Contents

Presentation of Information

In the interim results and unless specified otherwise, the term 'Bank' means The Royal Bank of Scotland N.V., the 'Group' or 'RBS N.V.' means the bank and its subsidiaries. 'RBS Holdings' means RBS Holdings N.V., the parent company of the Bank. 'RBSH Group' is the holding company and its consolidated subsidiaries and associated companies.

The Royal Bank of Scotland Group plc (RBSG) is the ultimate holding company of RBSH Group. RBS Group refers to RBSG and its consolidated subsidiaries and associated companies. RBS plc refers to The Royal Bank of Scotland plc.

The terms 'Consortium' and 'Consortium Members' refer to RBSG, Stichting Administratiekantoor Beheer Financiële Instellingen (the Dutch State, successor to Fortis) and Banco Santander S.A.(Santander) who jointly acquired RBS Holdings on 17 October 2007 through RFS Holdings B.V. (RFS Holdings).

India business

The India business which was sold at its book value less cost to sell to the Royal Bank of Scotland plc in February 2017 is classified as a disposal group at 31 December 2016 and its assets and liabilities presented in aggregate in accordance with IFRS 5. The India business is also presented as a discontinued operation and comparatives have been re-presented accordingly.

Management’s report on the interim financial statements

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the members of the Managing Board state that to the best of their knowledge:

- the interim financial statements give a true and fair view, in all material respects, of the assets and liabilities, financial position, and profit or loss of RBS N.V. and the companies included in the consolidation as at 30 June 2017 and for the six month period then ended.
- the interim report, for the six month period ending on 30 June 2017, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of RBS N.V. and the companies included in the consolidation.

On 4 August 2017 RBS Group announced that NatWest Markets has reviewed ways to minimise disruption to the business and continue to serve its customers in the event of any loss of EU passporting. Should the outcome of the current EU separation negotiations make it necessary, NatWest Markets and RBS N.V. are working together to ensure that the banking licence in the Netherlands is maintained and that the entity is made operationally ready. In parallel, work continues to decrease the Group’s legacy assets and liabilities further.

Amsterdam
29 September 2017

Idzard van Eeghen
Chairman of the Managing Board

Cornelis Visscher
Chief Financial Officer

Loss attributable to controlling interests was €158 million compared with a profit of €132 million in H1 2016. This decrease was due to a total loss of €134 million compared with total income of €158 million H1 2016 and operating expenses of €32 million, compared with a credit of €30 million in H1 2016.

Net interest income was nil compared with a net expense of €68 million in H1 2016, reflecting lower interest receivable following a reduction in the legacy debt securities portfolio in Treasury and the overall run-down of banking book assets. This was offset by lower interest payable, mainly due to a reduction in subordinated liabilities.

Non-interest income decreased by €360 million to a loss of €134 million compared with income of €226 million in H1 2016. Loss from trading activities was €22 million primarily in relation to mark-to-markets movements on derivatives, compared with income of €90 million in H1 2016. H1 2016 included €138 million received in respect of a distribution to successful plaintiffs in the Madoff related class action. Foreign exchange losses of €173 million (H1 2016 - gains €37 million) were reported in income following the repatriation of the proceeds from the disposal of foreign operations. They represent the cumulative exchange movement recorded in equity during the lifetime of those foreign operations that were the subject of a net investment hedge. Other operating income decreased by €37 million to €60 million, compared with income of €97 million in H1 2016. This mainly reflected a gain on sale of associates of €65 million in H1 2016.

Operating expenses increased by €62 million to €32 million compared with a credit of €30 million in H1 2016, primarily reflecting an increase in administrative expenses of €66 million to €28 million, compared with a credit of €38 million in H1 2016. Staff costs reduced by €7 million to €3 million, compared with €10 million in H1 2016 with headcount reduced to six following the return of the banking licence in China and Indonesia.

Impairments were a release of €2 million compared with €9 million in H1 2016.

Tax credit for H1 2017 was €6 million compared with a tax charge of €48 million in H1 2016.

Loss from discontinued operations in H1 2016 was €17 million related to the India business transferred to RBS plc in February 2017.

Balance sheet

- Total assets were €7.1 billion at 30 June 2017, a decrease of €1.2 billion, or 15%, compared with €8.3 billion at 31 December 2016, mainly driven by a decrease in assets of disposal groups with the transfer of the India business to RBS plc in February 2017.
- Cash and balances at central banks decreased by €0.1 billion, or 22%, to €0.3 billion at 30 June 2017 reflecting reduced liquidity requirements.
- Loans and advances to banks increased by €0.1 billion, or 3%, to €3.3 billion at 30 June 2017, with the majority of the balance, €2.4 billion, being with fellow subsidiaries and reverse repos and stock borrowing balances of €0.9 billion.
- Loans and advances to customers decreased by €0.1 billion, or 45%, to €0.1 billion, reflecting continued repayments and business run-down.
- Derivative assets decreased by €0.3 billion, or 16%, to €1.3 billion, and derivative liabilities decreased by €0.3 billion, or 24%, to €0.9 billion. €0.8 billion of the assets and €0.9 billion of the liabilities are balances with fellow subsidiaries.
- Subordinated liabilities decreased by €0.4 billion, or 31%, to €1.0 billion primarily due the liquidity management exercise to buy back Tier 2 subordinated liabilities completed in June 2017 as part of the ongoing management of the capital structure.
- Assets and liabilities of disposal groups decreased from €0.8 billion to nil and €0.2 billion to nil respectively, due to the transfer of the India business.
- Total equity decreased by €0.1 billion, or 3%, to €2.9 billion, reflecting the attributable loss for the period.

Capital

Capital ratios and risk-weighted assets (RWAs) on the CRR transitional basis are set out below.

Capital ratios	**30 June 2017 %**	31 December 2016 %
CET1	**23.4**	21.2
Tier 1	**23.4**	21.2
Total	**24.4**	24.1

Risk-weighted assets	**€m**	€m
Credit risk	**11,010**	12,315
Market risk	**304**	455
Operational risk	**674**	624
Total RWAs	**11,988**	13,394

The CET1 ratio increased by 220 basis points in H1 2017 primarily due to the decrease in RWAs (€1.4 billion) which mainly reflected the transfer of the India business to RBS plc in February 2017.

Condensed consolidated income statement for the half year ended 30 June 2017 (unaudited)

	Half year ended	
	30 June 2017 €m	30 June 2016 €m
Interest receivable	**16**	33
Interest payable	**(16)**	(101)
Net interest income	**-**	(68)
Fees and commissions receivable	**2**	4
Fees and commissions payable	**(1)**	(2)
Income from trading activities	**(22)**	90
Foreign exchange gains and losses related to net investment hedges reclassified to income following disposals of foreign operations (1)	**(173)**	37
Other operating income	**60**	97
Non-interest income	**(134)**	226
Total income	**(134)**	158
Operating expenses	**(32)**	30
(Loss)/profit before impairment losses	**(166)**	188
Impairment releases	**2**	9
Operating (loss)/profit before tax	**(164)**	197
Tax credit/(charge)	**6**	(48)
(Loss)/profit from continuing operations	**(158)**	149
Loss from discontinued operations, net of tax	**-**	(17)
(Loss)/profit for the period attributable to controlling interests	**(158)**	132

Note:
(1) Reclassified foreign exchange gains and losses are recognised on the repatriation of the proceeds of disposals. Such income includes gains and losses in respect of disposals in prior periods.

Condensed consolidated statement of comprehensive income for the half year ended 30 June 2017 (unaudited)

	Half year ended	
	30 June 2017 €m	30 June 2016 €m
(Loss)/profit for the period	**(158)**	132
Items that qualify for reclassification		
Loss on fair value of credit in financial liabilities designated at fair value through profit or loss due to own credit risk	**(37)**	-
Available-for-sale financial assets	**-**	(4)
Currency translation	**95**	(71)
Other comprehensive profit/(loss) after tax	**58**	(75)
Total comprehensive (loss)/income for the period attributable to controlling interests	**(100)**	57

Condensed consolidated balance sheet as at 30 June 2017 (unaudited)

	30 June 2017 €m	31 December 2016 €m
Assets		
Cash and balances at central banks	**288**	368
Loans and advances to banks	**3,296**	3,195
Loans and advances to customers	**103**	188
Amounts due from the ultimate holding company	**133**	142
Debt securities and equity shares	**453**	517
Settlement balances	**2**	10
Derivatives	**1,331**	1,581
Deferred tax	**1**	1
Interests in associates	**1,219**	1,266
Prepayments, accrued income and other assets	**278**	252
Assets of disposal groups	**-**	810
Total assets	**7,104**	8,330
Liabilities		
Deposits by banks	**1,396**	1,400
Customer accounts	**211**	230
Debt securities in issue	**38**	55
Settlement balances and short positions	**32**	48
Derivatives	**947**	1,244
Provisions, accruals and other liabilities	**528**	629
Deferred tax	**14**	22
Subordinated liabilities	**993**	1,438
Liabilities of disposal groups	**-**	219
Total liabilities	**4,159**	5,285
Equity attributable to controlling interests	**2,945**	3,045
Total liabilities and equity	**7,104**	8,330

Condensed consolidated statement of changes in equity for the half year ended 30 June 2017 (unaudited)

	Half year ended	
	30 June 2017 €m	30 June 2016 €m
Share premium account		
At beginning of period	**7,089**	7,743
Distribution (1)	**-**	(27)
At end of period	**7,089**	7,716
Available-for-sale reserve		
At beginning of period	**-**	(3)
Unrealised losses	**(1)**	-
Realised gains	**1**	(4)
At end of period	**-**	(7)
Cash flow hedging reserve		
At beginning and end period	**(1)**	(1)
Foreign exchange reserve		
At beginning of period	**(120)**	(140)
Losses arising	**(78)**	(34)
Reclassification of foreign currency losses/(gains) included in the income statement	**173**	(37)
At end of period	**(25)**	(211)
Retained earnings		
At beginning of period	**(3,923)**	(3,940)
(Loss)/profit attributable to controlling interests		
- continuing operations	**(158)**	149
- discontinued operations	**-**	(17)
Changes in fair value of credit in financial liabilities designated at fair value through profit	**(37)**	-
At end of period	**(4,118)**	(3,808)
Equity attributable to controlling interests	**2,945**	3,689

Note:
(1) Relates to a distribution to RFS Holdings BV to fund a distribution to Santander.

Condensed consolidated cash flow statement for the half year ended 30 June 2017 (unaudited)

	Half year ended	
	30 June 2017 €m	30 June 2016 €m
Operating activities		
Operating (loss)/profit before tax from continuing operations	**(164)**	197
Operating loss before tax from discontinued operations	**-**	(20)
Adjustments for non-cash items	**(307)**	(256)
	(471)	(79)
Changes in operating assets and liabilities	**156**	3,262
Net cash flows from operating activities before tax	**(315)**	3,183
Income taxes (paid)/received	**(14)**	10
Net cash flows from operating activities	**(329)**	3,193
Net cash flows from investing activities	**465**	99
Net cash flows from financing activities	**(394)**	(2,874)
Effects of exchange rate changes on cash and cash equivalents	**(31)**	(24)
Net (decrease)/increase in cash and cash equivalents	**(289)**	394
Cash and cash equivalents at beginning of period	**1,016**	1,761
Cash and cash equivalents at end of period	**727**	2,155

Notes

1. Basis of preparation

The Group's condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They should be read in conjunction with the audited financial statements published in the 2016 Annual Report and Accounts which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the European Union (EU) (together IFRS).

The condensed consolidated interim financial statements are unaudited. In the opinion of management, all relevant disclosures necessary for an understanding of the changes in the consolidated financial position and performance of the Group since the end of the last annual reporting period have been made.

Going concern

The risk factors which could materially affect the Group's future results are described on pages 19 to 20.

Having reviewed the Group's forecasts and projections and considered the interim results of the RBS Group for the half year ended 30 June 2017, approved on 3 August 2017, which were prepared on a going concern basis, together with evidence that the RBS Group will continue to provide sufficient resources to the Group, the directors have a reasonable expectation that the Group will continue in operational existence for the foreseeable future. Accordingly, the interim financial statements for the half year ended 30 June 2017 have been prepared on a going concern basis.

2. Accounting policies

Ahead of adopting IFRS 9 Financial Instruments from 1 January 2018 the Group has adopted the provisions in respect of the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss from 1 January 2017. Accordingly, a loss of €37 million has been reported in the consolidated statement of other comprehensive income instead of in the consolidated income statement. Comparatives have not been restated, however, in H1 2016 a gain of €77 million was included in the consolidated income statement.

Apart from the above there have been no significant changes to the Group's principal accounting policies as set out on pages 65 to 71 of the 2016 Annual Report and Accounts. Other amendments to IFRSs effective for 2017 have not had a material effect on the results for the half year ended 30 June 2017.

Critical accounting policies and key sources of estimation uncertainty

The judgements and assumptions that are considered to be the most important to the portrayal of the Group's financial condition are those relating to provisions for liabilities, loan impairment provisions and fair value of financial instruments. These critical accounting policies and judgements are described on pages 71 to 74 of the Group's 2016 Annual Report and Accounts. The risk factors are set out on pages 19 to 20.

3. Impairment provisions
Impairment releases credited to the income statement comprise:

	Half year ended	
	30 June 2017	30 June 2016
	€m	€m
Loan impairment releases	**(2)**	(5)
Release under credit protection arrangements	**-**	(6)
Securities	**-**	2
Impairment releases	**(2)**	(9)

The balance sheet loan impairment provisions at 30 June 2017 were €41 million (30 June 2016 - €46 million).

	Half year ended	
	30 June 2017	30 June 2016
	€m	€m
At beginning of period	**41**	86
Currency translation and other adjustments	**2**	(1)
Amounts written-off	**-**	(39)
Recoveries of amounts previously written-off	**-**	5
Releases to the income statement	**(2)**	(5)
At end of period	**41**	46

There are no provisions in respect of loans and advances to banks.

4. Credit protection arrangements

At 30 June 2017, €0.3 billion (31 December 2016 - €0.3 billion) of assets measured at amortised cost were covered by the remaining credit protection agreement between the Group and RBS plc.

Full details of the Group's credit protection arrangements are included in the 2016 Annual Report and Accounts.

5. Taxation

The actual tax credit/(charge) differs from the expected tax credit/(charge) computed by applying the standard Dutch corporation tax rate of 25% as follows:

	Half year ended	
	30 June 2017 €m	30 June 2016 €m
(Loss)/profit before tax	**(164)**	197
Expected tax credit/(charge)	**41**	(49)
Losses in period where no deferred tax asset recognised	**(14)**	(19)
Foreign profits/(losses) taxed at other rates	**1**	(2)
Items not allowed for tax	**-**	7
Non-taxable items (including recycling of foreign exchange reserve)	**(28)**	35
Losses brought forward and utilised	**2**	-
Reduction in carrying value of deferred tax liability/(asset) in respect of associates	**7**	41
Adjustments in respect of prior periods	**7**	(12)
Other	**(10)**	(49)
Actual tax credit/(charge)	**6**	(48)

6. Segmental analysis

In 2015 the progress made by the restructuring programme enabled the Managing Board, as chief operating decision maker, to streamline reporting to a single reportable segment.

Geographical segments

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

	Netherlands	UK	RoW	Total
30 June 2017	€m	€m	€m	€m
Net interest income	**(12)**	**-**	**12**	**-**
Net fees and commissions	**-**	**2**	**(1)**	**1**
Income from trading activities	**(19)**	**(19)**	**16**	**(22)**
Foreign exchange gains and losses related to net investment hedges reclassified to income following disposals of foreign operations	**(173)**	**-**	**-**	**(173)**
Other operating (loss)/income	**(12)**	**-**	**72**	**60**
Total income	**(216)**	**(17)**	**99**	**(134)**
Operating (loss)/profit before tax	**(240)**	**(15)**	**91**	**(164)**
Total assets	**2,739**	**722**	**3,643**	**7,104**
Total liabilities	**2,070**	**681**	**1,408**	**4,159**
Net assets attributable to equity owners	**669**	**41**	**2,235**	**2,945**
30 June 2016				
Net interest income	(77)	3	6	(68)
Net fees and commissions	-	2	-	2
Income from trading activities	(37)	128	(1)	90
Foreign exchange gains and losses related to net investment hedges reclassified to income following disposals of foreign operations	37			37
Other operating income/(loss)	33	(22)	86	97
Total income	(44)	111	91	158
Operating (loss)/profit before tax	(53)	152	98	197
31 December 2016				
Total assets	2,544	1,055	4,731	8,330
Total liabilities	2,414	922	1,949	5,285
Net assets attributable to equity owners	130	133	2,782	3,045

7. Financial instruments: Classification

The following tables analyse the Group's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within other assets and other liabilities.

Assets	HFT (1,2) €m	DFV (3) €m	AFS (4) €m	LAR (5) €m	Other assets €m	Total €m
Cash and balances at central banks	-	-	-	288	-	288
Loans and advances to banks	4	-	-	3,292	-	3,296
Loans and advances to customers	6	-	-	97	-	103
Amounts due from the ultimate holding company	-	-	-	133	-	133
Debt securities and equity shares	17	19	417	-	-	453
Settlement balances	-	-	-	2	-	2
Derivatives	1,331	-	-	-	-	1,331
Other assets	-	-	-	-	1,498	1,498
30 June 2017	**1,358**	**19**	**417**	**3,812**	**1,498**	**7,104**
Cash and balances at central banks	-	-	-	368	-	368
Loans and advances to banks	67	-	-	3,128	-	3,195
Loans and advances to customers	4	-	-	184	-	188
Amounts due from the ultimate holding company	-	-	-	142	-	142
Debt securities and equity shares	48	90	379	-	-	517
Settlement balances	-	-	-	10	-	10
Derivatives	1,581	-	-	-	-	1,581
Assets of disposal groups	-	-	-	-	810	810
Other assets	-	-	-	-	1,519	1,519
31 December 2016	1,700	90	379	3,832	2,329	8,330

Liabilities	HFT(1,2) €m	DFV(3) €m	Amortised cost €m	Other liabilities €m	Total €m
Deposits by banks	10	-	1,386	-	1,396
Customer accounts	152	-	59	-	211
Debt securities in issue	-	38	-	-	38
Settlement balances and short positions	-	-	32	-	32
Derivatives	947	-	-	-	947
Subordinated liabilities	-	570	423	-	993
Other liabilities	-	-	-	542	542
30 June 2017	**1,109**	**608**	**1,900**	**542**	**4,159**
Deposits by banks	127	-	1,273	-	1,400
Customer accounts	169	-	61	-	230
Debt securities in issue	-	55	-	-	55
Settlement balances and short positions	-	-	48	-	48
Derivatives	1,244	-	-	-	1,244
Subordinated liabilities	-	668	770	-	1,438
Liabilities of disposal groups	-	-	-	219	219
Other liabilities	-	-	-	651	651
31 December 2016	1,540	723	2,152	870	5,285

Notes:

(1) Includes derivative assets held for hedging purposes (under IAS 39) of €69 million (31 December 2016 - €26 million) and derivative liabilities held for hedging purposes (under IAS 39) of €15 million (31 December 2016 - €72 million).

(2) Held-for-trading.

(3) Designated as at fair value through profit and loss.

(4) Available-for-sale.

(5) Loans and receivables.

7. Financial instruments: Carried at fair value - valuation hierarchy

Disclosures relating to the control environment, valuation techniques and related aspects pertaining to financial instruments measured at fair value are included in the 2016 Annual Report and Accounts. Valuation and input methodologies are consistent with those described in the 2016 Annual Report and Accounts Note 9 – Financial instruments valuations.

The following tables show financial instruments carried at fair value on the Group's balance sheet by valuation hierarchy - level 2 and level 3.

	30 June 2017			31 December 2016		
	Level 2 €bn	Level 3 €bn	Total €bn	Level 2 €bn	Level 3 €bn	Total €bn
Assets						
Loans and advances	-	-	-	0.1	-	0.1
Debt securities and equity shares	0.5	-	0.5	0.4	0.1	0.5
- of which AFS	0.4	-	0.4	0.3	-	0.3
Derivatives	1.1	0.2	1.3	1.3	0.3	1.6
	1.6	0.2	1.8	1.8	0.4	2.2
Proportion	88.9%	11.1%	100%	81.8%	18.2%	100%
Liabilities						
Deposits	0.1	0.1	0.2	0.2	0.1	0.3
Debt securities in issue	-	-	-	0.1	-	0.1
Derivatives	0.7	0.2	0.9	0.9	0.3	1.2
Subordinated liabilities	0.6	-	0.6	0.7	-	0.7
	1.4	0.3	1.7	1.9	0.4	2.3
Proportion	82.4%	17.6%	100%	82.6%	17.4%	100%

Notes:

(1) Level 2: valued using techniques based significantly on observable market data. Instruments in this category are valued using:
(a) quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or
(b) valuation techniques where all the inputs that have a significant effect on the valuations are directly or indirectly based on observable market data.
Level 3: instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Group determines a reasonable level for the input.

(2) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instruments were transferred. There were no significant transfers between level 1 and level 2.

(3) The Group does not have any material liabilities measured at fair value that are issued with an inseparable third party credit enhancement.

(4) Level 3 instruments were €0.2 billion for assets and €0.3 billion for liabilities (31 December 2016 - €0.4 billion for assets and €0.4 billion for liabilities). The decrease in assets during 2017 primarily related to €0.1 billion sales and a loss on the income statement of €0.1 billion and the decrease in liabilities related to a gain on the income statement of €0.1 billion for liabilities (2016 - The decrease in the year primarily related to transfers in of €0.5 billion which is offset by transfers out €0.2 billion, settlements €0.3 billion and sales €0.1 billion, income statement €0.1 billion and decrease in liabilities primarily relates to transfers in of €0.3 billion offset by transfers out of €0.1 billion, settlements €0.2 billion, income statement of €0.2 billion and sales €0.1 billion).

7. Financial instruments: Fair value of financial instruments not carried at fair value

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

	30 June 2017		31 December 2016	
	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m
Financial assets				
Loans and advances to banks	**3,292**	**3,292**	3,128	3,128
Loans and advances to customers	**97**	**50**	184	139
Amounts due from the ultimate holding company	**133**	**189**	142	156
Financial liabilities				
Deposits by banks	**568**	**569**	947	947
Customer accounts	**56**	**59**	55	61
Subordinated liabilities	**423**	**514**	770	781

The table above excludes short-term financial instruments for which fair value approximates carrying value: cash and balances at central banks, items in the course of collection from and transmission to other banks, settlement balances, certain deposits and notes in circulation.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted market values are used where available; otherwise, fair values have been estimated based on discounted expected future cash flows and other valuation techniques. These techniques involve uncertainties and require assumptions and judgements covering prepayments, credit risk and discount rates. Furthermore, there is a wide range of potential valuation techniques. Changes in these assumptions would significantly affect estimated fair values. The fair values reported would not necessarily be realised in an immediate sale or settlement.

8. Contingent liabilities and commitments

	30 June 2017 €m	31 December 2016 €m
Guarantees and assets pledged as collateral security	**4,458**	4,602
Other contingent liabilities	**1,185**	1,284
Standby facilities, credit lines and other commitments	**75**	78
Contingent liabilities and commitments	**5,718**	5,964

Contingent liabilities arise in the normal course of the Group’s business; credit exposure is subject to the Group’s normal controls. The amounts shown do not, and are not intended to, provide any indication of the Group’s expectation of future losses.

9. Litigation, arbitration, investigations and reviews

RBS N.V. and certain members of RBS Group are party to legal proceedings and the subject of investigation and other regulatory and governmental action in the Netherlands, the United Kingdom (UK), the European Union (EU), the United States (US) and other jurisdictions.

The Group recognises a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation. While the outcome of these matters is inherently uncertain, the directors believe that, based on the information available to them, appropriate provisions have been made in respect of the matters as at 30 June 2017.

In many proceedings and investigations, it is not possible to determine whether any loss is probable or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and investigations or as a result of adverse impacts or restrictions on the Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a liability can reasonably be estimated for any claim. The Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for claims that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

In respect of certain matters described below, we have established a provision and in certain of those matters, we have indicated that we have established a provision. The Group generally does not disclose information about the establishment or existence of a provision for a particular matter where disclosure of the information can be expected to prejudice seriously the Group's position in the matter.

There are situations where the Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending claims or investigations even for those matters for which the Group believes it has credible defences and should prevail on the merits. There are also situations where it may be in the interests of members of the Group to settle adverse claims, including involving significant amounts, on a commercial basis in order to facilitate the achievement of a wider commercial or strategic objective. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The future outflow of resources in respect of any matter may ultimately prove to be substantially greater than or less than the aggregate provision that the Group has recognised. Where (and as far as) liability cannot be reasonably estimated, no provision has been recognised.

Other than those discussed below, no member of the Group is or has been involved in governmental, legal or regulatory proceedings (including those which are pending or threatened) that are expected to be material individually or in aggregate.

RBS Group is involved in ongoing litigation, arbitration, investigations and reviews that are not described below but are described on pages 74 to 90 in RBS Group's Interim Results 2017. RBS Group expects that in future periods, additional provisions, settlement amounts and customer redress payments will be necessary, in amounts that are expected to be substantial in some instances. While the Group may not be directly involved in such RBS Group matters, any final adverse outcome of those matters may also have an adverse effect on the Group.

For a discussion of certain risks associated with the Group's litigation, investigations and reviews see the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on page 159 of the Group's 2016 Annual Report and Accounts.

9. Litigation, arbitration, investigations and reviews
Litigation
Madoff
In December 2010, Irving Picard, as trustee for the bankruptcy estates of Bernard L. Madoff and Bernard L. Madoff Investment Securities LLC., filed a clawback claim against RBS N.V. in the New York bankruptcy court. In the operative complaint, filed in August 2012, the trustee seeks to recover US$75.8 million in redemptions that RBS N.V. allegedly received from certain Madoff feeder funds and US$162.1 million that RBS N.V. allegedly received from its swap counterparties at a time when RBS N.V. allegedly 'knew or should have known of Madoff's possible fraud'. The Trustee alleges that those transfers were preferences or fraudulent conveyances under the US bankruptcy code and New York law and he asserts the purported right to claw them back for the benefit of Madoff's estate. RBS N.V. made a motion to dismiss in this case on the ground that many of the transfers at issue were extraterritorial to the United States and therefore not subject to the fraudulent conveyance statute upon which the trustee's claim is based, but the bankruptcy court denied that motion on 22 November 2016. RBS N.V. is seeking to appeal that decision. A further claim by the trustee against RBS N.V., for clawback of an additional US$21.8 million, was filed in October 2011. With respect to that claim, the bankruptcy court granted RBS N.V.'s motion to dismiss on extraterritorial grounds, and the trustee has commenced an appeal of that decision.

Australian Bank Bill Swap Reference Rate (BBSW)
In August 2016, a class action complaint was filed in the United States District Court for the Southern District of New York against certain RBS Group companies (including RBS N.V.) and a number of other financial institutions. The complaint alleges that the defendants conspired to manipulate the BBSW and asserts claims under the U.S. antitrust laws, the Commodity Exchange Act, RICO (Racketeer Influenced and Corrupt Organizations Act), and the common law. This matter is subject to a motion to dismiss that is currently pending.

FX antitrust litigation
In September 2015, certain members of RBS Group (including RBS N.V.), as well as a number of other financial institutions, were named as defendants in two purported class actions filed in Ontario and Quebec on behalf of persons in Canada who entered into foreign exchange transactions or who invested in funds that entered into foreign exchange transactions. The plaintiffs allege that the defendants violated the Canadian Competition Act by conspiring to manipulate the prices of currency trades. RBS Group has settled these matters for approximately CAD 13 million. The settlement amount has been paid into escrow pending court approval of the settlement.

Certain other foreign exchange transaction related claims have been or may be threatened against RBS Group in other jurisdictions. RBS Group cannot predict whether any of these claims will be pursued, but expects that several may.

CPDO litigation
Claims were served on RBS N.V. in England, the Netherlands and Australia, relating to the sale of a type of structured financial product known as a constant proportion debt obligation (CPDO). The claims in England and the Netherlands have been settled and in April 2017, the court approved settlement of the remaining claim in Australia.

Fondazione Monte dei Paschi di Siena
A claim for €285.9 million was brought by Fondazione Monte dei Paschi di Siena (FMPS) in July 2014 against former directors and 13 syndicate banks, including RBS N.V., in connection with an Italian law-governed term facility agreement for €600 million dated 4 June 2011. The claim is a civil action based on a non-contractual liability arising from the alleged breach of the by-laws of FMPS which set a 20 per cent limit for its debt to equity ratio (the Ratio). The lenders are alleged to have aided and abetted the former directors of FMPS to breach the Ratio. It is alleged that as sophisticated financial institutions, each lender should have known FMPS's financial situation, including its debt to equity ratio, and that putting the facility in place would cause it to breach the Ratio. RBS N.V. will defend the claim, which has been transferred to the Florence courts. A hearing is due to take place on 30 November 2017.

9. Litigation, arbitration, investigations and reviews

Anti-Terrorism Act litigation against RBS N.V.

RBS N.V. and certain other financial institutions (HSBC, Barclays, Standard Chartered, Credit Suisse, Bank Saderat, and Commerzbank) are defendants in an action first commenced in the United States District Court for the Eastern District of New York in November 2014 by a number of US nationals (or their estates, survivors, or heirs), most of whom are or were US military personnel, who were killed or injured in more than 90 attacks in Iraq between 2004 and 2011.

The attacks were allegedly perpetrated by Hezbollah and certain Iraqi terror cells allegedly funded by the Islamic Republic of Iran. According to the plaintiffs' allegations, RBS N.V. and the other defendants are liable for damages arising from the attacks because they allegedly conspired with Iran and certain Iranian banks to assist Iran in transferring money to Hezbollah and the Iraqi terror cells, in violation of the US Anti- terrorism Act, by agreeing to engage in "stripping" of transactions initiated by the Iranian banks so that the Iranian nexus to the transactions would not be detected. Since commencing this matter, the plaintiffs have amended the complaint twice. The second amended complaint is subject to a motion to dismiss that defendants filed on 14 September 2016.

On 2 November 2016, additional plaintiffs commenced a different action in the United States District Court for the Southern District of Illinois against the same defendants (including RBS N.V.), as well as Deutsche Bank. The allegations are substantially similar to the allegations contained in the complaint described above. The plaintiffs are a number of US military personnel (or their estates, survivors, or heirs) who were killed or injured in 21 attacks in Iraq between 2006 and 2011. In April 2017, this case was transferred to the United States District Court for the Eastern District of New York. Defendants have made a motion to dismiss this matter.

Interest rate swap claim by Ville d'Aubagne

Ville d'Aubagne, a French local authority, filed a claim in April 2013 against RBS N.V. and RBS plc in respect of two structured interest rates swaps, which were entered into between Ville d'Aubagne and RBS N.V., and novated to RBS plc in 2009. In the same year, they were terminated early and a rescheduling agreement was entered into under which payments were rescheduled over 28 years. Ville d'Aubagne seeks retroactive cancellation of the swaps and the rescheduling agreement. The amount claimed is approximately €65 million (which is subject to fluctuations in market value from time to time). The bank was successful in its defence of the claim, winning at first instance in November 2015. Ville d'Aubagne has appealed that decision to the French Court of Appeal. The appeal proceedings continue, and a decision is expected in 2018.

Arbitration

Greek Bonds

RBS N.V. and ABN AMRO Bank N.V. were in dispute over the ownership of economic exposure to certain Greek bonds. This matter concluded prior to arbitration.

Investigations and reviews

The Group's businesses and financial condition can be affected by the actions of various governmental and regulatory authorities in the Netherlands, the UK, the EU, the US and elsewhere. RBS Group has engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the Netherlands, the UK, the EU, the US and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, business conduct, competition/anti-trust, anti-bribery, anti-money laundering and sanctions regimes.

The NatWest Markets (formerly CIB) segment of RBS Group in particular has been providing information regarding a variety of matters, including, for example, the setting of benchmark rates and related derivatives trading, conduct in the foreign exchange market, and various issues relating to the issuance, underwriting, and sales and trading of fixed income securities, including structured products and government securities.

9. Litigation, arbitration, investigations and reviews

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by the Group, remediation of systems and controls, public or private censure, restriction of the Group's business activities and/or fines. Any of the events or circumstances mentioned in this paragraph or below could have a material adverse effect on the Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it.

The Group is co-operating fully with the investigations and reviews described below.

LIBOR and other trading rates

Certain members of RBS Group continue to co-operate with investigations and requests for information by various governmental and regulatory authorities into submissions, communications and procedures around the setting of LIBOR and other interest rates and interest rate trading.

Foreign exchange related investigations

Certain members of RBS Group continue to co-operate with investigations and requests for information by various governmental and regulatory authorities on certain issues relating to failings in its FX business within its NatWest Markets segment.

Governance and risk management consent order

In July 2011, RBS Group, RBS plc and RBS N.V. agreed with the Board of Governors of the Federal Reserve System, the New York State Banking Department, the Connecticut Department of Banking, and the Illinois Department of Financial and Professional Regulation to enter into a consent Cease and Desist Order (Governance Order) (which is publicly available) to address deficiencies related to governance, risk management and compliance systems and controls in the US branches of RBS plc and RBS N.V.. All of the RBS N.V. branches in the United States have been closed since the issuance of the Governance Order. RBS Group continues to work closely with the regulator in the US to fulfil the requirements of the Governance Order, which will remain in effect until terminated by the regulators.

10. Related party transactions

On 25 April 2017 Alawwal Bank announced the start of merger discussions with Saudi British Bank (SABB). A 40% stake in its associate, Alawwal Bank, is the last significant shared asset of the RFS Consortium.

Other related party transactions in the half year ended 30 June 2017 were similar to those for the year ended 31 December 2016.

11. Date of approval

The interim results for the half year ended 30 June 2017 were approved by the Supervisory Board on 29 September 2017.

12. Post balance sheet events

In August 2017 a distribution of €90 million was made by RBS N.V. (on behalf of RFS Holdings B.V.) to ABN AMRO Bank N.V. at the instruction and on behalf of the Dutch State (NLFI).

Other than as above, there have been no significant events between 30 June 2017 and the date of approval of this announcement which would require a change to or additional disclosure in the announcement.

Risk factors

Set out below is a summary of certain risks which could adversely affect the RBSH Group and RBS N.V.. This summary updates, and should be read in conjunction with, the fuller description of these and other risk factors included on pages 155 to 168 of the 2016 Annual Report and Accounts. In addition, RBSH Group is a subsidiary of The Royal Bank of Scotland Group plc ("RBSG" and, together with its subsidiaries, the "RBS Group") and depends on the RBS Group to conduct its operations. Accordingly, a number of risk factors described below which relate to RBSG and the RBS Group will also be of relevance to the RBS N.V. and the occurrence of any such risks could also directly or indirectly impact the RBSH Group's financial position, results of operations or reputation. This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the RBS N.V..

On 4 August 2017 RBS Group announced that NatWest Markets has reviewed ways to minimise disruption to the business and continue to serve its customers in the event of any loss of EU passporting. Should the outcome of the current EU separation negotiations make it necessary, NatWest Markets and RBS N.V. are working together to ensure that the banking licence in the Netherlands is maintained and that the entity is made operationally ready. In parallel, work continues to decrease the Group's legacy assets and liabilities further. Consequently, the Group has revised the target end-state plan and no longer plans to relinquish the Group's banking licence. As a result, the risks relating to the Group's ability to relinquish its banking license set out in the risk factor included in the Group's 2016 Annual Report & Accounts entitled "The RBSH Group has formulated a target end state plan designed to decrease financial and regulatory risk and comprising the further winding-down of its business so as to be in a position to hand back its banking licence in the Netherlands. A number of steps remain to be completed, including the transfers or sale of the remaining business activities of The Royal Bank of Scotland N.V. ("RBS N.V.") to The Royal Bank of Scotland plc ("RBS plc") and/or third parties and any delay in the execution or non-completion of these steps, including the approved transfers or sale of such business activities, may prevent the RBSH Group from finalising the target end state plan within the time frames contemplated, or at all, which may in turn have a material adverse effect on the RBSH Group" and in the other risk factors included in the Group's 2016 Annual Report & Accounts are no longer applicable. The risks relating to the Group's ability to wind-down the legacy assets and liabilities remain unchanged.

- The RBS Group and the RBSH Group are subject to political risks, including economic, regulatory and political uncertainty arising from the vote to leave in the UK's membership of the European Union (EU Referendum) and more generally arising from the outcome of general elections in the UK and changes in government policies, including as a shareholder of the RBS Group, which could adversely impact the RBS Group's business, results of operations, financial condition and prospects.
- Changes to the prudential regulatory framework for banks and investment banks within the EU may require additional structural changes to the RBS Group's operations, including, for example, as a result of potential changes in the prudential regulatory framework for banks and investment banks within the EU or if the RBS Group is no longer able to rely on the passporting framework for financial services applicable in the EU, which may affect current restructuring plans and have a material adverse effect on the RBSH Group.
- Implementation of the ring-fencing regime in the UK which began in 2015 and must be completed before 1 January 2019 will result in material structural changes to the RBS Group. These changes could have a material adverse effect on the RBSH Group. The steps required to implement the UK ring-fencing regime are extraordinarily complex and entail significant costs and operational, legal and execution risks, which risks may be exacerbated by the RBS Group's other ongoing restructuring efforts. There is no certainty that the RBS Group will be able to complete the legal restructuring and migration of customers by the 1 January 2019 deadline or in accordance with future rules and the consequences of non-compliance are currently uncertain.
- The RBS Group has been, and will remain, in a period of major restructuring through to 2019, which carries significant execution and operational risks, and may adversely impact the RBSH Group.
- The RBSH Group and the RBS Group are subject to a number of legal, regulatory and governmental actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBSH Group's operations, operating results, reputation or financial position.
- Operational risks are inherent in the RBSH Group's businesses and these risks are heightened as the RBS Group implements its transformation programme against the backdrop of legal and regulatory changes.

- The RBS Group and the RBSH Group are exposed to cyberattacks and a failure to prevent or defend against such attacks could have a material adverse effect on the RBSH Group's operations, results of operations or reputation.
- The RBSH Group's business performance and financial position could be adversely affected if its capital is not managed effectively or if it is unable to meet its capital targets or capital requirements.
- The RBSH Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the RBS Group's credit ratings.
- The RBSH Group's ability to meet its obligations including its funding commitments depends on the RBSH Group's ability to access sources of liquidity and funding.
- The RBS Group and RBSH Group's businesses and financial position could be negatively affected by actual or perceived global economic and financial market conditions and other global risks, including risks arising out of geopolitical events and political developments.
- The financial performance of the RBSH Group has been, and may continue to be, materially affected by customer and counterparty credit quality and deterioration in credit quality could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The RBSH Group's operations are highly dependent on its and the RBS Group's IT systems. A failure of such IT systems, including as a result of the lack of or untimely investments, could adversely affect the RBSH Group's operations and expose the RBSH Group to regulatory sanctions.
- Failure to retain qualified and sufficient staff may adversely impact the RBSH Group.
- The RBSH Group's businesses are subject to substantial regulation and oversight. Significant regulatory developments and increased scrutiny by the RBSH Group's key regulators has had and is likely to continue to increase compliance and conduct risks and could have a material adverse effect on how the RBSH Group conducts its business, its results of operations and financial condition.
- The RBS Group and the RBSH Group rely on valuation, capital and stress test models to conduct their business, assess their risk exposure and anticipate capital and funding requirements. Failure of these models to provide accurate results or accurately reflect changes in the micro- and macroeconomic environment in which the RBS Group and the RBSH Group operate or findings of deficiencies by the RBSH Group's regulators resulting in increased regulatory capital requirements could have a material adverse effect on the RBSH Group's business, capital position or results of operations.
- The reported results of the RBSH Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Its results in future periods may be affected by changes to applicable accounting rules and standards.
- The RBSH Group is exposed to conduct risk which may adversely impact the RBSH Group or its employees and may result in conduct having a detrimental impact on the RBSH Group's customers or counterparties.
- The RBSH Group may be adversely impacted if its risk management is not effective.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that affects the legal recourse available to investors.

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'envisage', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'plan', 'could', 'envisage', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions.

In particular, this document includes forward-looking statements relating, but not limited to RBS N.V.'s planned transfers or sale of any remaining business activities of RBS N.V. and the timing thereof; future profitability and performance, including financial performance targets such as return on tangible equity; cost savings and targets, including cost:income ratios; litigation and government and regulatory investigations, including the timing and financial and other impacts thereof; structural reform and the implementation of the UK ring-fencing regime by the RBS Group; the implementation of the RBS Group's transformation programme, including the further restructuring of the NatWest Markets business; the satisfaction of the RBS Group's residual EU State Aid obligations; the continuation of the RBS Group's RBS N.V.'s balance sheet reduction programme, including the reduction of risk-weighted assets (RWAs) and the timing thereof; capital and strategic plans and targets; capital, liquidity and leverage ratios and requirements, including CET1 Ratio, RWA equivalents (RWAe), Pillar 2 and other regulatory buffer requirements, the RBS Group's minimum requirement for own funds and eligible liabilities, and other funding plans; funding and credit risk profile; capitalisation; portfolios; net interest margin; customer loan and income growth; the level and extent of future impairments and write-downs, including with respect to goodwill; restructuring and remediation costs and charges; future pension contributions; exposure to political risks, operational risk, conduct risk, cyber and IT risk and credit rating risk and to various types of market risks, including as interest rate risk, foreign exchange rate risk and commodity and equity price risk; employee engagement and gender balance in leadership positions.

Limitations inherent to forward-looking statements

These statements are based on current plans, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to the RBS Group's and RBS N.V.'s strategy or operations, which may result in the RBS Group and/or RBS N.V. being unable to achieve the current targets, predictions, expectations and other anticipated outcomes expressed or implied by such forward- looking statements. In addition certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. Forward-looking statements speak only as of the date we make them and we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward- looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect the results of the RBS Group and/or RBS N.V. or their ability to implement their strategy, cause the RBS Group or RBS N.V. to fail to meet their targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document as well as in the risk factors and other uncertainties set out in the 2016 Annual Report and Accounts and other risk factors and uncertainties discussed in this document.

Forward-looking statements

These include the significant risks for the RBS Group (including RBS N.V.) presented by the outcomes of the legal, regulatory and governmental actions and investigations that the RBS Group (including RBS N.V.) is or may be subject to (including active civil and criminal investigations) and any resulting material adverse effect on the RBS Group (including RBS N.V.) of unfavourable outcomes and the timing thereof (including where resolved by settlement); economic, regulatory and political risks, including as may result from the uncertainty arising from the vote to leave in the EU Referendum and from the outcome of general elections in the UK and changes in government policies; the RBS Group's ability to satisfy its residual EU State Aid obligations and the timing thereof; the ability to successfully implement the significant and complex restructuring required to be undertaken in order to implement the UK ring-fencing regime and related costs; the ability to successfully implement the various initiatives that are comprised in the RBS Group's transformation programme, particularly the proposed further restructuring of the NatWest Markets business, the balance sheet reduction programme and the significant cost-saving initiatives; the ability to successfully complete the transfers or sale of any remaining business activities of the RBS N.V.; the exposure of the RBS Group and RBS N.V. to cyber-attacks and their ability to defend against such attacks; the RBS Group's and RBS N.V.'s ability to achieve its capital and leverage requirements or targets, which will depend on further divestments and future profitability as well as developments which may impact CET1 capital including additional litigation or conduct costs, additional pension contributions, further impairments or accounting changes; ineffective management of capital or changes to regulatory requirements relating to capital adequacy and liquidity or failure to pass mandatory stress tests; ability for the RBS Group and RBS N.V. to access sufficient sources of capital, liquidity and funding when required; changes in the credit ratings of RBSG, RBS plc, RBS N.V. or other RBS Group entities; as well as increasing competition for the RBS Group from new incumbents and disruptive technologies.

In addition, there are other risks and uncertainties that could adversely affect the RBS Group's and/or RBS N.V.'s results, their ability to implement their strategy, cause them to fail to meet their targets or the accuracy of forward-looking statements in this document. These include operational risks that are inherent to RBS Group's and RBS N.V.'s business and will increase as a result of the significant restructuring initiatives being concurrently implemented; the potential negative impact on their business of global economic and financial market conditions and other global risks, including risks arising out of geopolitical events and political developments; the impact of a prolonged period of low interest rates or unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices, equity prices; basis, volatility and correlation risks; the extent of future write-downs, impairment charges or goodwill impairments caused by depressed asset valuations; deteriorations in borrower and counterparty credit quality; heightened regulatory and governmental scrutiny and the increasingly regulated environment in which the RBS Group, including RBS N.V., operates as well as divergences in regulatory requirements in the jurisdictions in which the RBS Group and RBS N.V. operate; the risks relating to the IT systems of the RBS Group and RBS N.V. or a failure to protect themselves and their customers against cyber threats, reputational risks; risks relating to increased pension liabilities and the impact of pension risk on RBS Group's capital position; risks relating to the failure to embed and maintain a robust conduct and risk culture across the RBS Group or if risk management frameworks are ineffective; the RBS Group's and RBS N.V.'s ability to attract and retain qualified personnel; limitations on, or additional requirements imposed on, RBS Group activities as a result of HM Treasury's investment in RBSG; risks relating to the reliance on valuation, capital and stress test models and any inaccuracies resulting therefrom or failure to accurately reflect changes in the micro and macroeconomic environment in which the RBS Group and RBS N.V. operate, risks relating to changes in applicable accounting policies or rules which may impact the preparation of financial statements or adversely impact its capital position; the impact of the recovery and resolution framework and other prudential rules to which the RBS Group and RBS N.V. are subject; the recoverability of deferred tax assets; RBS N.V.'s exposure to cross liabilities resulting from the legal demerger of ABN Amro Bank N.V. (as it was then named); and the success of the RBS Group and RBS N.V. in managing the risks involved in the foregoing.

The forward-looking statements contained in this document speak only as at the date hereof, and we does not assume or undertake any obligation or responsibility to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicit of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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