NatWest Holdings Group
Q3 2023 Pillar 3

Contents

Forward-looking statements

This document may contain 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 NatWest Holdings Group’s future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NatWest Holdings Group in respect of, but not limited to: its credit risk; its capital, liquidity and funding risk; its non-traded market risk; its pension risk; its compliance and conduct risk; its financial crime risk; its climate risk; its operational risk; its model risk; and its reputational 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, 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 NatWest Holdings Group’s actual results are discussed in NatWest Holdings Limited’s 2022 Annual Report and Accounts, NatWest Group plc's 2022 Annual Report and Accounts, NatWest Group plc’s Interim Management Statement for Q1 and Q3 2023, NatWest Group plc’s Interim Results for H1 2023, and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Holdings 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 consolidated Pillar 3 disclosures for NatWest Holdings Group (NWH Group) as at 30 September 2023.

As of the date of this report, NatWest Holdings Limited ('NWH Ltd') is regulated under the UK Capital Requirements Regulation (CRR) and the associated onshored binding technical standards that were created by the European Union (Withdrawal) Act 2018.

NWH Ltd is a wholly owned subsidiary of NatWest Group plc and its ring-fenced bank (RFB) sub-group. The Pillar 3 disclosures made by NWH Ltd and its consolidated subsidiaries (together 'NatWest Holdings Group' or 'NWH Group') are designed to comply with the Disclosure (CRR) Part of the PRA Rulebook. Where applicable, additional disclosures are made in accordance with supervisory expectations mainly relating to the IFRS 9 transitional relief in respect of ECL provisions.

Under the PRA disclosure framework, large subsidiaries of NatWest Group plc are also required to complete a reduced set of disclosures depending on their listed/non-listed status. NatWest Group plc primarily determines its large subsidiaries, in accordance with the UK CRR requirements, as those designated as an O-SII firm by the PRA or with a value of total assets equal to or greater than €30 billion.

NWH Ltd's large subsidiaries as at 30 September 2023 were:

- National Westminster Bank Plc (NWB Plc)
- The Royal Bank of Scotland plc (RBS plc)
- Coutts & Company (Coutts & Co)

In addition, under the EU CRR rules, Ulster Bank Ireland DAC (UBIDAC) is also considered a large subsidiary of NWH Ltd as the entity continues to be designated as an O-SII firm by its supervisors.

The Pillar 3 disclosures for NWH Ltd's large subsidiaries are provided in separate documents. Disclosures for large subsidiaries that are non-UK entities are calculated in accordance with regulatory requirements applicable in the countries in which they are incorporated. These are published in the same location and are available on the NatWest Group website, located at: investors.natwestgroup.com/reports-archive/2023

Where applicable, the liquidity disclosures in this report are completed for the consolidated NWH Group and the UK Domestic Liquidity Subgroup (UK DoLSub). The UK DoLSub waiver allows NWB Plc, RBS plc and Coutts & Co to manage liquidity and funding as a single sub-group rather than at an entity level.

A subset of the Pillar 3 templates that are required to be disclosed on a quarterly basis were not applicable to NWH Group at 30 September 2023 and have therefore not been included in the document. These excluded templates are listed below, together with a summary of the reason for their exclusion.

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.

PRA template reference	Template name	Reasons for exclusion
UK CCR7	RWA flow statements of CCR exposures under the IMM	No reportable exposures
UK MR2-B	RWA flow statements of market risk exposures under the IMA	No reportable exposures

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.

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

NatWest Holdings Group - Key points

CET1 ratio

CET1 ratio increased by 50 basis points to 13.5% at 30 September 2023, compared with 13.0% at 30 June 2023. The increase is primarily due to a £0.8 billion increase in CET1 capital, driven by profit in the period.

RWAs

Total RWAs increased to £147.1 billion during Q3 2023 primarily reflecting:

- an increase in credit risk RWAs of £0.7 billion, primarily due to increased exposures within Commercial & Institutional and Treasury, in addition to £0.2 billion of IRB model adjustments. This was partially offset by reduced exposures within Ulster Bank RoI as a result of the phased withdrawal from the Republic of Ireland.
- an increase in counterparty credit risk RWAs of £0.1 billion, reflecting increased trades.

UK leverage ratio

The leverage ratio increased by 10 basis points to 5.4%. This was due to a £0.8 billion increase in Tier 1 capital. Leverage exposure has remained flat in the quarter due to an increase in other financial assets being offset by a reduction in net central bank exposures and other assets.

UK leverage average

The average leverage ratio decreased by 10 basis points to 5.3%. The decrease was due to a £6.4 billion increase in average leverage exposure and a £0.1 billion decrease in 3 month average Tier 1 capital. The key drivers in the average leverage exposure were an increase in other financial assets and off balance sheet items offset by a decrease in other assets.

LCR average

The average liquidity coverage ratio (LCR) decreased 5% compared to Q2 2023. The main drivers include a reduction in customer deposits (wholesale and retail) and an increase in customer lending offset by UBIDAC asset sale.

NSFR average

The average net stable funding ratio (NSFR) was 137% compared to 140% at Q2 2023. The decrease was due to lower deposits combined with higher lending.

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. The capital and leverage ratios and measures are presented on a transitional basis for the remaining IFRS 9 relief. NWH Group has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transition amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. The remaining Tier 2 instruments subject to CRR2 grandfathering provisions were derecognised during Q3 2023 following regulatory approvals.

		30 September 2023 £m	30 June 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m
Available own funds (amounts)						
1	Common equity tier 1 (CET1) capital	**19,787**	18,961	19,505	18,426	18,949
2	Tier 1 capital	**23,469**	22,643	23,187	22,108	22,631
3	Total capital	**29,086**	28,218	28,831	27,100	28,003
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**147,063**	146,229	146,518	143,574	142,637
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	**13.5**	13.0	13.3	12.8	13.3
6	Tier 1 ratio (%)	**16.0**	15.5	15.8	15.4	15.9
7	Total capital ratio (%)	**19.8**	19.3	19.7	18.9	19.6
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**1.4**	1.4	1.4	1.4	1.5
UK 7b	Additional AT1 SREP requirements (%)	**0.5**	0.5	0.5	0.5	0.5
UK 7c	Additional Tier 2 SREP requirements (%)	**0.7**	0.7	0.7	0.7	0.6
UK 7d	Total SREP own funds requirements (%)	**10.6**	10.6	10.6	10.6	10.6
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (1)	**1.8**	0.9	0.9	0.9	0.0
UK 10a	Other Systemically Important Institution buffer (%)	**1.5**	1.5	1.5	1.5	1.5
11	Combined buffer requirement (%)	**5.8**	4.9	4.9	4.9	4.0
UK 11a	Overall capital requirements (%)	**16.4**	15.5	15.5	15.5	14.6
12	CET1 available after meeting the total SREP own funds requirements (%) (2)	**7.6**	7.1	7.4	6.9	7.3
Leverage ratio						
13	Total exposure measure excluding claims on central banks	**430,627**	430,594	421,792	412,906	417,683
14	Leverage ratio excluding claims on central banks (%)	**5.4**	5.3	5.5	5.4	5.4
Additional leverage ratio disclosure requirements						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.2	5.4	5.3	5.3
UK 14b	Leverage ratio including claims on central banks (%)	**4.7**	4.5	4.7	4.3	4.2
UK 14c	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.4	5.3	5.4	5.4
UK 14d	Average leverage ratio including claims on central banks (%)	**4.6**	4.6	4.5	4.3	4.1
UK 14e	Countercyclical leverage ratio buffer (%)(1)	**0.6**	0.3	0.3	0.3	0.0
Liquidity coverage ratio (3)						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**112,816**	123,023	137,346	150,282	160,257
UK 16a	Cash outflows - Total weighted value	**92,887**	97,532	102,450	105,814	107,012
UK 16b	Cash inflows - Total weighted value	**6,594**	7,309	7,726	8,634	8,431
16	Total net cash outflows (adjusted value)	**86,293**	90,223	94,724	97,180	98,581
17	Liquidity coverage ratio (%)	**131**	136	144	154	163
Net stable funding ratio (4)						
18	Total available stable funding	**355,380**	361,681	370,206	376,909	
19	Total required stable funding	**259,626**	257,606	254,980	253,576	
20	NSFR ratio (%)	**137**	140	145	149	

(1) 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 increased from 1% to 2% from 5 July 2023. The countercyclical leverage ratio buffer is set at 35% of NWH Group CCyB.
(2) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).
(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 4 quarters reflecting PRA's guidance which came in effect last year. The prior period ratios have not been restated.
(5) The following rows are not presented in the table above because they are not applicable: UK8a, UK9a and 10.

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. NWH Group has elected to take advantage of the 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 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
Available capital (amounts) - transitional		£m	£m	£m	£m	£m
1	Common equity tier 1	**19,787**	18,961	19,505	18,426	18,949
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**19,560**	18,733	19,278	18,052	18,571
3	Tier 1 capital	**23,469**	22,643	23,187	22,108	22,631
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**23,242**	22,415	22,960	21,734	22,253
5	Total capital	**29,086**	28,218	28,831	27,100	28,003
6	Total capital as if IFRS 9 transitional arrangements had not been applied	**29,136**	28,255	28,864	27,135	28,034
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	**147,063**	146,229	146,518	143,574	142,637
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	**147,035**	146,192	146,481	143,503	142,557
Capital ratios						
9	Common equity tier 1 ratio	**13.5**	13.0	13.3	12.8	13.3
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**13.3**	12.8	13.2	12.6	13.0
11	Tier 1 ratio	**16.0**	15.5	15.8	15.4	15.9
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**15.8**	15.3	15.7	15.1	15.6
13	Total capital ratio	**19.8**	19.3	19.7	18.9	19.6
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	**19.8**	19.3	19.7	18.9	19.7
Leverage ratio						
15	Leverage ratio exposure measure (£m)	**430,627**	430,594	421,792	412,906	417,683
16	Leverage ratio (%)	**5.4**	5.3	5.5	5.4	5.4
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	**5.4**	5.2	5.4	5.3	5.3

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 2023 £m	30 June 2023 £m	30 September 2023 £m
1	Credit risk (excluding counterparty credit risk)	**126,836**	126,141	**10,146**
2	*Of which: standardised approach*	***16,855***	*19,122*	***1,348***
3	*Of which: the foundation IRB (FIRB) approach*	—	—	—
4	*Of which: slotting approach*	***10,735***	*10,720*	***859***
UK 4a	*Of which: equities under the simple risk-weighted approach*	—	—	—
5	*Of which: the advanced IRB (AIRB) approach (1)*	***99,246***	*96,299*	***7,939***
5a	*Of which: non-credit obligation assets*	***4,192***	*3,906*	***335***
6	Counterparty credit risk	**767**	675	**62**
7	*Of which: standardised approach*	***229***	*191*	***19***
8	*Of which: internal model method (IMM)*	—	—	—
UK 8a	*Of which: exposures to a CCP*	***59***	*58*	***5***
UK 8b	*Of which: credit valuation adjustment (CVA)*	***137***	*179*	***11***
9	*Of which: other counterparty credit risk*	***342***	*247*	***27***
15	Settlement risk	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	**848**	849	**68**
17	*Of which: SEC-IRBA approach*	***620***	*656*	***50***
18	*Of which: SEC-ERBA (including IAA)*	***14***	*4*	***1***
19	*Of which: SEC-SA approach*	***214***	*189*	***17***
UK 19a	*Of which: 1,250%/deduction*	—	—	—
20	*Position, foreign exchange and commodities risk (market risk)*	**255**	207	**20**
21	*Of which: standardised approach*	***255***	*207*	***20***
22	*Of which: IMA*	—	—	—
UK 22a	Large exposures	—	—	—
23	Operational risk	**18,357**	18,357	**1,469**
UK 23a	*Of which: basic indicator approach*	—	—	—
UK 23b	*Of which: standardised approach*	***18,357***	*18,357*	***1,469***
UK 23c	*Of which: advanced measurement approach*	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	**1,116**	1,154	**89**
29	Total	**147,063**	146,229	**11,765**

(1) Of which £3 million RWAs (30 June 2023 - £3 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.

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 and non-credit obligation assets.

		a
		RWAs
		£m
1	**At 31 December 2022**	**101,522**
2	Asset size	**2,752**
3	Asset quality	**(292)**
4	Model updates	**(307)**
7	Foreign exchange movements	**(243)**
9	**At 31 March 2023**	**103,432**
2	Asset size	**1,143**
3	Asset quality	**(778)**
4	Model updates	**772**
5	Methodology and policy	**450**
7	Foreign exchange movements	**(297)**
8	Other	**(1,612)**
9	**At 30 June 2023**	**103,110**
2	Asset size	**2,442**
3	Asset quality	**(380)**
4	Model updates	**309**
7	Foreign exchange movements	**305**
9	**At 30 September 2023**	**105,786**

(1) The following row is not presented because it had zero values: (6) acquisitions and disposals.

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- The increase in asset size RWAs was primarily driven by drawdowns and new facilities within Commercial & Institutional. There were also increased bonds within Group Treasury and a rise in lending within Retail Banking.
- The reduction in RWAs for asset quality primarily reflected customers moving into default and improved risk metrics within Commercial & Institutional.
- The increase in RWAs relating to model updates was due to post model adjustments, mainly within Retail Banking.
- The increase in foreign exchange movement RWAs was mainly a result of sterling weakening against the US dollar and euro during the period.

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 NWH Group. The leverage metrics are calculated in accordance with Leverage Ratio (CRR) part of the PRA Rulebook.

		30 September 2023 £m	30 June 2023 £m
Capital and total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	**430,627**	430,594
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**5.4**	5.3
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.2
UK-25c	Leverage ratio including claims on central banks (%)	**4.7**	4.5
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	**1.125**	0.825
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.6**	0.3
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	**433,985**	427,603
UK-32	Average total exposure measure including claims on central banks	**497,085**	493,497
UK-33	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.4
UK-34	Average leverage ratio including claims on central banks (%)	**4.6**	4.6

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

The tables below show 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 NWH Group and UK DoLSub. 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.

		NWH Group							
		Total unweighted value (average)				Total weighted value (average)			
		30 September 2023	30 June 2023	31 March 2023	31 December 2022	**30 September 2023**	30 June 2023	31 March 2023	31 December 2022
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**112,816**	123,023	137,346	150,282
	Cash - outflows								
2	Retail deposits and deposits from small business customers	**249,741**	253,935	258,628	262,174	**18,856**	19,497	20,098	20,491
	of which:								
3	*Stable deposits*	***150,081***	*153,479*	*156,567*	*158,894*	***7,504***	*7,674*	*7,828*	*7,945*
4	*Less stable deposits*	***87,525***	*91,530*	*94,948*	*97,013*	***11,014***	*11,526*	*11,969*	*12,245*
5	Unsecured wholesale funding	**138,004**	146,004	155,011	161,821	**59,900**	63,530	67,859	71,122
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***58,909***	*61,189*	*63,438*	*65,088*	***14,414***	*14,984*	*15,547*	*15,959*
7	*Non-operational deposits (all counterparties)*	***77,332***	*83,664*	*90,790*	*96,207*	***43,723***	*47,395*	*51,529*	*54,637*
8	*Unsecured debt*	***1,763***	*1,151*	*783*	*526*	***1,763***	*1,151*	*783*	*526*
9	Secured wholesale funding					**2**	6	6	6
10	Additional requirements	**55,493**	54,913	54,352	53,634	**9,326**	9,127	8,860	8,610
11	*Outflows related to derivative exposures and other collateral requirements*	***2,193***	*2,097*	*2,026*	*2,016*	***2,171***	*2,094*	*2,008*	*1,938*
12	*Outflows related to loss of funding on debt products*	***63***	*63*	*63*	*—*	***63***	*63*	*63*	*—*
13	*Credit and liquidity facilities*	***53,237***	*52,753*	*52,263*	*51,618*	***7,092***	*6,970*	*6,789*	*6,672*
14	Other contractual funding obligations	**615**	580	477	465	**113**	97	13	16
15	Other contingent funding obligations	**48,805**	48,883	49,253	48,512	**4,690**	5,275	5,614	5,569
16	Total cash outflows					**92,887**	97,532	102,450	105,814
	Cash - inflows								
17	Secured lending (e.g., reverse repos)	**9,584**	8,790	8,382	8,997	**2**	1	1	—
18	Inflows from fully performing exposures	**5,771**	6,415	6,802	7,851	**4,361**	4,996	5,328	6,333
19	Other cash inflows	**9,859**	10,047	10,364	10,428	**2,231**	2,312	2,397	2,301
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	**25,214**	25,252	25,548	27,276	**6,594**	7,309	7,726	8,634
UK-20a	*Fully exempt inflows*								
UK-20b	*Inflows subject to 90% cap*								
UK-20c	*Inflows subject to 75% cap*	***25,214***	*25,252*	*25,548*	*27,276*	***6,594***	*7,309*	*7,726*	*8,634*
	Total adjusted value								
UK-21	Liquidity buffer					**112,816**	123,023	137,346	150,282
22	Total net cash outflows					**86,293**	90,223	94,724	97,180
23	Liquidity coverage ratio (%)					**131%**	136%	144%	154%

Annex XIII: Liquidity continued
UK LIQ1: Quantitative information of LCR continued

		UK DolSub							
		Total unweighted value (average)				Total weighted value (average)			
		30 September 2023	30 June 2023	31 March 2023	31 December 2022	**30 September 2023**	30 June 2023	31 March 2023	31 December 2022
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**110,914**	119,973	132,954	145,498
	Cash - outflows								
2	Retail deposits and deposits from small business customers of which:	**248,694**	251,268	253,751	254,906	**18,785**	19,319	19,778	20,017
3	*Stable deposits*	***149,418***	*151,776*	*153,436*	*154,227*	***7,471***	*7,589*	*7,672*	*7,711*
4	*Less stable deposits*	***87,158***	*90,618*	*93,323*	*94,635*	***10,977***	*11,433*	*11,803*	*12,002*
5	Unsecured wholesale funding	**138,196**	144,781	152,151	157,631	**60,975**	64,006	67,603	70,178
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***58,539***	*60,463*	*62,313*	*63,664*	***14,322***	*14,803*	*15,265*	*15,603*
7	*Non-operational deposits (all counterparties)*	***77,894***	*83,167*	*89,055*	*93,441*	***44,890***	*48,052*	*51,555*	*54,049*
8	*Unsecured debt*	***1,763***	*1,151*	*783*	*526*	***1,763***	*1,151*	*783*	*526*
9	Secured wholesale funding					**2**	6	6	6
10	Additional requirements	**56,018**	56,915	57,570	57,399	**10,226**	10,664	10,948	10,981
11	*Outflows related to derivative exposures and other collateral requirements*	***2,129***	*2,052*	*2,000*	*2,020*	***2,107***	*2,049*	*1,982*	*1,943*
12	*Outflows related to loss of funding on debt products*	***63***	*63*	*63*	—	***63***	*63*	*63*	—
13	*Credit and liquidity facilities*	***53,826***	*54,800*	*55,507*	*55,379*	***8,056***	*8,552*	*8,903*	*9,038*
14	Other contractual funding obligations	**684**	706	690	700	**183**	223	230	256
15	Other contingent funding obligations	**46,836**	47,168	48,008	47,576	**4,686**	5,265	5,599	5,546
16	Total cash outflows					**94,857**	99,483	104,164	106,984
	Cash - inflows								
17	Secured lending (e.g., reverse repos)	**9,636**	8,898	8,682	9,297	**55**	109	171	170
18	Inflows from fully performing exposures	**6,576**	7,012	7,456	7,808	**5,308**	5,751	6,154	6,477
19	Other cash inflows	**10,023**	10,224	10,530	10,559	**2,397**	2,493	2,569	2,441
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	**26,235**	26,134	26,668	27,664	**7,760**	8,353	8,894	9,088
UK-20a	*Fully exempt inflows*								
UK-20b	*Inflows subject to 90% cap*								
UK-20c	*Inflows subject to 75% cap*	***26,235***	*26,134*	*26,668*	*27,664*	***7,760***	*8,353*	*8,894*	*9,088*
	Total adjusted value								
UK-21	Liquidity buffer					**110,914**	119,973	132,954	145,498
22	Total net cash outflows					**87,097**	91,130	95,270	97,896
23	Liquidity coverage ratio (%)					**127%**	131%	139%	148%

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 and banking groups 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 2023 has decreased 5% for NWH Group (4% for UK DoLSub) over the previous quarter, from 136% to 131% for NWH Group (from 131% to 127% for UK DoLSub). The NWH Group main drivers include a reduction in customer deposits (wholesale and retail) and an increase in customer lending offset by UBIDAC asset sale.

Concentration of funding sources

NWH Group and the UK DoLSub both maintain a diversified set of funding sources, of which retail, SME and corporate deposits are the biggest contributors. Other sources include wholesale unsecured funding, capital (including equity and MREL-eligible bonds), central banks (TFSME), repos and covered bonds. Wholesale unsecured funding includes a range of products including deposits, commercial paper and certificates of deposit, and is accepted from various corporate counterparties and financial institutions.

Liquidity buffer composition

NWH Group and UK DoLSub HQLA is primarily held in Level 1 cash and central bank reserves (78%) and Level 1 high quality securities (19%), Level 2 securities account for (3%).

Derivative exposures and potential collateral calls

NWH Group and UK DoLSub actively manage their derivative exposures and potential calls with derivative outflows under stress captured within 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 credit ratings of the entities within NWH Group are also captured.

Currency mismatch in the LCR

The LCR is calculated for the euro, the 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. NWH Group and UK DoLSub manage currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.