



NatWest
Group

Coutts & Company

2024 Pillar 3 Report

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Forward-looking statement

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to Coutts & Co's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about Coutts & Co's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: Coutts & Co's credit risk, its regulatory capital position and related requirements, its financial position, profitability and financial performance, its liquidity and funding risk and non-traded market 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, the exposure to third party risk, operational risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational risk and 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 Coutts & Co's actual results are discussed in NatWest Group plc's 2024 Annual Report and Accounts (ARA) and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and Coutts & Co 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.

Attestation statement

I confirm that the 2024 Pillar 3 Report meets the relevant requirements for Pillar 3 disclosures and has been prepared in line with internal controls agreed by the NatWest Holdings Group Board.

As set out in the Compliance report of the 2024 NatWest Group Annual Report and Accounts, the NatWest Group Board is responsible for the system of internal controls that is designed to maintain effective and efficient operations, compliant with applicable laws and regulations. The system of internal control is designed to manage risk or mitigate it to an acceptable residual level rather than eliminate it entirely. Systems of internal control can only provide reasonable and not absolute assurance against misstatement, fraud or loss.

Siobhan Boylan

Finance Director

Executive Director, Coutts & Company Board

Presentation of information

This document presents the consolidated Pillar 3 disclosures for Coutts & Company (Coutts & Co) at 31 December 2024. It should be read in conjunction with the 2024 NatWest Holdings Group Pillar 3 report and Coutts & Co's Annual Report and Accounts (ARA) which are published in the same location at: investors.natwestgroup.com/reports-archive/2024

Coutts & Co is incorporated in the United Kingdom and is a subsidiary of NatWest Holdings Limited (NWH Ltd). 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 of 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.

Coutts & Co being a large, non-listed subsidiary of NatWest Group is subject to a reduced number of disclosures as set out in the Level of Application chapter in the Disclosure (CRR) part of the PRA Rulebook. The required disclosures are as follows:

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

The disclosures for Coutts & Co are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and completed in accordance with the Disclosure (CRR) part of the PRA rulebook.

The liquidity disclosures completed at UK Domestic Liquidity Subgroup (UK DoLSub) level are published in the NatWest Holdings Group Pillar 3 report. The UK DoLSub waiver allows NWH Plc, RBS plc and Coutts & Co to manage liquidity as a single sub-group rather than at an entity level.

Within this document, row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL and TLAC 2 disclosures have been prepared using the uniform format published by the EBA.

Certain fixed format disclosure tables include bespoke requirements for comparatives. Where a comparative is not prescribed, the comparative period provided is December 2023.

A subset of the Pillar 3 templates that are required to be disclosed were not applicable to Coutts & Co at 31 December 2024 and have therefore not been included in this report. Certain quantitative and qualitative disclosures are provided in the NatWest Holdings Group Pillar 3 report. These excluded disclosures are listed below, together with a summary of the reason for their exclusion.

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
UK LIQ1	Quantitative information on LCR	Refer to the liquidity and funding disclosures in the NatWest Holdings Group Pillar 3 report
UK LIQB	Qualitative information on LRC	
UK LIQ2	Net Stable Funding Ratio	
UK LIQA	Liquidity risk management	
UK REMA	Remuneration Policy	Refer to the Remuneration Policy disclosures in the NatWest Holdings Group Pillar 3 report
UK CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
UK CQ2	Quality of forbearance	Threshold for disclosure not met
UK CQ4	Quality of non-performing exposures by geography	Threshold for disclosure not met
UK CQ6	Collateral valuation - loans and advances	Threshold for disclosure not met
UK CQ7	Collateral obtained by taking possession and execution processes	No reportable exposures
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	No reportable exposures
UK CR10.1 to UK CR10.5	Specialised lending and equity exposures under the simple risk-weighted approach	No reportable exposures
UK CR7	IRB approach - Effect on the RWAs of credit derivatives used as CRM techniques	No reportable exposures
UK CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	No reportable exposures
UK CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Published as supplement alongside this report

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

The Pillar 3 disclosures in this report 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/reports-archive/2024

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

Coutts & Company - Key points

CET1 ratio

11.3%

(Q3 2024 – 11.3%)

The CET1 ratio remained stable at 11.3%. CET1 capital and RWAs remained stable during the period.

RWAs

£10.6bn

(Q3 2024 – £10.6bn)

Total RWAs remained static at £10.6 billion during the period.

UK leverage ratio

7.5%

(Q3 2024 – 7.5%)

The leverage ratio remained static at 7.5%. Leverage exposure decreased £0.1 billion while Tier 1 capital remained static during the period. The key driver in the leverage exposure was a decrease in other financial assets.

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. Coutts & Co 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.

	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	1,192	1,196	1,192	1,192	1,199
2 Tier 1 capital	1,432	1,436	1,432	1,432	1,439
3 Total capital	1,732	1,736	1,732	1,732	1,739
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	10,564	10,572	10,593	10,661	10,591
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	11.3	11.3	11.3	11.2	11.3
6 Tier 1 ratio (%)	13.6	13.6	13.5	13.4	13.6
7 Total capital ratio (%)	16.4	16.4	16.4	16.2	16.4
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	1.5	1.5	1.5	1.5	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 (%)	0.6	0.6	0.7	0.7	0.7
UK 7d Total SREP own funds requirements (%)	10.6	10.6	10.7	10.7	10.7
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)	1.9	1.9	1.9	1.9	1.9
11 Combined buffer requirement (%)	4.4	4.4	4.4	4.4	4.4
UK 11a Overall capital requirements (%)	15.0	15.0	15.1	15.1	15.1
12 CET1 available after meeting the total SREP own funds requirements (%)	5.3	5.4	5.2	5.2	5.3
Leverage ratio					
13 Total exposure measure excluding claims on central banks	19,022	19,088	18,951	19,085	19,358
14 Leverage ratio excluding claims on central banks (%)	7.5	7.5	7.6	7.5	7.4
Additional leverage ratio disclosure requirements (2)					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)					
UK 14b Leverage ratio including claims on central banks (%)					
UK 14c Average leverage ratio excluding claims on central banks (%)					
UK 14d Average leverage ratio including claims on central banks (%)					
UK 14e Countercyclical leverage ratio buffer (%)					
Liquidity coverage ratio (3)					
15 Total high-quality liquid assets (HQLA) (weighted value-average)					
UK 16a Cash outflows - Total weighted value					
UK 16b Cash inflows - Total weighted value					
16 Total net cash outflows (adjusted value)					
17 Liquidity coverage ratio (%)					
Net stable funding ratio (3)					
18 Total available stable funding					
19 Total required stable funding					
20 NSFR ratio (%)					

- (1) The institution-specific countercyclical capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB rate is currently being maintained at 2%.
- (2) Coutts & Co is not an LREQ firm, therefore not subject to the additional leverage ratio disclosure requirements.
- (3) Under the UK DoLSub waiver Coutts & Co liquidity and funding are managed and disclosed at the sub-group level rather than entity level.
- (4) The following rows are not presented in the table above because they have zero values: UK8a, UK9a, 10 and UK10a.

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. Coutts & Co 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.

	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
Available capital (amounts) - transitional					
1 Common equity tier 1	1,192	1,196	1,192	1,192	1,199
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	1,186	1,190	1,185	1,184	1,179
3 Tier 1 capital	1,432	1,436	1,432	1,432	1,439
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	1,426	1,430	1,425	1,424	1,419
5 Total capital	1,732	1,736	1,732	1,732	1,739
6 Total capital as if IFRS 9 transitional arrangements had not been applied	1,726	1,730	1,725	1,724	1,719
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	10,564	10,572	10,593	10,661	10,591
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	10,558	10,566	10,586	10,653	10,571
Capital ratios					
	%	%	%	%	%
9 Common equity tier 1 ratio	11.3	11.3	11.3	11.2	11.3
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	11.2	11.3	11.2	11.1	11.2
11 Tier 1 ratio	13.6	13.6	13.5	13.4	13.6
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	13.5	13.5	13.5	13.4	13.4
13 Total capital ratio	16.4	16.4	16.4	16.2	16.4
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	16.3	16.4	16.3	16.2	16.3
Leverage ratio					
15 Leverage ratio exposure measure (£m)	19,022	19,088	18,951	19,085	19,358
16 Leverage ratio (%)	7.5	7.5	7.6	7.5	7.4
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	7.5	7.5	7.5	7.5	7.3

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)	Risk-weighted exposure amounts (RWAs)	Total own funds requirements
		31 December 2024 £m	31 December 2023 £m	31 December 2024 £m
1	Credit risk (excluding counterparty credit risk)	9,231	9,420	738
2	Of which: standardised approach	9,231	9,420	738
3	Of which: the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
UK 4a	Of which: equities under the simple risk-weighted approach	-	-	-
5	Of which: the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk	1	1	-
7	Of which: standardised approach	1	1	-
8	Of which: internal model method (IMM)	-	-	-
root	Of which: exposures to a CCP	-	-	-
UK 8b	Of which: credit valuation adjustment (CVA)	-	-	-
9	Of which: other counterparty credit risk	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which: SEC-IRBA approach	-	-	-
18	Of which: SEC-ERBA (including IAA)	-	-	-
19	Of which: SEC-SA approach	-	-	-
UK 19a	Of which: 1,250%/deduction	-	-	-
20	Position, foreign exchange and commodities risk (market risk)	24	2	2
21	Of which: standardised approach	24	2	2
22	Of which: IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	1,308	1,168	105
UK 23a	Of which: basic indicator approach	-	-	-
UK 23b	Of which: standardised approach	1,308	1,168	105
UK 23c	Of which: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	282	280	23
29	Total	10,564	10,591	845

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

UK OVC: ICAAP Information

The Group carries out internal assessments of material risks annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. This is referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year together with a forward-looking stress capital assessment. An ICAAP is required to be produced for NWH and is inclusive of Coutts, used to inform capital requirements, and is approved by the NWH governing body and submitted to the PRA.

Annex VII: Capital

UK CC1: Composition of regulatory own funds

The table below sets out the capital resources on a transitional basis. Regulatory adjustments comprise deductions from own funds and prudential filters. The table also includes a cross reference to the corresponding rows in template UK CC2 to facilitate full reconciliation of accounting and regulatory own funds.

		31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
CET1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts <i>of which: ordinary shares</i>	41		41
2	Retained earnings	835	(a)	41
3	Accumulated other comprehensive income (and other reserves)	381	(b)	1,225
UK-3a	Funds for general banking risk	-	(c)	1
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-		-
5	Minority interests (amount allowed in consolidated CET1)	-		-
UK-5a	Independently reviewed interim profits of any foreseeable charge or dividend	-	(b)	-
6	CET1 capital before regulatory adjustments	1,257		1,267
CET1 capital: regulatory adjustments				
7	(-) Additional value adjustments	-		-
8	(-) Intangible assets (net of related tax liability)	(72)	(d)	(87)
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	(e)	-
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1	(i)	(1)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	-		-
13	(-) Any increase in equity that results from securitised assets	-		-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		-
15	(-) Defined-benefit pension fund assets	-	(f) & (g)	-
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments	-		-
17	(-) Direct, indirect and synthetic holding of the CET1 instruments of financial sector entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-		-
18	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (above the 10% threshold and net of eligible short positions)	-		-
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-		-
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-		-
UK-20b	(-) of which: qualifying holdings outside the financial sector	-		-
UK-20c	(-) of which: securitisation positions	-		-
UK-20d	(-) of which: free deliveries	-		-
21	(-) Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-		-
22	(-) Amount exceeding the 17.65% threshold	-		-
23	(-) of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-		-

UK CC1: Composition of regulatory own funds continued

	31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
CET1 capital: regulatory adjustments			
25 (-) of which: deferred tax assets arising from temporary differences	-		-
UK-25a (-) Losses for the current financial period	-	(b)	-
UK-25b (-) Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-		-
27 (-) Qualifying AT1 deductions that exceed the AT1 items of the institution	-		-
27a Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	6		20
28 Total regulatory adjustments to CET1	(65)		(68)
29 CET1 capital	1,192		1,199
AT1 capital: instruments			
30 Capital instruments and the related share premium accounts	240	(h)	240
31 of which: classified as equity under applicable accounting standards	240		240
32 of which: classified as liabilities under applicable accounting standards	-		-
33 Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1 as described in Article 486 (3) CRR	-		-
UK-33a Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-		-
UK-33b Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-		-
34 Qualifying T1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	-		-
35 of which: instruments issued by subsidiaries subject to phase out	-		-
36 AT1 capital before regulatory adjustments	240		240
AT1 capital: regulatory adjustments			
37 (-) Direct, indirect and synthetic holdings by an institution of own AT1 instruments	-		-
38 (-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-		-
39 (-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-		-
40 (-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-		-
42 (-) Qualifying T2 deductions that exceed the T2 items of the institution	-		-
42a Other regulatory adjustments to AT1 capital	-		-

UK CC1: Composition of regulatory own funds continued

	31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
43 Total regulatory adjustments to AT1 capital	-		-
44 AT1 capital	240		240
45 T1 capital (T1 = CET1 + AT1)	1,432		1,439
T2 capital: instruments			
46 Capital instruments and the related share premium accounts	300	(j)	300
47 Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-		-
UK-47a Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-		-
UK-47b Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-		-
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-		-
49 of which: instruments issued by subsidiaries subject to phase out	-		-
50 Credit risk adjustments	-		-
51 T2 capital before regulatory adjustments	300		300
T2 capital: regulatory adjustments			
52 (-)Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	-		-
53 (-)Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-		-
54 (-)Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-		-
55 (-)Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-		-
UK-56a (-)Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution	-		-
UK-56b Other regulatory adjustments to T2 capital	-		-
57 Total regulatory adjustments to T2 capital	-		-
58 T2 capital	300		300
59 Total capital (TC = T1 + T2)	1,732		1,739
60 Total Risk exposure amount	10,564		10,591
Capital ratios and buffers			
61 CET1 (as a percentage of total risk exposure amount)	11.3%		11.3%
62 T1 (as a percentage of total risk exposure amount)	13.6%		13.6%
63 Total capital (as a percentage of total risk exposure amount)	16.4%		16.4%
64 Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	10.4%		10.3%

UK CC1: Composition of regulatory own funds continued

	31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
65 of which: capital conservation buffer requirement	2.5%		2.5%
66 of which: countercyclical buffer requirement	1.9%		1.9%
67 of which: systemic risk buffer requirement			
67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
68 CET1 available to meet buffers (as a percentage of risk exposure amount)	5.3%		5.4%
Amounts below the thresholds for deduction (before risk-weighting)			
72 Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		-
73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	110		110
75 Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	3		2
Applicable caps on the inclusion of provisions in T2			
76 Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		-
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach	115		118
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-		-
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-		-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80 Current cap on CET1 instruments subject to phase out arrangements			
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82 Current cap on AT1 instruments subject to phase out arrangements			
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

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

(2) The references (a) to (j) identify balance sheet components in table UK CC2 that are used in the calculation of regulatory capital in table UK CC1. Amounts between UK CC2 and UK CC1 are not always directly comparable due to differences in definitions and application of prudential requirements for the calculation of regulatory capital.

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

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

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

	As at period end 31 December 2024		References
	a Balance sheet as in published financial statements as at period end £m	b Under regulatory scope of consolidation as at period end £m	
Assets			
Cash and balances at central banks	3	3	
Loans to banks - amortised cost	22	22	
Loans to customers - amortised cost	18,034	18,034	
Amounts due from holding companies and fellow subsidiaries	44,307	44,307	(j)
Derivatives	17	17	
Investment in group undertakings	110	110	
Property, plant and equipment	253	253	
Current and deferred tax assets	2	2	
of which: DTAs that rely on future profitability and do not arise from temporary differences	-	-	(e)
Intangible assets	72	72	(d)
Prepayments, accrued income and other assets	40	40	
of which: defined benefit pension fund assets	-	-	(f)
Total assets	62,860	62,860	
Liabilities			
Bank deposits	2	2	
Customer deposits	42,318	42,318	
Amounts due to holding companies and fellow subsidiaries	18,868	18,868	(j)
Derivatives	17	17	
Provisions, deferred income and other liabilities	150	150	
Current and deferred tax liabilities	8	8	
of which: defined benefit pension scheme assets	-	-	(g)
Total liabilities	61,363	61,363	
Shareholders' Equity			
Owners' equity			
Called up share capital	41	41	(a)
Reserves	1,456	1,456	
of which: amount eligible for retained earnings	835	835	(b)
of which: amount eligible for accumulated OCI and other reserves	381	381	(c) & (i)
of which: amount of other equity instruments	240	240	(h)
of which: share premium accounts	-	-	
Non-controlling interests	-	-	
Total shareholders' equity	1,497	1,497	

(1) The references (a) to (j) identify balance sheet components in table CC2 that are used in the calculation of regulatory capital table UK CC1. Amounts between the UK CC2 and UK CC1 are not always directly comparable due to differences in definitions and application of prudential requirements for the calculation of regulatory capital.

TLAC2: Material sub-group entity - creditor ranking at the entity level

The following disclosures provide information on the creditor hierarchy for Coutts & Co (material entity within the resolution group). The disclosures include information on the nominal value of all own funds instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 31 December 2024.

		Insolvency ranking							
		Preference shares and contingent capital				Senior non-preferential debt			
		Shareholders equity ⁽³⁾		notes		Subordinated debt			
		Resolution entity	Other	Resolution entity	Other	Resolution entity	Other	Resolution entity	Other
		£m	£m	£m	£m	£m	£m	£m	£m
31 December 2024									
3	Total liabilities and own funds	1,257	-	240	-	300	-	551	-
4	o/w excluded liabilities	-	-	-	-	-	-	-	-
5	Total liabilities and own funds less excluded liabilities	1,257	-	240	-	300	-	551	-
6	Subset of TLOF less of excluded liabilities that are own funds and eligible liabilities for the purpose of MREL	1,257	-	240	-	300	-	551	-
7	o/w residual maturity ≥ 1 year < 2 years	-	-	-	-	-	-	-	-
8	o/w residual maturity ≥ 2 year < 5 years	-	-	-	-	-	-	50	-
9	o/w residual maturity ≥ 5 years < 10 years	-	-	-	-	300	-	501	-
10	o/w residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-	-	-	-
11	o/w perpetual securities	1,257	-	240	-	-	-	-	-
									1,497

		Insolvency ranking							
		Preference shares and contingent capital				Senior non-preferential debt			
		Shareholders equity ⁽³⁾		notes		Subordinated debt			
		Resolution entity	Other	Resolution entity	Other	Resolution entity	Other	Resolution entity	Other
		£m	£m	£m	£m	£m	£m	£m	£m
31 December 2023									
3	Total liabilities and own funds	1,378	-	240	-	300	-	562	-
4	o/w excluded liabilities	-	-	-	-	-	-	-	-
5	Total liabilities and own funds less excluded liabilities	1,378	-	240	-	300	-	562	-
6	Subset of TLOF less of excluded liabilities that are own funds and eligible liabilities for the purpose of MREL	1,378	-	240	-	300	-	562	-
7	o/w residual maturity ≥ 1 year < 2 years	-	-	-	-	-	-	260	-
8	o/w residual maturity ≥ 2 year < 5 years	-	-	-	-	-	-	-	-
9	o/w residual maturity ≥ 5 years < 10 years	-	-	-	-	-	-	302	-
10	o/w residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	300	-	-	-
11	o/w perpetual securities	1,378	-	240	-	-	-	-	-
									1,618

(1) Amounts shown include balances indirectly due to resolution entity (NWG Plc) through NWB Plc, a wholly owned subsidiary of NWH Limited (NWH Ltd is a wholly-owned subsidiary of NWG Plc).

(2) Maturity band based on final contractual instrument maturity.

(3) Shareholder's equity includes the value of share capital, share premium and reserves.

Annex IX: Countercyclical capital buffers

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

As part of the banking reforms introduced by Basel III, a countercyclical capital buffer is required to ensure banks take account of the macro-financial environment when assessing adequate capital requirements. The buffer is to help protect banks during periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. This regime is intended to help reduce the risk that the supply of credit will be constrained during a period of economic downturn, which in turn could undermine the performance of the real economy and consequently result in additional credit losses in the banking system.

The table below summarises Coutts & Co's total exposures and own funds requirements based on country of economic operation of the customer. Where applicable, a countercyclical capital buffer rate is applied to the own funds requirement for the geographic region to capture an additional countercyclical requirement. General credit and trading book exposures exclude those with central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. The exposures below therefore differ from those presented in the credit and counterparty credit risk sections.

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Securitisation exposures	Total exposure value	Own fund requirements						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
010 Breakdown by country (with existing CCyB rates) (1)													
United Kingdom	17,551	-	-	-	-	17,551	691	-	-	691	8,631	93.65%	2.00%
Ireland	14	-	-	-	-	14	1	-	-	1	13	0.14%	1.50%
Australia	1	-	-	-	-	1	-	-	-	-	1	0.01%	1.00%
Total (countries with existing CCyB rates)	17,566	-	-	-	-	17,566	692	-	-	692	8,645	93.80%	

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

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Own fund requirements								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
Jersey	338	-	-	-	-	338	26	-	-	26	321	3.50%	
Virgin Island	137	-	-	-	-	137	10	-	-	10	126	1.36%	
Isle of Man	114	-	-	-	-	114	8	-	-	8	99	1.07%	
Total (Countries with zero CCyB rate and with own funds requirement weights 1% and above)	589	-	-	-	-	589	44	-	-	44	546	5.93%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	36	-	-	-	-	36	1	-	-	1	25	0.28%	
020 Total	18,191	-	-	-	-	18,191	737	-	-	737	9,216	100.00%	

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

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total			
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
010 Breakdown by country (with existing CCyB rates) (1)													
Norway	-	-	-	-	-	-	1	-	-	1	-	-	2.50%
United Kingdom	18,042	-	-	-	-	18,042	717	-	-	717	8,967	95.32%	2.00%
Ireland	14	-	-	-	-	14	1	-	-	1	14	0.15%	1.00%
Australia	1	-	-	-	-	1	-	-	-	-	1	0.01%	1.00%
Hong Kong	1	-	-	-	-	1	-	-	-	-	1	0.01%	1.00%
Total (countries with existing CCyB rates)	18,058	-	-	-	-	18,058	719	-	-	719	8,983	95.48%	
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
Jersey	263	-	-	-	-	263	20	-	-	20	253	2.69%	
Virgin Island	138	-	-	-	-	138	10	-	-	10	122	1.29%	
Total (Countries with zero CCyB rate and with own funds requirement weights 1% and above)	401	-	-	-	-	401	30	-	-	30	375	3.98%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	61	-	-	-	-	61	4	-	-	4	50	0.53%	
020 Total	18,520	-	-	-	-	18,520	753	-	-	753	9,408	100.00%	

(1) This section of the table excludes countries with no exposures.

UK CCyB2: Amount of institution-specific countercyclical capital buffer

	31 December 2024 £m	31 December 2023 £m
1 Total risk exposure amount	10,564	10,591
2 Institution specific countercyclical capital buffer rate	1.88%	1.91%
3 Institution specific countercyclical capital buffer requirement (1)	198	202

(1) The UK CCyB rate is currently being maintained at 2%. The rate may vary in either direction in the future depending on how risks develop.

Annex XI: Leverage

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

The table below shows a reconciliation between total assets under IFRS standards and the leverage exposure measure. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		31 December 2024 £m	31 December 2023 £m
1	Total assets as per published financial statements	62,860	55,573
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for exemption of exposures to central banks)	(3)	(3)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (1) of Article 429a(1) of the CRR)	-	-
6	(Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting)	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustment for derivative financial instruments	19	22
9	Adjustment for securities financing transactions (SFTs)	-	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	617	648
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	-	(1)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(44,380)	(36,779)
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-	-
12	Other adjustments	(91)	(102)
13	Total exposure measure	19,022	19,358

UK LR2 - LRCom: Leverage ratio common disclosure

The table below shows the leverage ratio common disclosure on a transitional basis. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

	31 December 2024 £m	31 December 2023 £m
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	62,818	55,516
2 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3 (Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5 (General credit risk adjustments to on-balance sheet items)	-	-
6 (Asset amounts deducted in determining Tier 1 capital (leverage))	(66)	(68)
7 Total on-balance sheet exposures (excluding derivatives, and SFTs)	62,752	55,448
Derivative exposures		
8 Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	24	31
UK-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9 Add-on amounts for PFE associated with SA-CCR derivatives transactions	12	15
UK-9a Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b Exposure determined under the original exposure method	-	-
10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b (Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11 Adjusted effective notional amount of written credit derivatives	-	-
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13 Total derivative exposures	36	46
Securities financing transaction (SFT) exposures		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16 Counterparty credit risk exposure for SFT assets	-	-
UK-16a Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
UK-17 Agent transaction exposures	-	-
UK-17a (Exempted CCP leg of client-cleared SFT exposures)	-	-
18 Total securities financing transaction exposures	-	-
Other off-balance sheet exposures		
19 Off-balance sheet exposures at gross notional amount	3,794	3,612
20 (Adjustments for conversion to credit equivalent amounts)	(3,177)	(2,965)
21 (General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	(1)
22 Off-balance sheet exposures	617	646

UK LR2 - LRCom: Leverage ratio common disclosure continued

	31 December 2024 £m	31 December 2023 £m
Excluded exposures		
UK-22a (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(44,380)	(36,779)
UK-22b (Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off-balance sheet))	-	-
UK-22g (Excluded excess collateral deposited at triparty agents)	-	-
UK-22k (Total exempted exposures)	(44,380)	(36,779)
Capital and total exposure measure		
23 Tier 1 capital (leverage)	1,432	1,439
24 Total exposure measure including claims on central banks	19,025	19,361
UK-24a (-) Claims on central banks excluded	(3)	(3)
UK-24b Total exposure measure excluding claims on central banks	19,022	19,358
Leverage ratio		
25 Leverage ratio excluding claims on central banks (%)	7.5	7.4
UK-25a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	7.5	7.3
UK-25b Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains comprehensive income had not been applied (%) and losses measured at fair value through other	7.5	7.4
UK-25c Leverage ratio including claims on central banks (%)	7.5	7.4
26 Regulatory minimum leverage ratio requirement (%) (1)		
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)		
27 Leverage ratio buffer (%)		
UK-27a Of which: G-SII or O-SII additional leverage ratio buffer (%)		
UK-27b Of which: countercyclical leverage ratio buffer (%)		
Additional leverage ratio disclosure requirements - disclosure of mean values (1)		
28 Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and receivable netted of amounts of associated cash payables and cash		
29 Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and receivable netted of amounts of associated cash payables and cash		
UK-31 Average total exposure measure excluding claims on central banks		
UK-32 Average total exposure measure including claims on central banks		
UK-33 Average leverage ratio excluding claims on central banks		
UK-34 Average leverage ratio including claims on central banks		

(1) Coutts & Co. is not an LREQ firm therefore not subject to the additional leverage ratio disclosure requirements.

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

The table below shows the breakdown of the leverage ratio exposures on a transitional basis.

	31 December 2024 £m	31 December 2023 £m
UK-1 Total on balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	18,437	18,805
UK-2 Trading book exposures	-	-
UK-3 Banking book exposures, of which:	18,437	18,805
UK-4 Covered bonds	-	-
UK-5 Exposures treated as sovereigns	-	62
UK-6 Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	-	-
UK-7 Institutions	26	39
UK-8 Secured by mortgages of immovable properties	15,531	15,624
UK-9 Retail exposures	775	1,006
UK-10 Corporate	1,367	1,414
UK-11 Exposures in default	321	253
UK-12 Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	417	407

UK LRA: Disclosure of LR qualitative information

Processes used to manage the risk of excessive leverage

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

Factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The leverage ratio as at 31 December 2024 is 7.5%. The ratio increased by 10 basis points in the period since 31 December 2023. The key driver is a £0.3 billion decrease in leverage exposure while Tier 1 capital remained static during the period. The key driver in the leverage exposure was a decrease in other financial assets.

Annex XV: Credit risk quality

UK CQ1: Credit quality of forborne exposures

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

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne exposures		
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	116	106	104	104	(3)	(11)	200	95
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-
060 Non-financial corporations	98	60	60	60	(3)	(8)	139	52
070 Households	18	46	44	44	-	(3)	61	43
080 Debt securities	-	-	-	-	-	-	-	-
090 Loan commitments given	7	1	1	1	-	-	8	-
100 Total	123	107	105	105	(3)	(11)	208	95

UK CQ1: Credit quality of forborne exposures continued

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne exposures		
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	166	69	69	64	(5)	(9)	215	60
020 <i>Central banks</i>	-	-	-	-	-	-	-	-
030 <i>General governments</i>	-	-	-	-	-	-	-	-
040 <i>Credit institutions</i>	-	-	-	-	-	-	-	-
050 <i>Other financial corporations</i>	-	-	-	-	-	-	-	-
060 <i>Non-financial corporations</i>	149	39	39	34	(5)	(7)	171	32
070 <i>Households</i>	17	30	30	30	-	(2)	44	28
080 Debt securities	-	-	-	-	-	-	-	-
090 Loan commitments given	5	1	1	1	-	-	1	-
100 Total	171	70	70	65	(5)	(9)	216	60

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Performing exposures	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Non-performing exposures	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which: Defaulted
31 December 2024		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	1,011	1,011	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	61,038	61,017	21	370	86	116	48	68	28	11	13	369
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	43,223	43,223	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	99	99	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	3,823	3,812	11	103	30	6	22	34	11	-	-	103
070	Of which: SMEs	2,843	2,832	11	95	22	6	22	34	11	-	-	95
080	Households	13,893	13,883	10	267	56	110	26	34	17	11	13	266
090	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	3,788			6								5
160	Central banks	-			-								-
170	General governments	-			-								-
180	Credit institutions	-			-								-
190	Other financial corporations	96			-								-
200	Non-financial corporations	422			1								1
210	Households	3,270			5								4
220	Total	65,837	62,028	21	376	86	116	48	68	28	11	13	374

UK CQ3: Credit quality of performing and non-performing exposures by past due days continued

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures			Non- Performing exposures								
	Performing exposures	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Non-performing exposures	Unlikely to pay that are not past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which: Defaulted
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	785	785	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	54,061	54,016	45	289	93	85	40	21	27	12	11	289
020 Central banks	63	63	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	35,730	35,730	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	166	166	-	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	3,700	3,673	27	73	44	14	4	8	3	-	-	73
070 Of which: SMEs	2,767	2,740	27	71	43	13	4	8	3	-	-	71
080 Households	14,402	14,384	18	216	49	71	36	13	24	12	11	216
090 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance sheet exposures	3,602			10								9
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	-			-								-
190 Other financial corporations	220			1								1
200 Non-financial corporations	398			6								6
210 Households	2,984			3								2
220 Total	58,448	54,801	45	299	93	85	40	21	27	12	11	298

UK CQ5: Credit quality of loans and advances by industry

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

	a	b	c	d	e	f
	Gross carrying amount	Of which: non-performing	Of which: defaulted	Of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	£m	£m	£m	£m	£m	£m
31 December 2024						
010 Agriculture, forestry and fishing	460	9	9	460	(4)	-
020 Mining and quarrying	-	-	-	-	-	-
030 Manufacturing	23	1	1	23	-	-
040 Electricity, gas, steam and air conditioning supply	8	-	-	8	-	-
050 Water supply	1	-	-	1	-	-
060 Construction	54	5	5	54	(4)	-
070 Wholesale and retail trade	104	1	1	104	(1)	-
080 Transport and storage	3	-	-	3	-	-
090 Accommodation and food service activities	668	18	18	668	(7)	-
100 Information and communication	167	4	4	167	(1)	-
110 Financial and insurance activities	5	-	-	5	-	-
120 Real estate activities	1,928	36	36	1,928	(13)	-
130 Professional, scientific and technical activities	69	3	3	69	(1)	-
140 Administrative and support service activities	22	2	2	22	(1)	-
150 Public administration and defence, compulsory social security	-	-	-	-	-	-
160 Education	5	-	-	5	-	-
170 Human health services and social work activities	308	14	14	308	(4)	-
180 Arts, entertainment and recreation	35	9	9	35	(2)	-
190 Other services	66	1	1	66	(1)	-
200 Total	3,926	103	103	3,926	(39)	-

UK CQ5: Credit quality of loans and advances by industry continued

	a	b	c	d	e	f
	Gross carrying amount	Of which: non-performing	Of which: defaulted	Of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
31 December 2023	£m	£m	£m	£m	£m	£m
010 Agriculture, forestry and fishing	534	1	1	534	(4)	-
020 Mining and quarrying	-	-	-	-	-	-
030 Manufacturing	19	5	5	19	(1)	-
040 Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-
050 Water supply	2	-	-	2	-	-
060 Construction	61	4	4	61	(4)	-
070 Wholesale and retail trade	91	1	1	91	(1)	-
080 Transport and storage	3	-	-	3	-	-
090 Accommodation and food service activities	601	18	18	601	(12)	-
100 Information and communication	161	5	5	161	(2)	-
110 Financial and insurance activities	5	1	1	5	-	-
120 Real estate activities	1,749	17	17	1,749	(14)	-
130 Professional, scientific and technical activities	111	3	3	111	(2)	-
140 Administrative and support service activities	24	2	2	24	(1)	-
150 Public administration and defence, compulsory social security	-	-	-	-	-	-
160 Education	7	-	-	7	-	-
170 Human health services and social work activities	307	14	14	307	(5)	-
180 Arts, entertainment and recreation	28	2	2	28	(1)	-
190 Other services	70	-	-	70	(1)	-
200 Total	3,773	73	73	3,773	(48)	-

UK CR1: Performing and non-performing exposures and related provisions

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Accumulated impairment, accumulated negative changes in fair value															
		Gross carrying amount/nominal amount						due to credit risk and provisions							Collateral and financial guarantee received		
								Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated
		Performing exposures			Non-performing exposures												partial
Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	write-off	On performing exposures	On non-performing exposures			
31 December 2024		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	1,011	1,011	-	-	-	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	61,038	60,241	797	370	44	317	(45)	(35)	(10)	(37)	-	(37)	-	16,590	331	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	43,223	43,223	-	-	-	-	(19)	(19)	-	-	-	-	-	-	-	
050	Other financial corporations	99	99	-	-	-	-	-	-	-	-	-	-	-	9	-	
060	Non-financial corporations	3,823	3,381	442	103	16	87	(21)	(13)	(8)	(18)	-	(18)	-	3,521	85	
070	Of which: SMEs	2,843	2,442	401	95	8	85	(18)	(10)	(8)	(17)	-	(17)	-	2,690	76	
080	Households	13,893	13,538	355	267	28	230	(5)	(3)	(2)	(19)	-	(19)	-	13,060	246	
090	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance sheet exposures	3,788	3,673	115	6	1	2	-	-	-	-	-	-		2,384	2	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
190	Other financial corporations	96	95	1	-	-	-	-	-	-	-	-	-		10	-	
200	Non-financial corporations	422	390	32	1	-	1	-	-	-	-	-	-		143	-	
210	Households	3,270	3,188	82	5	1	1	-	-	-	-	-	-		2,231	2	
220	Total	65,837	64,925	912	376	45	319	(45)	(35)	(10)	(37)	-	(37)	-	18,974	333	

UK CR1: Performing and non-performing exposures and related provisions continued

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral and financial guarantees received		
	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	785	785	-	-	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	54,061	53,189	872	289	33	247	(64)	(46)	(18)	(33)	(1)	(32)	-	16,933	251
020 Central banks	63	63	-	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	35,730	35,730	-	-	-	-	(26)	(26)	-	-	-	-	-	-	-
050 Other financial corporations	166	166	-	-	-	-	-	-	-	-	-	-	-	12	-
060 Non-financial corporations	3,700	3,091	609	73	16	56	(33)	(17)	(16)	(15)	(1)	(14)	-	3,398	57
070 Of which: SMEs	2,767	2,240	527	71	16	55	(27)	(13)	(14)	(14)	(1)	(13)	-	2,592	54
080 Households	14,402	14,139	263	216	17	191	(5)	(3)	(2)	(18)	-	(18)	-	13,523	194
090 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance sheet exposures	3,602	3,431	171	10	6	2	(1)	-	(1)	-	-	-		2,116	7
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170 General governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
180 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190 Other financial corporations	220	212	8	1	-	1	-	-	-	-	-	-		12	-
200 Non-financial corporations	398	362	36	6	5	1	(1)	-	(1)	-	-	-		115	6
210 Households	2,984	2,857	127	3	1	-	-	-	-	-	-	-		1,989	1
220 Total	58,448	57,405	1,043	299	39	249	(65)	(46)	(19)	(33)	(1)	(32)	-	19,049	258

(1) The gross NPL ratio for Coutts and Co is 0.60% (31 December 2023 – 0.53%). Cash balances at central banks and other demand deposits were excluded from the ratio calculation.

UK CR1-A: Maturity of exposures

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

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	£m	£m	£m	£m	£m	£m
31 December 2024						
1 Loans and advances	807	32,275	18,046	10,198		61,326
2 Debt securities	-	-	-	-		-
3 Total	807	32,275	18,046	10,198		61,326

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	£m	£m	£m	£m	£m	£m
31 December 2023						
1 Loans and advances	974	23,524	19,276	10,479	-	54,253
2 Debt securities	-	-	-	-	-	-
3 Total	974	23,524	19,276	10,479	-	54,253

(1) Cash balances at central banks and other demand deposits are excluded.

UK CR2: Changes in the stock of non-performing loans and advances

The table below shows movements of gross carrying amounts of non-performing loans and advances during the period.

	a
	Gross carrying amount £m
010 Initial stock of non-performing loans and advances at 1 January 2024	289
020 Inflows to non-performing portfolios	298
030 Outflows from non-performing portfolios	(217)
040 Outflows due to write-offs	(1)
050 Outflow due to other situations	(216)
060 Final stock of non-performing loans and advances at 31 December 2024	370

(1) Outflow due to other situations in the table above primarily includes outflow due to loan repayment and transfer to performing portfolio.

UK CRB: Additional disclosure related to the credit quality of assets

Commercial Banking approach

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

Impairment, provisioning and write-offs

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

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

Model build

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

Model application

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

IFRS 9 ECL model design principles

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

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

- **Unbiased** – conservatism has been removed from IFRS 9 parameters to produce unbiased estimates.
- **Point-in-time** – IFRS 9 parameters reflect actual economic conditions at the reporting date instead of long-run average or downturn conditions.
- **Economic forecasts** – IFRS 9 PD estimates and, where appropriate, EAD and LGD estimates reflect forward-looking economic conditions.

IFRS 9 requires that at each reporting date, an entity shall assess whether the credit risk on an account has increased significantly since initial recognition. Part of this assessment requires a comparison to be made between the current lifetime PD (i.e. the PD over the remaining lifetime at the reporting date) and the equivalent lifetime PD as determined at the date of initial recognition.

For assets originated before IFRS 9 was introduced, comparable lifetime origination PDs did not exist. These have been retrospectively created using the relevant model inputs applicable at initial recognition.

Coutts & Co bases its calculations on the most appropriate NWB Plc risk models; in particular NWB Premier for Retail and NWB Wholesale for Commercial.

The output of credit risk models is used in the credit approval process – as well as for ongoing assessment, monitoring and reporting – to inform risk appetite decisions. These models are divided into different categories. Where the calculation method is on an individual counterparty or account level, the models used will be:

- PD, based on the prevailing economic conditions.
- LGD, current assessment of the amount that will be recovered in the event of a default, taking into account future conditions.
- EAD, expected balance sheet EAD including the effects of amortisation, exposure is capped at the contractual limit.

Lifetime PDs are used in the assessment of a SICR, which also considers quantitative and qualitative measures.

PD estimates

Retail models

Retail PD models use the Exogenous, Maturity and Vintage (EMV) approach to model default rates. The EMV approach separates portfolio default risk trends into three components: vintage effects (quality of new business over time), maturity effects (changes in risk relating to time on book) and exogenous effects (changes in risk relating to changes in macro-economic conditions). The EMV methodology has been widely adopted across the industry because it enables forward-looking economic information to be systematically incorporated into PD estimates.

Commercial models

Commercial PD models use a point-in-time/through-the-cycle framework to convert one-year regulatory PDs into point-in-time estimates that reflect economic conditions at the reporting date. The framework utilises credit cycle indices (CCIs) for a comprehensive set of region/industry segments.

One year PDs are extended to lifetime PDs using a conditional transition matrix approach and economic forecasts.

LGD estimates

The general approach for the IFRS 9 LGD models is to leverage corresponding IRB LGD models with bespoke adjustments to ensure estimates are unbiased and, where relevant, include economic forecasts.

Retail

Economic forecasts are incorporated for the secured portfolios, where changes in property prices can be readily accommodated. Analysis has shown minimal impact of economic conditions on LGDs for the other Retail portfolios.

Commercial

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

EAD estimates

Retail

The IFRS 9 Retail modelling approach for EAD is dependent on product type.

- Amortising products use an amortising schedule, where a formula is used to calculate the expected balance based on remaining terms and interest rates.

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

Analysis has indicated that there is minimal impact on EAD arising from changes in the economy for all Retail portfolios except mortgages. Therefore, forward-looking information is only incorporated in the mortgage EAD model (through forecast changes in interest rates).

Commercial

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

No explicit economic forecasts are incorporated, on the basis of analysis showing the movement in CCFs is mainly attributable to changes in exposure management practices rather than economic conditions.

Governance and post model adjustments

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

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

SICR

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

The framework comprises the following elements:

- **IFRS 9 lifetime PD assessment (the primary driver)** – in Commercial modelled portfolios, the assessment is based on the relative deterioration in forward-looking lifetime PD and is assessed monthly. To assess whether credit deterioration has occurred, the residual lifetime PD at balance sheet date (which PD is established at date of initial recognition) is compared to the current PD. If the current lifetime PD exceeds the residual origination PD by more than a threshold amount, deterioration is assumed to have occurred and the exposure transferred into Stage 2 for a lifetime loss assessment. For Commercial, a doubling of PD would indicate a SICR subject to a minimum PD uplift of 0.1%. For Retail portfolios, a simplified backstop based SICR method is used.
- **Qualitative high-risk backstops** – the PD assessment is complemented with the use of qualitative high-risk backstops to further inform whether significant deterioration in lifetime risk of default has occurred. The qualitative high-risk backstop assessment includes features such as forbearance support, Commercial exposures managed within the Wholesale Problem Debt Management framework, and adverse credit bureau results for Retail clients.

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

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

Retail IFRS 9 calculation

Coutts Retail good book assets are standardised for the purposes of Basel capital and as such do not have systematically modelled PDs, EADs and LGDs. Therefore, for IFRS 9 provisioning they have bespoke treatments both for: i) to enable the calculation of the expected credit loss (ECL) provisioning requirement, and ii) the purposes of the identification of a significant increase in credit risk (SICR).

With respect to the calculation of ECL for good book assets (Stage 1 and Stage 2), benchmark PDs, EADs and LGDs are sourced from the NatWest Group Premier core modelled book. This portfolio has been identified as the portfolio most similar in profile to the Retail Coutts book, reflective of higher net worth customers in the NatWest Group portfolio, which is also consistent with the ongoing approach used by Director of Risk, Finance & Treasury for their Bank of England stress testing activity.

For the purposes of SICR, no PD deterioration assessment is possible due to the unavailability of bespoke PDs. SICR is therefore based purely on backstop triggers covering days past due, forbearance, and an internal credit risk assessment watchlist flag.

Ongoing governance of the above approach is managed via the quarterly Metrics Oversight Committee (MOC) which is attended by key stakeholders across Finance, Credit Risk, and the Coutts Business.

The IFRS 9 PD, EAD and LGD models upon which benchmarks are sourced are governed by the Model Risk Policy and framework, that stipulates periodic model monitoring and re-validation and also defines the required approval procedures and authorities in line with model materiality.

Annex XVII: Credit risk mitigation

UK CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

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

	a	b	c	d	e
	Unsecured carrying amount £m	Secured carrying amount £m	Of which: secured by collateral £m	Of which: secured by financial guarantees £m	Of which: secured by credit derivatives £m
31 December 2024					
1 Loans and advances	45,316	17,021	16,855	66	-
2 Debt securities	-	-	-	-	-
3 Total	45,316	17,021	16,855	66	-
4 <i>Of which: non-performing exposures</i>	2	331	313	18	-
5 <i>Of which: defaulted</i>	2	330	312	18	-

	a	b	c	d	e
	Unsecured carrying amount £m	Secured carrying amount £m	Of which: secured by collateral £m	Of which: secured by financial guarantees £m	Of which: secured by credit derivatives £m
31 December 2023					
1 Loans and advances	37,764	17,274	17,081	103	-
2 Debt securities	-	-	-	-	-
3 Total	37,764	17,274	17,081	103	-
4 <i>Of which: non-performing exposures</i>	4	252	236	15	-
5 <i>Of which: defaulted</i>	4	251	236	15	-

UK CRC: Qualitative disclosure requirements related to CRM techniques

Credit risk mitigation

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

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

Coutts & Co uses a number of credit risk mitigation approaches. These differ for Commercial and Retail clients.

Mitigation techniques, as set out in the appropriate credit risk toolkits and transactional acceptance standards, are used in the management of credit portfolios across Coutts & Co. These techniques mitigate credit concentrations in relation to an individual client, a borrower group or a collection of related borrowers. Where possible, client credit balances are netted against obligations. Mitigation tools can include structuring a security interest in a physical or financial asset, the use of credit derivatives including credit default swaps, credit-linked debt instruments and securitisation structures, and the use of guarantees and similar instruments (for example, credit insurance) from related and third parties. When seeking to mitigate risk, at a minimum Coutts & Co considers the following:

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

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

Commercial

Coutts & Co mitigates credit risk relating to Commercial clients through the use of netting, collateral and market standard documentation, depending on the nature of the counterparty and its assets. The most common types of mitigation are:

- **Commercial real estate.**
- **Other physical assets** – Including stock, plant, equipment, machinery, vehicles, ships and aircraft. Such assets are suitable collateral only if Coutts & Co can identify, locate, and segregate them from other assets on which it does not have a claim. Coutts & Co values physical assets in a variety of ways, depending on the type of asset and may rely on balance sheet valuations in certain cases.
- **Receivables** – These are amounts owed to Coutts & Co's counterparties by their own clients. Valuation takes into account the quality of the counterparty's receivable management processes and excludes any that are past due.

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

Property is used to mitigate credit risk across a number of portfolios, in particular commercial real estate (CRE).

For CRE valuations, Coutts & Co has an actively managed panel of chartered surveying firms that cover the spectrum of geography and property sectors in which Coutts & Co takes collateral. Suitable Royal Institution of Chartered Surveyors (RICS) registered valuers for particular assets are contracted through a service agreement to ensure consistency of quality and advice. Valuations are generally commissioned when an asset is taken as security; a material increase in a facility is requested; or a default event is anticipated or has occurred.

Retail

Coutts & Co takes collateral in the form of residential property to mitigate the credit risk arising from mortgages. Coutts & Co values residential property individually during the loan underwriting process, either by obtaining an appraisal by a suitably qualified appraiser (for example, RICS) or using a statistically valid model. In both cases, a sample of the valuation outputs are periodically reviewed by an independent RICS qualified appraiser. Coutts & Co updates residential property values quarterly using Office for National Statistics House Price indices.

Annex XIX: Credit risk – standardised approach

UK CR4: Standardised approach – Credit risk exposure and CRM effects

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

Exposure classes	a		b		c		d		e		f	
	Exposures pre CCF and CRM		Exposures post CCF and CRM		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density		RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA		RWA	
	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	%
31 December 2024												
1 Central governments or central banks	3	-	72	-	8	10						
2 Regional governments or local authorities	-	-	-	-	-	-						
3 Public sector entities	-	-	-	-	-	-						
4 Multilateral development banks	-	-	-	-	-	-						
5 International organisations	-	-	-	-	-	-						
6 Institutions	44,227	-	44,226	-	7	-						
7 Corporates	1,468	662	1,093	104	904	76						
8 Retail	805	1,741	682	35	371	52						
9 Secured by mortgages on immovable property	15,587	1,386	15,424	134	7,051	45						
10 Exposures in default	327	5	305	1	316	103						
11 Items associated with particularly high risk	-	-	-	-	-	-						
12 Covered bonds	-	-	-	-	-	-						
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-						
14 Collective investment undertakings	-	-	-	-	-	-						
15 Equity	110	-	110	-	274	250						
16 Other items	303	-	303	-	300	99						
17 Total	62,830	3,794	62,215	274	9,231	15						

Exposure classes	a		b		c		d		e		f	
	Exposures pre CCF and CRM		Exposures post CCF and CRM		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density		RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA		RWA	
	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	%
31 December 2023												
1 Central governments or central banks	66	-	174	-	6	3						
2 Regional governments or local authorities	-	-	-	-	-	-						
3 Public sector entities	-	-	-	-	-	-						
4 Multilateral development banks	-	-	-	-	-	-						
5 International organisations	-	-	-	-	-	-						
6 Institutions	36,505	-	36,505	-	8	-						
7 Corporates	1,573	770	1,119	110	899	73						
8 Retail	1,049	1,616	917	26	509	54						
9 Secured by mortgages on immovable property	15,679	1,217	15,553	127	7,161	46						
10 Exposures in default	259	9	241	1	250	103						
11 Items associated with particularly high risk	-	-	-	-	-	-						
12 Covered bonds	-	-	-	-	-	-						
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-						
14 Collective investment undertakings	-	-	-	-	-	-						
15 Equity	110	-	110	-	274	250						
16 Other items	316	-	316	-	313	99						
17 Total	55,557	3,612	54,935	264	9,420	17						

Annex XXXIII: Remuneration

This section contains disclosures which are required in accordance with UK regulatory requirements and the Basel Committee on Banking Supervision Pillar 3 disclosure requirements. They also take into account the European Banking Authority (EBA) guidelines on sound remuneration policies. It should be read in conjunction with the Directors' remuneration report starting on page 126 of the NatWest Group 2024 ARA.

UK REM A - Remuneration policy for all colleagues

The disclosure requirements for this section; which is applicable to entities within the NatWest Holdings Group is set out in the NatWest Holdings Group Pillar 3 Disclosure; Annex XXXIII: Remuneration (UK REM A – Remuneration policy for all colleagues) from pages 150 to 152. The NatWest Holdings Group Pillar 3 Disclosure has been published at investors.natwestgroup.com/reports-archive/2024

Remuneration of Material Risk Takers ('MRTs') – Coutts & Company

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 332 individuals who have been identified as MRTs for Coutts & Company (Coutts & Co). These are individuals who perform their primary role for this entity. In order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, any individual who left the Group prior to year end (but their remuneration remains within the pay values reported).

We have excluded 268 individuals from the tables below on the basis that, although they have been identified as an MRT in relation to a role within this subsidiary entity, they do not receive any remuneration for this role and they perform their primary role for another entity within NatWest Group. You can find details of remuneration paid to MRTs in our Pillar 3 reporting for other entities within NatWest Group, at a consolidated, sub-consolidated and solo entity level, at natwestgroup.com. Note the numbers in the tables all agree to the underlying source data, but when presented to one decimal place and aggregated, this can result in small rounding differences.

All severance payments made to MRTs are included in the variable remuneration value disclosed, even when some or all of that severance does not count towards the calculation of the ratio of fixed to variable pay.

Coutts & Co has a Performance and Remuneration Committee (the Coutts RemCo). The Coutts RemCo is expected to ensure that the remuneration policies, procedures and practices being applied are appropriate for Coutts & Co. The key areas of focus for the Coutts & Co RemCo includes:

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

The Coutts RemCo must be able to act independently and the non-executive directors serving on it are supported by the necessary entity-specific management information in order to carry out their duties. The Coutts RemCo held six scheduled meetings and a further one ad hoc meeting in 2024.

UK REM1 and UK REM5 - Total remuneration awarded to MRTs for the financial year

		Other senior management and other MRTs split by business area								Total
		Non-executive directors	Executive directors	Other senior mngt.	Other MRTs	Investment Banking	Retail Banking	Corporate Functions	Control Functions	
Fixed remuneration	Total number of MRTs	4	3	13	33	-	-	-	-	53
	Other senior management - split by business area	-	-	-	-	-	5	5	3	13
	Other MRTs - split by business area	-	-	-	-	-	2	7	24	33
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total fixed remuneration of MRTs	0.4	1.9	4.7	4.9	-	3.3	2.5	3.7	11.8
	Cash-based	0.4	1.7	4.7	4.8	-	3.2	2.5	3.7	11.6
	Share-based	-	0.1	-	0.1	-	0.1	-	-	0.3
Variable remuneration	Total number of MRTs	-	3	13	27	-	-	-	-	43
	Other senior management - split by business area	-	-	-	-	-	5	5	3	13
	Other MRTs - split by business area	-	-	-	-	-	2	1	24	27
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total variable remuneration of MRTs	-	1.6	2.2	4.3	-	3.4	1.4	1.6	8.1
	Cash-based	-	0.4	1.2	3.8	-	2.9	0.8	1.3	5.4
	Of which: deferred cash	-	0.1	0.4	0.2	-	0.2	0.3	0.1	0.7
	Share-based (annual bonus)	-	0.4	1.0	0.5	-	0.5	0.6	0.4	1.8
	Of which: deferred shares	-	0.1	0.4	0.2	-	0.2	0.3	0.1	0.7
	Share-based (LTI awards)	-	0.8	-	-	-	-	-	-	0.8
	Of which: deferred shares	-	0.8	-	-	-	-	-	-	0.8
Total remuneration of MRTs		0.4	3.4	6.9	9.2	-	6.8	4.0	5.3	19.9

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

(2) Retail Banking includes Wealth.

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

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

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

UK REMA - Derogations

The regulations allow some flexibility not to apply certain requirements that would normally apply to MRTs where an individual's annual variable remuneration does not exceed £44,000 and does not represent more than one third of the individual's total annual remuneration (derogations permitted under point (b) of Article 94(3) of CRD V). We have used this flexibility to disapply MRT rules relating to deferral and delivery of awards in shares for 25 MRTs in respect of performance year 2024. Total remuneration for these individuals in 2024 was £4.08 million, of which £3.81 million was fixed pay and £0.28 million was variable pay.

UK REMA - Ratio between fixed and variable remuneration

The variable component of total remuneration for MRTs at NatWest Group is generally awarded up to 100% of the fixed component. However, this may be awarded up to 200% for use on a gradual and targeted basis. A ratio of 100% is applicable for all MRTs for entities based in an EU jurisdiction, except where country specific regulatory requirements apply. The average ratio between fixed and variable remuneration for 2024 was approximately 1 to 0.4. The majority of MRTs were based in the UK.

UK REM2 - Guaranteed awards (including 'sign-on' awards) and severance payments

	Coutts & Co NEDs	Coutts & Co EDs	Other senior management	Other MRTs
Special payments				
Guaranteed awards and sign on awards				
Number of MRTs	-	-	-	-
	£m	£m	£m	£m
Total amount	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	-	-
Severance payments awarded in previous periods, paid out during the financial year				
Number of MRTs	-	-	-	-
	£m	£m	£m	£m
Total amount	-	-	-	-
Severance payments awarded during the financial year				
Number of MRTs	-	-	1	9
	£m	£m	£m	£m
Total amount	-	-	0.2	3.1
<i>Of which: paid during the financial year</i>	-	-	0.2	3.1
<i>Of which: deferred</i>	-	-	-	-
<i>Of which: paid during the financial year that are not taken into account in the bonus cap</i>	-	-	0.2	3.1
<i>Of which: highest payment that has been awarded to a single person</i>	-	-	0.2	1.9

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

(2) No severance payments in excess of contractual payments, local policies, standards, statutory amounts or amounts assessed by reference to legal risk and/or exposure to litigation were made to MRTs during the year.

UK REM3 - Outstanding deferred remuneration

The table below includes deferred remuneration awarded or paid out in 2024 relating to prior performance years.

	Total amount of deferred remuneration awarded for previous performance periods	Of which: due to vest in the financial year	Of which: vesting in subsequent financial years	Amount of performance adjustment to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment to deferred remuneration due to vest in future financial years	Total amount of adjustment during the financial year due to ex post implicit adjustments (2)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention
Deferred and retained remuneration	£m	£m	£m	£m	£m	£m	£m	£m
Coutts NEDs - No deferred or retained remuneration held								
Coutts EDs								
Cash-based	0.1	-	0.1	-	-	-	-	-
Shares or equivalent interests	0.3	0.1	0.2	-	-	0.3	0.1	0.1
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-
Other senior management								
Cash-based	0.6	0.1	0.4	-	-	-	0.1	-
Shares or equivalent interests	1.4	0.6	0.8	-	-	1.2	0.6	0.4
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-
Other MRTs								
Cash-based	0.2	0.1	0.2	-	-	-	0.1	-
Shares or equivalent interests	2.9	0.4	2.5	-	-	2.4	0.1	0.1
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-
Total amount	5.5	1.3	4.2	-	-	3.9	1.0	0.5

* i.e. Changes of value of deferred remuneration due to the changes of prices of instruments.

- (1) Deferred remuneration reduced during the year relates to long-term incentives that lapsed when performance conditions were not met, long-term incentives and deferred awards forfeited on leaving and malus adjustments applied to prior year deferred awards and long-term incentives.

UK REM4 - Total remuneration by band for all colleagues earning >€1 million

Total remuneration by band for employees earning >€1 million for 2024	Number of MRTs
€1.0 million to below €1.5 million	2
€1.5 million to below €2.0 million	-
€2.0 million to below €2.5 million	-
€2.5 million to below €3.0 million	1
€3.0 million to below €3.5 million	-
€3.5 million to below €4.0 million	-
More than €4.0 million	-
Total	3

(1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay (including severance, where applicable).

(2) Where applicable, the table is based on an average exchange rate of €1.181341 to £1 for 2024.