditional financial reporting, is derived from management systems that are not necessarily part of the internal controls and procedures over financial reporting used for the preparation of our IFRS financial statements as adopted by the EU and are generally considerably less sophisticated than the systems and controls for financial reporting and also include manual processes. This may result in non-comparable information between organisations and between reporting periods within organisations as methodologies develop.

## Caution about lack of commonly accepted sustainability-related reporting practices

Climate and sustainability-related reporting is less mature compared to financial reporting. There is a lack of commonly accepted sustainability-related reporting practices for RBS Holdings N.V. (together with its subsidiaries the 'RBS Holdings Group') to follow or align to. Accordingly, climate and sustainability-related measures between organisations in our industry and between reporting periods within organisations may be non-comparable as reporting principles and standards develop.

## Caution about Green Asset Ratio (GAR)

The GAR may give rise to several challenges in terms of its usability and its calculation methodology which may potentially make it a less reliable or useful metric for investors or other stakeholders to assess the progress of a bank in financing the sustainability transition. Some challenges may include

- The absence of available adequate GAR data, limited access to Annex II (Delegated Disclosure Act) data by non-financial undertakings subject to the Non-financial Reporting Directive (Directive (EU) 2014/95/EU, NFRD).
- Sequencing of financial and non-financial sector reporting: data gaps arising from sequencing challenges of the disclosure requirements applicable to financial institutions in advance of the information being available from their clients and counterparties.
- Absence of a principle of materiality: challenges for entities to report under Pillar 3 where a counterparty or investee company has not disclosed the relevant data point(s) because it is not assessed as material under the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464, CSRD).
- Different entities have different business models and the current GAR formula may not enable meaningful comparison between reporting entities as different banks have different proportions of taxonomy eligible activities on their balance sheet. The ratio may be significantly impacted by factors such as the proportion of business in sectors covered by the EU Taxonomy, the services that they provide (including the proportion of retail counterparties on their balance sheet) and the proportion of their balance sheet outside the EU (which is unlikely to be eligible for the EU Taxonomy). The asymmetrical treatment of derivatives in the GAR ratio may also need refining.
- The lack of symmetry between the numerator and the denominator in the GAR may lead to a lack of comparability of its disclosures amongst reporting entities.
- The GAR only captures taxonomy-aligned activities. It therefore may not adequately capture financing of activities that contribute to the transition and fall within the European Commission's definition of transition finance, but which are not currently aligned with the EU Taxonomy.

## Caution about forward-looking statements in this report

Certain sections in this report contain forward-looking statements, such as aims, ambitions, estimates, forecasts, plans, projections and targets and other metrics. Words or phrases such as 'ambition', 'aim', 'believe', 'budget', 'continue', 'could', 'effort', 'estimate', 'expect', 'goal', 'guidance', 'intend', 'intention', 'may', 'objective', 'plan', 'potential', 'predict', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate other forward-looking statements. There are many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and statements made of future expectations underlying these forward-looking statements which could cause actual results, performance, outcomes or events to differ materially from those expressed or implied in these forward-looking such statements.

The most important of these uncertainties and factors that could cause actual results and outcomes to differ materially from those expressed or implied in forward-looking statements are summarised in the 'Risk Factors' included on pages 138 to 161 of RBS Holdings N.V.'s subsidiary NatWest Markets N.V.'s 2023 Annual Report and Accounts (with special regard to the risk factors in relation to 'Climate and sustainability-related risks' that describe several particular uncertainties, climate and sustainability-related risks to which NatWest Markets N.V. is exposed and which may be amended from time to time).

Accordingly, undue reliance should not be placed on these statements.

## Important information continued

Furthermore, changing national and international standards, industry and scientific practices, regulatory requirements, government policy and market expectations regarding climate change and other sustainability-related matters, which remain under continuous development, are subject to different interpretations. There can be no assurance that these standards, practices, requirements and expectations will not be interpreted differently across different regulators in different jurisdictions, or to what was RBS Holdings Group's understanding when defining its climate and sustainability-related ambitions and targets or change in a manner that substantially increases the cost or effort for RBS Holdings Group (including NWM N.V.) to contribute to achieve such ambitions and targets of NatWest Group.

## No duty to update

The forward-looking statements contained in this report only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this report, whether to reflect any change in our expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise.

## No offer of securities or investment

The information, statements and opinions contained in this report do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This report, the information, statements and disclosure included in this report are not formally part of any offering documents and are not contractually binding.