



NatWest
Group

NatWest Markets Plc

Q3 2024 Pillar 3

Contents	Page
Forward-looking statements	3
Presentation of information	4
Annex I: Key metrics and overview of risk-weighted assets	
NatWest Markets Plc - Key points	5
UK KM1: Key metrics	6
IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL	7
UK OV1: Overview of risk-weighted exposure amounts	8
UK CR8: RWA flow statement of credit risk exposures under the IRB approach	9
UK CCR7: RWA flow statement of counterparty credit risk exposures under the IMM	9
UK MR2-B: RWA flow statement of market risk exposures under the IMA	10
Annex XI: Leverage	
UK LR2 – LRCom: Leverage ratio common disclosure	11
Annex XIII: Liquidity	
UK LIQ1: Quantitative information of LCR	12
UK LIQB: Qualitative information on LCR, which complements template UK LIQ1	13

Forward-looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘commit’, ‘believe’, ‘should’, ‘intend’, ‘will’, ‘plan’, ‘could’, ‘probability’, ‘risk’, ‘Value-at-Risk (VaR)’, ‘target’, ‘goal’, ‘objective’, ‘may’, ‘endeavour’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NWM Group’s future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWM Group in respect of, but not limited to: its economic and political risks (including due to GDP growth, inflation and interest rates, supply chain disruption and geopolitical developments), its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), implementation of NWM Group’s strategy and NatWest Group’s strategy and NatWest Group’s creation of its Commercial & Institutional franchise (of which NWM Group forms part), its sustainability and climate related targets, its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NWM Group’s exposure to operational risk, conduct risk, financial crime risk, cyber, data and IT risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and uncertainties (such as the direct and indirect impacts of escalating armed conflicts), political uncertainty or instability, the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWM Group’s actual results are discussed in NWM Plc’s 2023 Annual Report and Accounts (ARA), NWM Group’s Interim Management Statement for Q1, Q3 and H1 2024, and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the interim Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) as at 30 September 2024 which complement those in the NWM Group Q3 2024 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/reports-archive/2024

NWM Plc is incorporated in the United Kingdom and is a subsidiary of NatWest Group plc. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

Based on the criteria set out in the UK CRR, NatWest Group primarily defines its large subsidiaries in scope for PRA Pillar 3 disclosures as those designated as an Other Systemically Important Institution (O-SII) by the PRA or those with total assets equal to or greater than €30 billion.

NWM Plc, as a large, listed subsidiary of NatWest Group, is subject to a reduced set of disclosures as set out in the PRA Rulebook.

The disclosures for NWM Plc are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and presented in accordance with the Disclosure (CRR) part of the PRA Rulebook.

Within this document, row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL disclosures have been prepared using the uniform format published by the EBA.

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 are presented in pounds sterling ('£') and have not been subject to external audit.

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reportsarchive/2023.

Annex I: Key metrics and overview of risk-weighted assets

NatWest Markets Plc - Key points

CET1 ratio

17.3%

(Q2 2024 – 18.7%)

The Common Equity Tier 1 (CET1) ratio decreased by 140 basis points to 17.3%. The decrease in the CET1 ratio was due to a £1.0 billion increase in RWAs and a £0.1 billion decrease in CET1 capital. The CET1 capital decrease was mainly driven by reserve movements.

RWAs

£21.5bn

(Q2 2024 - £20.5bn)

Total Risk Weighted Assets (RWAs) increased by £1.0 billion to £21.5 billion mainly reflecting:

- An increase in market risk RWAs of £0.6 billion to £6.1 billion driven by SVaR-based RWAs reflecting interest rate risk.
- An increase in credit risk RWAs of £0.2 billion to £8.3 billion due to increased securitisation activity.
- An increase in counterparty credit risk RWAs of £0.2 billion to £6.1 billion driven by a rise in over-the-counter derivatives.

UK leverage ratio

4.6%

(Q2 2024 – 5.2%)

The leverage ratio decreased by 60 basis points to 4.6% driven by a £9.9 billion increase in the leverage exposure and a £0.1 billion decrease in Tier 1 capital. The key drivers in the leverage exposure were an increase in trading and other financial assets and net derivatives, partially offset by a decrease in net settlement balances.

UK average leverage ratio

4.8%

(Q2 2024 – 4.8%)

The average leverage ratio remained static at 4.8%. This was driven by a £1.2 billion decrease in average leverage exposure offset by a £0.1 billion decrease in 3-month average Tier 1 capital. The key drivers in the average leverage exposure were a decrease in net settlement balances and trading and other financial assets, partially offset by increase in net derivatives.

LCR average

189%

(Q2 2024 - 203%)

The average Liquidity Coverage Ratio (LCR) decreased 14% compared to Q2 2024. The reduction in the LCR was due to management of excess liquidity to reduce funding costs.

NSFR average

117%

(Q2 2024 - 118%)

The Net Stable Funding Ratio (NSFR) was 117% compared to 118% in Q2 2024. The reduction was due to increased lending in the banking book.

Annex I: Key metrics and overview of risk-weighted assets continued

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. NWM Plc has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	3,720	3,840	3,901	3,776	3,523
2 Tier 1 capital	4,416	4,519	4,580	4,455	4,202
3 Total capital	5,066	5,198	5,274	5,072	4,828
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	21,476	20,542	21,506	22,099	23,392
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	17.3	18.7	18.1	17.1	15.1
6 Tier 1 ratio (%)	20.6	22.0	21.3	20.2	18.0
7 Total capital ratio (%)	23.6	25.3	24.5	23.0	20.6
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	3.1	3.1	3.1	3.1	2.6
UK 7b Additional AT1 SREP requirements (%)	1.0	1.0	1.0	1.0	0.9
UK 7c Additional Tier 2 SREP requirements (%)	1.4	1.4	1.4	1.4	1.2
UK 7d Total SREP own funds requirements (%)	13.5	13.5	13.5	13.5	12.7
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (1)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (2)	1.0	1.0	1.0	1.0	1.1
11 Combined buffer requirement (%)	3.5	3.5	3.5	3.5	3.6
UK 11a Overall capital requirements (%)	17.0	17.0	17.0	17.0	16.3
12 CET1 available after meeting the total SREP own funds requirements (%)	9.8	11.1	10.5	9.4	8.0
Leverage ratio					
13 Total exposure measure excluding claims on central banks	96,209	86,275	91,464	89,929	85,706
14 Leverage ratio excluding claims on central banks (%)	4.6	5.2	5.0	5.0	4.9
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.6	5.2	5.0	5.0	4.9
UK 14b Leverage ratio including claims on central banks (%)	4.2	4.6	4.5	4.5	4.2
UK 14c Average leverage ratio excluding claims on central banks (%)	4.8	4.8	5.0	4.9	5.2
UK 14d Average leverage ratio including claims on central banks (%)	4.3	4.3	4.4	4.3	4.5
UK 14e Countercyclical leverage ratio buffer (%) (2)	0.4	0.4	0.4	0.4	0.4
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value-average)	18,283	18,873	19,280	19,620	19,781
UK 16a Cash outflows - Total weighted value	12,969	12,773	12,656	11,986	11,876
UK 16b Cash inflows - Total weighted value	3,272	3,392	3,801	3,696	4,012
16 Total net cash outflows (adjusted value)	9,697	9,381	8,855	8,290	7,864
17 Liquidity coverage ratio (%) (3)	189	203	219	240	255
Net stable funding ratio					
18 Total available stable funding	33,992	32,824	32,012	31,864	31,923
19 Total required stable funding	29,155	27,788	26,446	25,065	23,604
20 NSFR ratio (%) (4)	117	118	121	127	135

(1) The following rows are not presented in the table above as not applicable: UK8a, UK9a, 10 and UK10a.

(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. The UK CCyB buffer is currently maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWM Plc CCyB.

(3) The Liquidity Coverage Ratio (LCR) uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table.

(4) The Net Stable Funding Ratio (NSFR) is calculated as the average of the preceding four quarters.

Annex I: Key metrics and overview of risk-weighted assets continued

IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWM plc has elected to take advantage of transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
	£m	£m	£m	£m	£m
Available capital (amounts) – transitional					
1 Common equity Tier 1	3,720	3,840	3,901	3,776	3,523
2 Common equity Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	3,720	3,839	3,900	3,775	3,522
3 Tier 1 capital	4,416	4,519	4,580	4,455	4,202
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	4,416	4,518	4,579	4,454	4,201
5 Total capital	5,066	5,198	5,274	5,072	4,828
6 Total capital as if IFRS 9 transitional arrangements had not been applied	5,066	5,197	5,273	5,071	4,827
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	21,476	20,542	21,506	22,099	23,392
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	21,476	20,541	21,505	22,098	23,390
Capital ratios					
	%	%	%	%	%
9 Common equity Tier 1 ratio	17.3	18.7	18.1	17.1	15.1
10 Common equity Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.3	18.7	18.1	17.1	15.1
11 Tier 1 ratio	20.6	22.0	21.3	20.2	18.0
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.6	22.0	21.3	20.2	18.0
13 Total capital ratio	23.6	25.3	24.5	23.0	20.6
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.6	25.3	24.5	22.9	20.6
Leverage ratio					
15 Leverage ratio exposure measure (£m)	96,209	86,275	91,464	89,929	85,706
16 Leverage ratio (%)	4.6	5.2	5.0	5.0	4.9
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.6	5.2	5.0	5.0	4.9

Annex I: Key metrics and overview of risk-weighted assets continued

UK 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.

		a		b	c	
		Risk-weighted exposure amounts (RWAs)			Total own funds requirements	
		30 September 2024	30 June 2024		30 September 2024	
		£m	£m		£m	
1	Credit risk (excluding counterparty credit risk)	5,533	5,582		443	
2	Of which: standardised approach	1,972	1,968		158	
3	Of which: the foundation IRB (FIRB) approach	-	-		-	
4	Of which: slotting approach	132	130		11	
UK 4a	Of which: equities under the simple risk-weighted approach	125	100		10	
5	Of which: the advanced IRB (AIRB) approach (1)	3,304	3,384		264	
5a	Of which: non-credit obligation assets (3)	117	111		9	
6	Counterparty credit risk	6,003	5,796		480	
7	Of which: standardised approach	892	954		71	
8	Of which: internal model method (IMM)	3,459	3,332		277	
UK 8a	Of which: exposures to a CCP	79	71		6	
UK 8b	Of which: credit valuation adjustment (CVA)	769	797		62	
9	Of which: other counterparty credit risk	804	642		64	
15	Settlement risk	-	-		-	
16	Securitisation exposures in the non-trading book (after the cap)	2,811	2,588		225	
17	Of which: SEC-IRBA approach	-	-		-	
18	Of which: SEC-ERBA (including IAA)	85	116		7	
19	Of which: SEC-SA approach	2,677	2,424		214	
UK 19a	Of which: 1,250%/deduction	49	48		4	
20	Position, foreign exchange and commodities risk (market risk)	6,127	5,574		490	
21	Of which: standardised approach	343	378		27	
22	Of which: IMA	5,784	5,196		463	
UK 22a	Large exposures	-	-		-	
23	Operational risk	1,002	1,002		80	
UK 23a	Of which: basic indicator approach	-	-		-	
UK 23b	Of which: standardised approach	1,002	1,002		80	
UK 23c	Of which: advanced measurement approach	-	-		-	
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,311	1,331		105	
29	Total	21,476	20,542		1,718	

(1) Of which £12 million RWAs (30 June 2024 - £11.7 million) relate to equity IRB under the probability of default/loss given default approach.

(2) The amount is shown for information only as these exposures are already included in rows 1 and 2.

(3) 5a is subset of total IRB RWAs disclosed in Row 5.

Annex I: Key metrics and overview of risk-weighted assets continued

UK CR8: RWA flow statement of credit risk exposures under the IRB approach

The table below shows movements in RWAs for credit risk exposures under the internal ratings based (IRB) approach. It excludes counterparty credit risk, securitisations, equity and non-credit obligation assets.

	a
	RWAs
	£m
1 At 31 December 2023	3,480
2 Asset size	5
3 Asset quality	140
4 Model updates	3
7 Foreign exchange movements	(3)
9 At 31 March 2024	3,625
2 Asset size	(163)
3 Asset quality	(51)
4 Model updates	(4)
7 Foreign exchange movements	(15)
9 At 30 June 2024	3,392
2 Asset size	127
3 Asset quality	(85)
7 Foreign exchange movements	(127)
9 At 30 September 2024	3,307

(1) The following rows are not presented because they had zero values: (5) methodology and policy; (6) acquisitions and disposals; and (8) other.

Q3 2024

- The increase in asset size RWAs was mainly driven by new facilities. The decrease in RWAs relating to asset quality was a result of changing portfolio composition. The foreign exchange movements reduction was due to sterling strengthening against the US dollar and the euro during the period.

UK CCR7: RWA flow statement of counterparty credit risk exposures under the IMM

The table below shows movements in RWAs for derivatives under the internal model method (IMM). It excludes the CVA capital charge, exposures to central counterparties and securitisations.

	a
	RWAs
	£m
1 At 31 December 2023	3,762
2 Asset size	(246)
3 Credit quality of counterparties	(28)
7 Foreign exchange movements	(33)
9 At 31 March 2024	3,455
2 Asset size	(98)
3 Credit quality of counterparties	(13)
7 Foreign exchange movements	(12)
9 At 30 June 2024	3,332
2 Asset size	241
3 Credit quality of counterparties	(30)
7 Foreign exchange movements	(84)
9 At 30 September 2024	3,459

(1) The following rows are not presented because they had zero values: (4) model updates; (5) methodology and policy; (6) acquisitions and disposals; and (8) other.

Q3 2024

- IMM RWAs increased in the third quarter, reflecting an overall increase in asset size driven by over-the-counter derivatives. This was partially offset by sterling strengthening against the US dollar and the euro over the period.

Annex I: Key metrics and overview of risk-weighted assets continued

UK MR2-B: RWA flow statement of market risk exposures under the IMA

The table below shows movements in RWAs and own funds requirements for market risk exposures under the internal model approach (IMA).

	a	b	c	e	f	g
	Value-at-risk (VaR) £m	Stressed Value-at-risk (SVaR) £m	Incremental risk charge £m	Other risks-not-in VaR (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1 At 31 December 2023	1,597	2,295	802	1,278	5,972	477
1a <i>Regulatory adjustment (1)</i>	<i>(1,214)</i>	<i>(1,796)</i>	<i>(168)</i>	<i>-</i>	<i>(3,178)</i>	<i>(255)</i>
1b <i>RWAs at 31 December 2023 (end of day)</i>	<i>383</i>	<i>499</i>	<i>634</i>	<i>1,278</i>	<i>2,794</i>	<i>222</i>
2 <i>Movement in risk levels</i>	<i>(103)</i>	<i>(63)</i>	<i>443</i>	<i>(217)</i>	<i>60</i>	<i>5</i>
3 <i>Model updates/changes</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(116)</i>	<i>(116)</i>	<i>(9)</i>
8a <i>RWAs at 31 March 2024 (end of day)</i>	<i>280</i>	<i>436</i>	<i>1,077</i>	<i>945</i>	<i>2,738</i>	<i>218</i>
8b <i>Regulatory adjustment (1)</i>	<i>1,368</i>	<i>1,727</i>	<i>6</i>	<i>-</i>	<i>3,101</i>	<i>249</i>
8 At 31 March 2024	1,648	2,163	1,083	945	5,839	467
1a <i>Regulatory adjustment (1)</i>	<i>(1,368)</i>	<i>(1,727)</i>	<i>(6)</i>	<i>-</i>	<i>(3,101)</i>	<i>(249)</i>
1b <i>RWAs at 31 March 2024 (end of day)</i>	<i>280</i>	<i>436</i>	<i>1,077</i>	<i>945</i>	<i>2,738</i>	<i>218</i>
2 <i>Movement in risk levels</i>	<i>186</i>	<i>275</i>	<i>114</i>	<i>64</i>	<i>639</i>	<i>52</i>
3 <i>Model updates/changes</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(110)</i>	<i>(110)</i>	<i>(9)</i>
8a <i>RWAs at 30 June 2024 (end of day)</i>	<i>466</i>	<i>711</i>	<i>1,191</i>	<i>899</i>	<i>3,267</i>	<i>261</i>
8b <i>Regulatory adjustment (1)</i>	<i>670</i>	<i>1,259</i>	<i>-</i>	<i>-</i>	<i>1,929</i>	<i>154</i>
8 At 30 June 2024	1,136	1,970	1,191	899	5,196	415
1a <i>Regulatory adjustment (1)</i>	<i>(670)</i>	<i>(1,259)</i>	<i>-</i>	<i>-</i>	<i>(1,929)</i>	<i>(154)</i>
1b <i>RWAs at 30 June 2024 (end of day)</i>	<i>466</i>	<i>711</i>	<i>1,191</i>	<i>899</i>	<i>3,267</i>	<i>261</i>
2 <i>Movement in risk levels</i>	<i>(59)</i>	<i>243</i>	<i>(117)</i>	<i>116</i>	<i>183</i>	<i>15</i>
3 <i>Model updates/changes</i>	<i>(135)</i>	<i>(274)</i>	<i>(8)</i>	<i>44</i>	<i>(373)</i>	<i>(30)</i>
8a <i>RWAs at 30 September 2024 (end of day)</i>	<i>272</i>	<i>680</i>	<i>1,066</i>	<i>1,059</i>	<i>3,077</i>	<i>246</i>
8b <i>Regulatory adjustment (1)</i>	<i>848</i>	<i>1,763</i>	<i>96</i>	<i>-</i>	<i>2,707</i>	<i>217</i>
8 At 30 September 2024	1,120	2,443	1,162	1,059	5,784	463

(1) Regulatory adjustments in rows 1a and 8b represent the difference in RWA terms between the risk spot measure at the end of the reporting period and the 60-day average of that measure, multiplied by the multiplication factor.

(2) The following rows and/or columns are not presented because they had zero values or are not used by NWM Plc: column (d) comprehensive risk measure; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q3 2024

- Overall, market risk RWAs under the IMA increased during the third quarter, largely driven by higher SVaR-based RWAs.
- Both VaR and SVaR-based RWAs were affected by increases in interest rate risk. These movements were partially offset by additional products coming into the scope of the model following regulatory approval.
- The increase in RNIV-based RWAs reflects various offsetting movements.

Annex XI: Leverage

UK LR2 - LRCom: Leverage ratio common disclosure

The table below shows an abridged version of the disclosure template UK LR2 – LRCom for NWM Plc. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		30 September 2024 £m	30 June 2024 £m
Total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	96,209	86,275
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.6	5.2
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.6	5.2
UK-25c	Leverage ratio including claims on central banks (%)	4.2	4.6
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.4	0.4
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.4	0.4
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	92,997	94,236
UK-32	Average total exposure measure including claims on central banks	103,174	104,598
UK-33	Average leverage ratio excluding claims on central banks (%)	4.8	4.8
UK-34	Average leverage ratio including claims on central banks (%)	4.3	4.3

(1) NWM Plc is an LREQ firm therefore subject to the additional quarterly disclosures for averaging and the countercyclical leverage ratio buffer.

Annex XIII: Liquidity

UK LIQ1: Quantitative information on LCR

The table below shows the breakdown of high-quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio for NWM Plc. The weightings applied reflect the stress factors applicable under the UK LCR rules. The values presented are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table. LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). NatWest Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity.

		Total unweighted value (average)				Total weighted value (average)			
		30 September	30 June	31 March	31 December	30 September	30 June	31 March	31 December
		2024	2024	2024	2023	2024	2024	2024	2023
		£m	£m	£m	£m	£m	£m	£m	£m
Number of data points used in the calculation of averages									
		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					18,283	18,873	19,280	19,620
Cash - outflows									
2	Retail deposits and deposits from small business customers	42	47	51	60	1	1	1	1
	of which:								
3	Stable deposits	7	6	5	6	-	-	-	-
4	Less stable deposits	8	6	6	7	1	1	1	1
5	Unsecured wholesale funding	3,137	3,103	2,993	2,627	2,642	2,567	2,442	2,118
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	1,475	1,463	1,423	1,330	980	927	872	821
8	Unsecured debt	1,662	1,640	1,570	1,297	1,662	1,640	1,570	1,297
9	Secured wholesale funding					1,312	1,242	1,103	882
10	Additional requirements	11,280	11,341	11,349	11,251	7,760	7,751	7,793	7,748
11	Outflows related to derivative exposures and other collateral requirements	3,769	3,952	4,329	4,645	3,699	3,852	4,168	4,426
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	7,511	7,389	7,020	6,606	4,061	3,899	3,625	3,322
14	Other contractual funding obligations	19,209	16,177	13,435	10,082	1,245	1,202	1,307	1,227
15	Other contingent funding obligations	1,998	2,119	2,172	2,030	9	10	10	10
16	Total cash outflows					12,969	12,773	12,656	11,986
Cash - inflows									
17	Secured lending (e.g., reverse repos)	19,219	18,270	17,195	16,208	738	862	991	977
18	Inflows from fully performing exposures	589	602	643	674	588	601	640	670
19	Other cash inflows	9,771	7,253	5,559	2,846	1,946	1,929	2,170	2,049
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	29,579	26,125	23,397	19,728	3,272	3,392	3,801	3,696
UK-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
UK-20c	Inflows subject to 75% cap	27,296	23,809	21,104	17,381	3,272	3,392	3,801	3,696
Total adjusted value									
UK-21	Liquidity buffer					18,283	18,873	19,280	19,620
22	Total net cash outflows					9,697	9,381	8,855	8,290
23	Liquidity coverage ratio (%)					189	203	219	240

Annex XIII: Liquidity continued

UK LIQB: Qualitative information on LCR, which complements template UK LIQ1

LCR inputs & results over time

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.

All figures included in the table represent a 12 month rolling average.

The average LCR ratio for the 12 months to 30 September 2024 has decreased by 14% over the previous quarter, from 203% to 189%. The reduction in LCR is due to the management of excess liquidity to reduce funding costs.

Concentration of funding sources

NWM Plc 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 and MREL-eligible bonds (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), certificates of deposit (CDs) and medium-term notes (MTNs). Deposits, CP and CDs 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. NWM Plc monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (54%) and Level 1 high quality securities (41%). Level 2 securities account for 5%.

Derivative exposures and potential collateral calls

NWM Plc actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress captured under the Historical Look-Back Approach, which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a three-notch downgrade of the NWM Plc credit rating are also captured.

Currency mismatch in the LCR

The LCR is calculated for the 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 Liquidity Coverage Ratio (CRR) part of the PRA Rulebook. NWM Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.