NatWest Group

NatWest Group plc

2024 Pillar 3 Report

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Forward-looking statements

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 NatWest Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and ESG targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group'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: NatWest Group's outlook, guidance and targets (including in relation to RoTE, total income, other operating expenses, loan impairment rate, CET1 ratio, RWA levels, payment of dividends and participation in directed buybacks), its financial position, profitability and financial performance, the implementation of its strategy, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. 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, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), 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, exposure to third party risk, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk and credit rating 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 NatWest Group plc's actual results are discussed in NatWest Group plc's 2024 Annual Report on Form 20-F and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Group plc 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

We 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 Board.

As set out in the Compliance report of the 2024 Annual Report and Accounts, the 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.

The 2024 Pillar 3 Report was approved by the Board on 13 February 2025.

Katie Murray

Group Chief Financial Officer

Executive Director, NatWest Group Board

Keiran Foad

Group Chief Risk Officer

Member, Executive Committee

Disclosure framework

As of the date of this report, NatWest Group plc is regulated under the UK Capital Requirements Regulation (CRR) and the associated onshored binding technical standards that were created by the European Union (Withdrawal) Act 2018. The CRR was subsequently amended by a number of statutory instruments and is currently split across primary legislation and the PRA rulebook.

The Pillar 3 disclosures made by NatWest Group plc and its consolidated subsidiaries (together NatWest Group) are designed to comply with the Disclosure (CRR) Part of the PRA Rulebook. Where applicable, additional disclosures are made in accordance with supervisory expectations relating to the following: a) IFRS 9 transitional relief in respect to ECL provisions and b) MREL requirements.

Under the PRA disclosure framework, UK large subsidiaries of NatWest Group plc are also required to complete a reduced set of disclosures depending on their listed/non-listed status. NatWest Group plc primarily determines its large subsidiaries, in accordance with the UK CRR requirements, as those designated as an O-SII firm by the PRA or with a value of total assets equal to or greater than €30 billion. NatWest Group plc's large subsidiaries as of 31 December 2024 were:

– National Westminster Bank Plc (NWB Plc)
– The Royal Bank of Scotland plc (RBS plc)
– Coutts & Company (Coutts & Co)
– NatWest Markets Plc (NWM Plc)

In addition, under the EU CRR rules, Pillar 3 disclosures are provided for NatWest Group's subsidiaries in Europe when they meet the definition of a large institution.

Disclosure roadmap

Based on current disclosure rules, all the information required under Title I (General Principles), Title II (Technical Criteria on Transparency & Disclosure) and Title III (Qualifying Requirements for the Use of Particular Instruments or Methodologies) in the Disclosure (CRR) part of the PRA Rulebook is contained in this report. The detailed capital instruments disclosure (UK CCA) is provided in a supplement which is published in the same location alongside this report.

The CRR roadmap included in Appendix 1 of this report details how the regulatory disclosure requirements have been met.
It is noted that this document should be read in conjunction with the 2024 NatWest Group Annual Report and Accounts (ARA). The Pillar 3 disclosures provide information over and above that contained in the ARAs. The NatWest Group Pillar 3 Report and the ARA are published in the same location.

Presentation of information

The consolidated disclosures for NatWest Group in this document are calculated under the UK CRR rules as described above.

The following Pillar 3 templates were not applicable to NatWest Group at 31 December 2024. The table below references the excluded templates together with a summary of the reason for exclusion:

PRA template reference	Template name	Reasons for exclusion
UK CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Published as supplement alongside this 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 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 CCR5	Composition of collateral for CCR exposures	Threshold for disclosure not met
UK CR10.3	Specialised lending: Object Finance (slotting approach)	No reportable exposures
UK CR10.4	Specialised lending: Commodities Finance (slotting approach)	No reportable exposures
UK INS1	UK INS1 - Insurance participations	No reportable exposures
UK INS2	UK INS2 - Financial conglomerates information on own funds and capital adequacy ratio	No reportable exposures
UK CR9.1	UK CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	No reportable exposures

Disclosure framework continued

The Pillar 3 disclosures for NatWest Group plc's large subsidiaries and the consolidated disclosures for NatWest Holdings Group (RFB sub-group) are provided in separate documents along with the respective entity's annual financial statements. These are also published in the same location and are available on the NatWest Group website, located at: investors.natwestgroup.com/reports-archive/2024.

Where appropriate, certain narrative disclosures required at a large subsidiary level are available only in this report or in the NatWest Holdings Group Pillar 3 report.

Certain fixed-format disclosure tables include bespoke requirements for comparatives. Where the requirements do not prescribe a particular comparative, the comparative selected is 31 December 2023. Within this report, row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL and MREL disclosures have been prepared using the uniform format published by the EBA.

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

The Pillar 3 disclosures in this report are presented in pounds sterling ('£').

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reports-archive/2024.

Regulatory disclosure developments in 2024

NatWest Group monitors developments with respect to prudential disclosure requirements on an ongoing basis.

During 2024, the PRA published two policy statements (PS14/24 & PS17/24) which introduced minor amendments to certain disclosure requirements in the Disclosure (CRR) part of PRA Rulebook and in SS45/15 – The UK leverage framework. Those did not impact the disclosures provided by NatWest and its large subsidiaries.

As noted later in the prudential regulation changes section of this report, the PRA's Basel 3.1 near-final rules relating to Pillar 3 are now published. Those will be effective in the UK from 1 January 2027; therefore, the first applicable date of any new and/or amended disclosure templates is 31 March 2027. The PRA Basel 3.1 changes to the disclosure requirements will impact the consolidated disclosures provided by NatWest Group as well as those required for its UK large subsidiaries. The revised disclosure rules relate to credit risk, market risk, credit valuation adjustment risk, counterparty credit risk, operational risk and the output floor, as well as capital and risk management summaries. These changes will align the Pillar 3 disclosures of UK banks to the revised Basel disclosure standards.

In July 2024, the Basel Committee for Banking Supervision finalised its disclosure requirements for banks' exposures to cryptoassets which will be effective from 1 January 2026. The timing of adoption and implementation of these requirements in the Disclosure (CRR) part of the PRA Rulebook is currently unknown.

Finally, the EBA announced its revised Pillar 3 requirements as part of the new EU Banking Package (CRR3/CRD6) implementation from 1 January 2025. Those changes will only affect NatWest Group's subsidiaries in Europe which are subject to disclosure requirements.

Independent review

The information presented in this Pillar 3 Report is not required to be, and has not been, subject to external audit.

Internal Audit includes within the scope of its assurance work, the modelling and management of the organisation's capital and liquidity risks. Internal Audit is independent from the risk management function, and therefore from those responsible for the development and independent validation activity. Any material gaps in control identified by Internal Audit are escalated through standard reporting and action plans agreed.

Basel framework

The Basel framework is based on three pillars:

- **Pillar 1** - Minimum capital requirements: defines rules for the determination of the capital requirement relating to credit, counterparty credit, market and operational risk;
- **Pillar 2** - Supervisory review process: requires banks to undertake an internal capital adequacy assessment process for risks not included in Pillar 1; and
- **Pillar 3** - Market discipline: requires individual banks to disclose key information which allows investors and other market participants to understand their risk profiles.

Pillar 1 - Minimum capital requirements

The CRR determines minimum capital requirements predominantly by calculating RWAs for credit, counterparty credit, market and operational risks. Various RWA calculation approaches are available to banks, with differing levels of sophistication.

NatWest Group uses the following approaches to calculate RWAs:

- **Credit risk**: The advanced internal ratings based (IRB) approach is used for most exposures. The standardised (STD) approach is used for exposures in certain portfolios.
- **Counterparty credit risk:** The exposure amount is calculated using either the Standardised approach for counterparty credit risk (SA-CCR) or the internal model method (IMM) for derivative transactions dependent on product type. The financial collateral comprehensive method using supervisory volatility adjustments is used for securities financing transactions. The resultant Exposure at Default (EAD) is risk-weighted as for credit risk.
- **Market risk:** The internal model approach (IMA) is predominantly used for market risk in the trading book. Some positions are capitalised under the standardised approach.
- **Operational risk**: The standardised approach is used.

The minimum capital requirement is calculated as a percentage of RWAs depending on the capital ratio being calculated. On top of the minimum capital requirement, a number of buffers are required to address capital conservation, countercyclicality and systemic importance. Further details on the constituents of capital and the various buffers can be found in the detailed quantitative capital disclosures provided in this document.

Pillar 2 - Supervisory review process

Pillar 2 comprises (i) the internal capital adequacy assessment process (ICAAP) for NatWest Group and its key subsidiaries and (ii) a supervisory review and evaluation process which is undertaken annually and focuses on the amounts, types and distribution of capital that NatWest Group considers adequate to cover the risks to which it is or may be exposed.

NatWest Group undertakes a risk assessment to ensure all material risks are identified, adequately managed and capitalised where appropriate.

Capital, liquidity and funding framework

Within Pillar 2A, NatWest Group assesses credit concentration risk, certain aspects of traded market risk that are not fully captured in Pillar 1, interest rate risk in the banking book (IRRBB), pension risk and operational risk to compensate for shortcomings of the Pillar 1 standardised approach. NatWest Group uses economic capital models to estimate Pillar 2A capital charges for operational and credit concentration risk.

Pillar 3 - Market discipline

NatWest Group is committed to delivering risk and capital disclosures that ensure stakeholders understand the risks faced by NatWest Group and how they are measured and capitalised. The Pillar 3 disclosures are designed to encourage and promote market transparency and stability; they represent a component of NatWest Group's broader disclosures framework.

Certain of NatWest Group's subsidiaries in Europe may publish capital and RWA data externally through an appropriate mechanism (such as websites and annual reports), thereby satisfying supervisory requirements for disclosures in the EU member states.

It is possible that disclosures made by other banks, especially outside the UK, are not directly comparable with those in this report. At EU and global levels, different definitions and assumptions adopted by other banks can make direct comparison difficult.

Capital

Capital consists of reserves and own-funds instruments that have a degree of permanency and are capable of absorbing losses. A few strict conditions set by regulators must be satisfied to be eligible to count as capital.

Capital adequacy risk is the risk that there is or will be insufficient capital and other loss-absorbing debt instruments to operate effectively including meeting minimum regulatory requirements, operating within Board-approved Group risk appetite and supporting its strategic goals.

Capital management is the process by which NatWest Group ensures that it has sufficient capital and other loss-absorbing instruments to operate effectively, including meeting minimum regulatory requirements, operating within Board-approved risk appetite, maintaining its credit rating, and supporting its strategic goals. Capital management is critical in supporting NatWest Group's business and is enacted through an end-to-end framework across NatWest Group, its businesses and the legal entities through which it operates.

NatWest Group manages capital having regard to its regulatory requirements. For large subsidiaries, regulatory capital is monitored and reported on an individual regulated legal entity basis, as relevant in each jurisdiction. For NatWest Group and the RFB sub-group, regulatory capital is monitored and reported on a consolidated basis.

Determination of capital sufficiency

In determining whether NatWest Group holds sufficient capital and other loss-absorbing debt instruments, NatWest Group assesses the amount and type of capital under a number of different bases:

Going concern vs. gone concern view

Going concern: This determination of capital sufficiency is made on the basis that there is sufficient capital to absorb losses and remain a viable going concern. NatWest Group is considered a going concern if it can operate in the foreseeable future to carry out its objectives and commitments without the need or intention on the part of management to liquidate.

Gone concern: This determination of capital sufficiency is made on the basis that there is sufficient capital and other loss-absorbing instruments to enable an orderly resolution in the event of failure. Gone concern would apply if NatWest Group had been deemed to fail, or likely to fail by the Bank of England (BoE).

Spot vs. forward-looking view

Spot view: This determination of capital sufficiency is made on the basis of prevailing actual positions and exposures.
Forward-looking view: This determination of capital sufficiency is made on the basis of positions, balance and exposures under a forward-looking view of the balance sheet in line with NatWest Group's planning horizons and parameters. This analysis examines both base and stress views.

Regulatory vs. risk appetite view

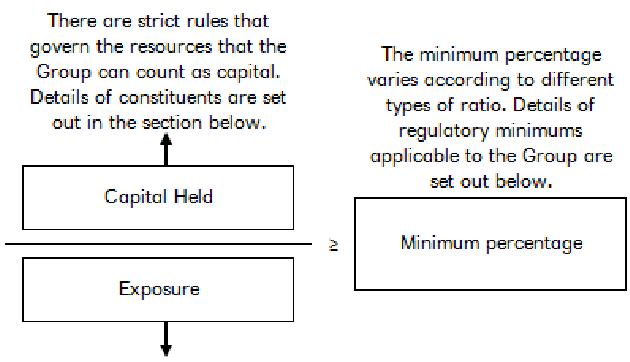
Regulatory requirements: This determination of capital sufficiency is an assessment of whether NatWest Group has sufficient capital and other loss-absorbing debt instruments to meet the requirements of prudential regulation.
Risk appetite: This determination of capital sufficiency is an assessment of whether NatWest Group has sufficient capital and other loss-absorbing debt instruments to meet risk appetite limits. NatWest Group's risk appetite framework establishes quantitative and qualitative targets and limits within which NatWest Group operates to achieve its strategic objectives.

Capital sufficiency: going concern view

There are two types of capital ratios based on different exposure types:

Ratio	Exposure type	Description
Capital adequacy ratio	Risk-weighted assets	Assesses capital held against both size and inherent riskiness of on and off-balance sheet exposures.
Leverage ratio	Leverage exposure	Assesses capital held against the size of on and off-balance sheet exposure (largely based on accounting value with some adjustments).

The regulatory requirement for going concern capital typically takes the form of a ratio of capital compared to a defined exposure amount having to exceed a minimum percentage:



Capital, liquidity and funding framework continued

Constituents of capital held

The determination of which instruments and financial resources are eligible to be counted as capital is laid down by applicable regulation.

Capital is categorised by the CRR under two tiers (Tier 1 and Tier 2) according to the ability to absorb losses, degree of permanency and the ranking of absorbing losses. There are three broad categories of capital across these two tiers:

- **CET1 capital**. Common Equity Tier (CET1) capital must be perpetual and capable of unrestricted and immediate use to cover risks or losses as soon as these occur. This includes ordinary shares issued and retained earnings. CET1 capital absorbs losses before other types of capital and any loss-absorbing instruments.
- **AT1 capital.** This is the loss-absorbing capital that ranks behind CET1 capital but before Tier 2 capital. It must be capable of absorbing losses on a going concern basis. These instruments are either written down or converted into CET1 capital when a pre-specified CET1 ratio is reached. Coupons on Additional Tier 1 (AT1) issuances are discretionary and may be cancelled at the discretion of the issuer at any time. AT1 capital may not be called, redeemed or repurchased for five years from issuance.
- **Tier 2 capital**. Tier 2 capital is supplementary capital and provides loss absorption on a gone concern basis. Tier 2 capital absorbs losses after CET1 and AT1 capital. It typically consists of subordinated debt securities which must have a minimum of five years to maturity at all times to be fully recognised for regulatory purposes.

In addition to capital, other specific loss-absorbing instruments including senior notes issued by NatWest Group may be used to cover certain gone-concern capital requirements which is referred to as minimum requirement for own funds and eligible liabilities (MREL). In order for liabilities to be eligible for MREL, a number of conditions must be met including the BoE being able to apply its stabilisation powers to them.

Capital adequacy

NatWest Group has to hold a minimum amount and quality of capital to satisfy capital adequacy regulatory requirements.

Risk-weighted assets (RWAs)

Capital adequacy ratios compare the amount of capital held to RWAs. RWAs are a measure of NatWest Group's assets and off-balance sheet exposures that capture both the size and risks inherent in those positions. RWAs are grouped into four categories:

Risk	Description
Credit	Risk of loss from a borrower failing to repay amounts due by the due date.
Counterparty credit	The risk that a counterparty to a transaction could default before the final settlement of the transaction's cash flows, being related to derivatives, repurchase agreements and similar transactions. In contrast to non-counterparty credit risk, the exposure to counterparty credit risk varies by reference to a market factor (e.g. interest rate, exchange rate, asset price).
Market	Risk of loss arising from fluctuations in market prices.
Operational	Risk of loss from inadequate or failed internal processes, people and systems or from external events.

Capital adequacy ratios

Regulation defines a minimum percentage of capital compared to RWAs. The percentage comprises system-wide requirements that apply to all banks and a component where the percentage is specific to NatWest Group. This is summarised as follows:

Type	Name	Description
System-wide	Pillar 1	Standard minimum percentages applicable to all banks. Must be held at all times.
	Capital conservation, countercyclical and Systemic buffers	Includes capital to absorb losses in times of stress, capital built up in response to credit conditions in the macroeconomic environment and for institutions of systemic importance.
Bank-specific	Pillar 2A	Captures risks that apply to individual banks that are either not adequately captured or not captured at all under Pillar 1. For example, pension risk is not captured in Pillar 1; therefore, capital that may need to be held against the risk is assessed under Pillar 2A. Must be held at all times.
	PRA buffer	Captures forward-looking risks and potential losses under a severe stress scenario. The PRA buffer is a capital buffer that is designed to ensure that NatWest Group can continue to meet minimum requirements (Pillar 1 and Pillar 2A) during a stressed period. The buffer also accommodates add-ons which may be applied by the regulator to cover Group Risk (subsidiary/sub-group capital requirements in excess of their share of NatWest Group) and Risk Management and Governance scalars (which may be levied where Risk Management and Governance deficiencies have been identified by the regulator).

Capital, liquidity and funding framework continued

Leverage ratios

NatWest Group has to hold a minimum amount and quality of capital to satisfy leverage ratio regulatory requirements. Unlike capital adequacy ratios, leverage ratio requirements do not consider the riskiness of NatWest Group's positions.

The leverage exposure is broadly aligned to the accounting value of NatWest Group's on and off-balance sheet exposures but subject to certain adjustments for derivatives, securities financing transactions and off-balance sheet exposures.

In common with capital adequacy ratios, the leverage ratio requirement for NatWest Group consists of a minimum requirement and a leverage ratio buffer.

MREL: capital sufficiency under the gone concern view

NatWest Group is required to hold sufficient capital and other loss-absorbing instruments such that, in the event of failure, there can be an orderly resolution that minimises any adverse impact on financial stability whilst preventing public funds being exposed to loss. NatWest Group follows the single point of entry (SPE) resolution strategy.

UK resolution entities are required to meet an external MREL equivalent to the higher of:

- two times the sum of Pillar 1 and Pillar 2A, ie 2x (Pillar 1 plus Pillar 2A; or
- if subject to a leverage ratio requirement, two times the applicable requirement.

MREL may consist of capital and other loss absorbing instruments. To qualify as eligible for MREL, liabilities have to comply with a number of strict conditions as set by the BoE including the ability for the BoE to apply its stabilisation powers to those liabilities. In addition, liabilities must have an effective remaining maturity (taking account of any rights of early repayment to investors) of greater than one year.

Internal MREL

In order that there is sufficient loss-absorbing capacity pre-positioned across NatWest Group, the proceeds of externally issued MREL will be allocated to material operating subsidiaries in the form of capital or other subordinated claims. This ensures that internal MREL will absorb losses before operating liabilities within operating subsidiaries.

The BoE will set individual MRELs for all material entities within NatWest Group and may also set individual MRELs for entities within NatWest Group that are important from a resolution perspective. The framework requires that ring-fence bank sub-groups meet MREL requirements equivalent of up to 90% of the equivalent NatWest Group requirement, whilst other material legal entities are required to meet 75% of the equivalent Group requirement.

Liquidity and funding

Definition

Liquidity consists of assets that can be readily converted to cash within a short timeframe at a reliable value. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due.

Funding consists of on-balance sheet liabilities that are used to fund assets and off-balance sheet activities. Funding risk is the risk of not maintaining a diversified, stable and cost-effective funding base.

Regulatory oversight and liquidity framework

NatWest Group operates across different jurisdictions and is subject to a number of regulatory regimes, with the key metrics being:

Ratio	Profile type	Description
Liquidity coverage ratio (LCR)	Liquidity profile	Coverage of 30 calendar days' net outflows in stress. The binding LCR minimum requirement is 100%.
Net stable funding ratio (NSFR)	Structural funding profile	Helps maintain a stable funding profile in relation to the composition of assets and off-balance sheet activities. The binding LCR minimum requirement is 100%.

The principal regulator, the PRA, implements the CRR liquidity regime in the UK. To comply with the regulatory framework, NatWest Group undertakes the following:

Activity	Description
Individual Liquidity Adequacy Assessment Process (ILAAP)	This is NatWest Group's annual assessment of its key liquidity and funding vulnerabilities including control frameworks to measure and manage the risks.
Liquidity Supervisory Review and Evaluation Process (L-SREP)	An annual exercise with the PRA that involves a comprehensive review of the NatWest Group ILAAP, liquidity policies and risk management framework. This results in the setting of the Individual Liquidity Guidance, which influences the size of the liquidity portfolio.

Asset encumbrance

NatWest Group evaluates the extent to which assets can be financed in a secured form (encumbrance), but certain asset types lend themselves more readily to encumbrance. The typical characteristics that support encumbrance are an ability to pledge those assets to another counterparty or entity through operation of law without necessarily requiring prior notification, homogeneity, predictable and measurable cash flows, and a consistent and uniform underwriting and collection process. Retail assets including residential mortgages, credit card receivables and personal loans display many of these features.

Prudential regulation changes that may impact capital requirements

NatWest Group faces numerous changes in prudential regulation that may impact the minimum amount of capital it must hold and consequently may increase funding costs and reduce return on equity.

Regulatory changes are actively monitored by NatWest Group, including engagement with industry associations and regulators and participation in quantitative impact studies. Monitoring the changing regulatory landscape forms a fundamental part of capital planning and management of its business.

NatWest Group believes that its strategy to focus on simpler, lower-risk activities within a more resilient recovery and resolution framework will enable it to manage the impact of these.

UK and EU implementation of Basel framework

The Basel framework is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision (BCBS). The Basel III standards are minimum requirements which apply to internationally active banks, which ensure a global level playing field on financial regulation. Individual jurisdictions must decide how to implement the standards.

From 1 January 2021, NatWest Group has been regulated under the on-shored CRR and associated on-shored binding technical standards which were created by the European Union (Withdrawal) Act 2018 and amending statutory instruments. As the Withdrawal Act applied to the CRR in place as of 31 December 2020, changes to the CRR in the EU are not reflected in the UK CRR unless separately legislated and amended by statutory instruments. The Financial Services Bill gives the PRA the power to write prudential rules directly into the PRA rulebook and it will co-ordinate with HM Treasury to implement any required changes to the UK CRR.

On 1 January 2022, PRA implemented changes to the UK CRR to align to the Basel III standards which included the introduction of a new standardised approach for counterparty credit risk (SA-CCR), amendments to the LCR and NSFR rules as well as new regulation applicable to internal ratings (IRB) models. Changes were also introduced to the UK Leverage Ratio framework. Equivalent reforms were implemented in the EU in June 2021, known as CRR2.

On 30 November 2022, the PRA published its consultation paper CP16/22 setting out its proposed rules and expectations with respect to the remaining Basel III standards to be implemented in the UK, also referred to as “Basel 3.1 standards”. This will complete the implementation of post-global financial crisis prudential reforms, which were designed to i) increase the quantity of capital in the system, per unit of risk; ii) increase the quality of capital held by firms; and iii) improve the accuracy of risk-management firms, reducing the variability of risk-weighted assets (RWAs).

The Basel 3.1 changes mainly impact capital requirements for STD and IRB Credit Risk, Market Risk, Credit Valuation Adjustment (CVA) Risk, Counterparty Credit Risk (CCR) and Operational Risk. An aggregate “output floor” is also being introduced to ensure that total RWAs for firms using advanced or internally modelled methods and subject to the floor cannot fall below 72.5% of RWAs under the standardised approach. The B3.1 proposal did not include further changes to the Leverage Ratio, Large Exposures and Liquidity Risk frameworks.

The consultation paper has been followed up with the publication of the PRA’s policy statement PS17/23 Implementation of the Basel 3.1 standards near-final part 1. That contains the near-final rules on Market Risk, CVA, CCR and Operational Risk sections, along with some Pillar 2 guidance relating to these topics. Part 2, PS9/24, containing rules on the remaining Basel 3.1 changes was published in September 2024. This covered primarily Credit Risk, Credit Risk Mitigation, Output Floor and Disclosures & Reporting.

Following the PRA’s announcement on 17 January 2024, the PRA B3.1 rules are to be implemented from 1 January 2027.

Equivalent changes relating to the Basel II standards will be implemented in the EU by the new Banking Package (CRR II/ CRD VI) for which the European Commission issued a proposal in October 2021, with the final rules published in the Official Journal in June 2024. The EU implementation date was 1 January 2025, except for the Market Risk rules which will be implemented on 1 January 2026. Their impact will be limited to NatWest Group’s EU subsidiaries.

Other developments in 2024

The IFRS 9 transitional capital rules in respect of ECL provisions were effective until 31 December 2024. The transitional factor reduced further from 50 % to 25% in January 2024.

On 29 November 2024, the PRA announced its 2024 list of O-SIIs (Other Systemically Important Institutions) as well as the 2024 O-SII buffers for ring-fenced banks (RFBs). The PRA is required to identify O-SIIs on an annual basis. NatWest Group Plc is part of the PRA’s O-SII list and the O-SII buffer for its ring-fenced sub-group (i.e. NatWest Holdings Group) was kept at 1.5%. An O-SII buffer can apply to O-SIIs, or parts of an O-SII that are ring-fenced banks. The 2024 O-SII rates will apply from 1 January 2026; however, the PRA is expected to re-issue its 2024 O-SII buffer rates in mid-2025 to reflect methodological changes introduced by the Financial Policy Committee (FPC).

Summary of future changes to prudential regulation in UK that may impact NatWest Group

The table below covers expected changes to prudential regulation in the UK which may impact NatWest Group at a consolidated level. Certain entities within the group will be exposed to changes in prudential regulation from other legislative bodies and/or local supervisory authorities where NatWest Group’s entities are authorised (e.g. the EU and Jersey) on a solo basis and these changes may be different in substance, scope and timing from those highlighted below.

Prudential regulation changes that may impact capital requirements continued

Area of development	Key changes	Status /Implementation date
Updates to the UK policy framework for capital buffers	– PRA proposal to streamline some of its policy materials on capital buffers. – In parallel, HMT published its proposal to make amendments to other parts of the CBR (Capital Buffers Regulation), including the CCyB (Countercyclical Capital Buffer), CCoB (Capital Conservation Buffer) and SRB (Systemic Risk Buffer).	– PRA consultation under CP10/24 closed on 12 December 2024; awaiting Policy Statement – Expected implementation: Q2 2025
Large Exposures Framework	– PRA proposal to change to large exposure limits for trading book exposures, both to third parties & intragroup. – PRA proposal to introduce substitution rules when calculating the effect of credit risk mitigation techniques.	– PRA consultation under CP 14/24 closed on 17 January 2025 – Implementation: 1 July 2025
Streamlining the Pillar 2A capital framework and the capital communications process	– PRA proposal to retire the refined methodology to Pillar 2A as implemented in 2018. – PRA proposal to streamline firm-specific capital communications. – PRA proposal to make minor amendments for IRRBB and pension obligation risk in P2A.	– PRA consultation under CP9/24 closed on 12 December 2024; awaiting Policy Statement – Implementation: 1 January 2026
Remainder of CRR: Restatement of assimilated law	– PRA proposals to restate the relevant provisions in the assimilated CRR in the PRA Rulebook and other policy material. – Key proposed changes are to the securitisation capital framework, including substantive changes to the SEC-SA calculation, capital requirements for the Mortgage Guarantee Scheme and supervisory expectations relating to the use of unfunded credit protection in synthetic significant risk transfer (SRT) securitisations	– PRA consultation under CP 13/24 closed on 15 January 2025 – Implementation: 1 January 2026
Amendments to the approach to setting a minimum requirement for own funds and eligible liabilities (MREL)	– Consultation that brings together proposals relating to the BoE's statement of policy on its approach to setting a minimum requirement for own funds and eligible liabilities. – It clarifies the BoE's supervisory expectations for the measurement of non-CET1 instruments.	– BoE consultation closed on 24 January 2025 – Implementation: 1 January 2026 (certain provisions will apply earlier soon after policy is finalised but not before July 2025)
Identification and management of step-in risk, shadow banking entities and groups of connected clients	– PRA proposal to implement Basel guidelines for step-in risk in the PRA Rulebook. – PRA proposal to adopt EBA guidelines for limits on exposures to shadow banking entities and connected clients in the Large Exposures (CRR) part of the PRA Rulebook.	– PRA consultation under CP23/23 closed on 5 March 2024: awaiting Policy Statement – Implementation: 1 January 2026
PRA Basel 3.1 implementation: Capital – Output floor	– Applies at highest level of consolidation for UK Groups (e.g. NatWest Group) and sub-consolidated level for Ring-Fenced sub-groups (e.g. NatWest Holdings Group). – Applies to full capital stack including capital buffers. – Transitional period for the application; starting with 60% on 1 January 2027 through to 72.5% at 1 January 2030.	– Near-final rules published in PRA PS9/24 – Implementation: 1 January 2027

Prudential regulation changes that may impact capital requirements continued

Area of development	Key changes	Status /Implementation date
PRA Basel 3.1 implementation: Credit Risk (STD, IRB, FIRB)	– Significant revisions to standardised credit risk, including to unrated corporates, exposures to SMEs, specialised lending, mortgages & equity exposures. – Changes to IRB; restrictions on IRB modelling (switch to standardised on central governments and equities, switch to FIRB on financial institutions and large corporates), inclusion of input floors and other modelling changes. – Removal of SME & Infrastructure supporting factors (IRB & standardised). – Amendments to credit risk mitigation, including the withdrawal of some internal modelling approaches, the removal of double default and a new risk-weight substitution approach on some exposures.	– Near-final rules published in PRA PS9/24 – Implementation: 1 January 2027
PRA Basel 3.1 implementation: Market Risk	– Implementation of FRTB (Fundamental Review of Trading Book) - new standardised approaches – Revised banking/trading book boundary.	– Near-final rules published in PRA PS17/23 – Implementation: 1 January 2027
PRA Basel 3.1 implementation: Capitalisation of foreign exchange positions for market risk	– PRA proposal to clarify that items held at historical FX rates, which only re-value in certain circumstances, are not included in Pillar 1 FX risk requirements as their sensitivity to FX rates is generally zero.	– PRA consultation under CP17/23 closed on 31 January 2024; awaiting Policy Statement – Expected implementation: 1 January 2027
PRA Basel 3.1 implementation: CVA & Counterparty Credit Risk	– Removal of modelled approach. – New standardised approach, aligned to Basel framework, including the removal of CVA exemptions on sovereigns, non-financial counterparties, and pension funds. – Reduced SA-CCR alpha factor from 1.4 to 1 for non-financial counterparties and pension funds.	– Near final rules published in PRA PS17/23 – Implementation: 1 January 2027
PRA Basel 3.1 implementation: Operational Risk	– New standardised approach. – Internal Loss Multiplier (ILM) set to 1. – Changes to the income requirements in scope of the business indicator.	– Near final rules published in PRA PS17/23 – Implementation: 1 January 2027
PRA Basel 3.1 implementation: Disclosures & Reporting	– PRA adopts disclosure templates without material deviations from the Basel disclosure standard. – PRA updates supervisory reporting requirements to reflect changes introduced under the B3.1 rules.	– Near final rules published in PRA PS9/24 – Implementation: 1 January 2027
PRA Basel 3.1 implementation: Pillar 2	– PRA updates to the Pillar 2 requirements, necessary for the implementation of Basel 3.1 changes in the UK Pillar 1 framework.	– Feedback published in PRA PS9/24 – Implementation: 1 January 2027
Definition of Capital: restatement of CRR requirements in PRA Rulebook	– HM Treasury announced its intention to bring into force the revocation of CRR requirements relating to the definition of own funds. – PRA proposal to restate and, in some cases, modify these requirements in the PRA Rulebook.	– PRA consultation under CP8/24 closed on 12 December 2024 – Implementation date to be confirmed under another consultation paper

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

NatWest Group - Key points

CET1 ratio

13.6%

(Q3 2024 – 13.9%)

The CET1 ratio decreased by 30 basis points to 13.6%. The decrease in the CET1 ratio was due to a £0.4 billion decrease in CET1 capital and a £1.5 billion increase in RWAs.

The CET1 capital decrease was mainly driven by a directed buyback of £1.0 billion and other movements on reserves and regulatory adjustments of £0.2 billion partially offset by an attributable profit to ordinary shareholders in the period of £0.8 billion (net of foreseeable ordinary dividend accrual).

RWAs

£183.2bn

(Q3 2024 - £181.7bn)

Total RWAs increased by £1.5 billion to £183.2 billion mainly reflecting:

– An increase in credit risk RWAs of £2.7 billion primarily reflecting an increase in drawdowns, new facilities, and securitisations within Commercial & Institutional Banking; Within Retail Banking increased lending and an uplift in IRB Temporary Model Adjustments. A further increase in RWAs from foreign exchange movements due to sterling weakening against the US dollar and strengthening against the euro. These movements were partially offset by active RWA management.
– A reduction in market risk RWAs of £1.0 billion, largely reflecting lower interest rate risk.
– A decrease in counterparty credit risk RWAs of £0.2 billion driven by a reduction in securities financing transactions partially offset by an increase in over-the-counter exposures.

UK leverage ratio

5.0%

(Q3 2024 – 5.0%)

The leverage ratio remained static at 5.0% due to a £13.1 billion increase in leverage exposure offset by a £0.2 billion increase in Tier 1 capital. The key drivers in the leverage exposure were an increase in other financial assets and other off balance sheet items offset by a decrease in trading assets.

UK average leverage ratio

5.0%

(Q3 2024 – 5.0%)

The average leverage ratio remained static at 5.0% driven by an £11.9 billion increase in average leverage exposure offset by a £0.5 billion increase in 3-month average Tier 1 capital. The key drivers in the average leverage exposure were an increase in other financial assets and other off balance sheet items.

LCR average

151%

(Q3 2024 – 149%)

The average Liquidity Coverage Ratio (LCR) increased by 2% compared to Q3 2024 from 149% to 151%. This was driven by growth in customer deposits partially offset by increased lending.

NSFR average

137%

(Q3 2024 - 136%)

The average Net Stable Funding Ratio (NSFR) increased by 1% compared to Q3 2024 from 136% to 137%. The increase was due to higher deposits and wholesale funding partially offset by higher lending.

UK KM1: Key metrics

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

	Available own funds (amounts)	**31 December 2024 £m**	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
1	Common equity tier 1 (CET1) capital	**24,928**	25,296	24,607	25,068	24,440
2	Tier 1 capital	**30,187**	29,966	29,277	28,943	28,315
3	Total capital	**36,105**	35,790	35,201	34,980	33,632
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**183,221**	181,714	180,768	186,295	182,989
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common equity tier 1 ratio (%)	**13.6**	13.9	13.6	13.5	13.4
6	Tier 1 ratio (%)	**16.5**	16.5	16.2	15.5	15.5
7	Total capital ratio (%)	**19.7**	19.7	19.5	18.8	18.4
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**1.8**	1.8	1.8	1.8	1.8
UK 7b	Additional AT1 SREP requirements (%)	**0.6**	0.6	0.6	0.6	0.6
UK 7c	Additional Tier 2 SREP requirements (%)	**0.8**	0.8	0.8	0.8	0.8
UK 7d	Total SREP own funds requirements (%)	**11.2**	11.2	11.2	11.2	11.2
	Combined buffer requirement (as a percentage of risk-weighted exposure amount) (1)					
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (2)	**1.7**	1.7	1.7	1.7	1.7
11	Combined buffer requirement (%)	**4.2**	4.2	4.2	4.2	4.2
UK 11a	Overall capital requirements (%)	**15.4**	15.4	15.4	15.4	15.4
12	CET1 available after meeting the total SREP own funds requirements (%)	**7.3**	7.6	7.3	7.1	7.1
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**607,799**	594,716	565,726	562,831	562,843
14	Leverage ratio excluding claims on central banks (%)	**5.0**	5.0	5.2	5.1	5.0
	Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0**	5.0	5.2	5.1	5.0
UK 14b	Leverage ratio including claims on central banks (%)	**4.3**	4.3	4.3	4.3	4.3
UK 14c	Average leverage ratio excluding claims on central banks (%)	**5.0**	5.0	5.1	5.0	5.0
UK 14d	Average leverage ratio including claims on central banks (%)	**4.3**	4.3	4.3	4.2	4.2
UK 14e	Countercyclical leverage ratio buffer (%) (2)	**0.6**	0.6	0.6	0.6	0.6
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**158,333**	156,537	156,387	154,770	155,485
UK 16a	Cash outflows - Total weighted value	**116,726**	116,806	117,942	119,602	122,306
UK 16b	Cash inflows - Total weighted value	**11,715**	11,706	11,381	11,605	11,998
16	Total net cash outflows (adjusted value)	**105,011**	105,100	106,561	107,997	110,308
17	Liquidity coverage ratio (%) (3)	**151**	149	147	143	141
	Net stable funding ratio					
18	Total available stable funding	**423,608**	417,196	412,609	408,908	407,678
19	Total required stable funding	**308,679**	306,254	302,877	300,597	296,874
20	NSFR ratio (%) (4)	**137**	136	136	136	137

(1) The following rows are not presented in the table above because they are not applicable: UK8a and UK9a, 10 and UK10a
(2) 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 buffer is currently being maintained at 2%, The countercyclical leverage ratio buffer is set at 35% of NatWest Group plc CCyB.
(3) The Liquidity Coverage Ratio (LCR) is calculated as the average of the preceding 12 months.
(4) The Net Stable Funding ratio (NSFR) is calculated as the average of the preceding four quarters. The prior period comparatives for HQLA within required stable funding have been restated for March 2024 and December 2023.

KM2: Key metrics - MREL

The table below provides a summary of own funds, eligible liabilities, ratios and components for NatWest Group.

		Minimum requirement for own funds and eligible liabilities (MREL) 31 December 2024 £m	Minimum requirement for own funds and eligible liabilities (MREL) 31 December 2023 £m
Own funds and eligible liabilities, ratios and components			
1	Own funds and eligible liabilities	**60,457**	55,794
1a	*Of which own funds and subordinated liabilities*	***60,457***	*55,794*
2	Total risk exposure amount of the resolution group (TREA)	**183,221**	182,989
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2) (%)	**33.0**	30.5
3a	Of which own funds and subordinated liabilities (%)	***33.0***	30.5
4	Total exposure measure of the resolution group	**607,799**	562,843
5	Own funds and eligible liabilities as percentage of the total exposure measure (%)	**9.9**	9.9
5a	Of which own funds or subordinated liabilities	**9.9**	9.9
Minimum requirement for own funds and eligible liabilities (MREL) (2)			
7	MREL requirement expressed as percentage of the total risk exposure amount (%)	**22.3**	22.5
9	MREL requirement expressed as percentage of the total exposure measure (%)	**6.7**	7.3

(1) As NatWest Group is a single point of entry resolution firm, the resolution group is equal to the prudential consolidation group.
(2) Based on the end state requirements i.e. higher of 2x the sum of P1 and P2A add on; and 2x the applicable Leverage ratio requirement.
(3) Rows 6a,6b and 6c are not presented as not applicable to non-GSII banks.

IFRS 9-FLS: 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. NatWest Group has elected to take advantage of the transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	Available capital (amounts) - transitional	**31 December 2024 £m**	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m
1	Common equity tier 1	**24,928**	25,296	24,607	25,068	24,440
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**24,895**	25,254	24,568	24,994	24,238
3	Tier 1 capital	**30,187**	29,966	29,277	28,943	28,315
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**30,154**	29,924	29,238	28,869	28,113
5	Total capital	**36,105**	35,790	35,201	34,980	33,632
6	Total capital as if IFRS 9 transitional arrangements had not been applied	**36,072**	35,748	35,162	35,004	33,686
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	**183,221**	181,714	180,768	186,295	182,989
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	**183,218**	181,711	180,767	186,292	182,972
	Capital ratios	**%**	%	%	%	%
9	Common equity tier 1 ratio	**13.6**	13.9	13.6	13.5	13.4
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**13.6**	13.9	13.6	13.4	13.2
11	Tier 1 ratio	**16.5**	16.5	16.2	15.5	15.5
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**16.5**	16.5	16.2	15.5	15.4
13	Total capital ratio	**19.7**	19.7	19.5	18.8	18.4
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	**19.7**	19.7	19.5	18.8	18.4
	Leverage ratio					
15	Leverage ratio exposure measure (£m)	**607,799**	594,716	565,726	562,831	562,843
16	Leverage ratio (%)	**5.0**	5.0	5.2	5.1	5.0
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	**5.0**	5.0	5.2	5.1	5.0

UK OV1: Overview of risk-weighted exposure amounts

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

		a	b	c
		Risk-weighted exposure amounts (RWAs)		**Total own funds requirements**
		31 December 2024 £m	30 September 2024 £m	**31 December 2024 £m**
1	Credit risk (excluding counterparty credit risk)	**142,885**	140,636	**11,431**
2	*Of which: standardised approach*	***19,335***	*18,597*	***1,547***
3	*Of which: the foundation IRB (FIRB) approach*	-	-	-
4	*Of which: slotting approach*	***13,104***	*12,254*	***1,048***
UK 4a	*Of which: equities under the simple risk-weighted approach*	***1,367***	*1,471*	***109***
5	*Of which: the advanced IRB (AIRB) approach (1)*	***109,079***	*108,314*	***8,727***
5a	*Of which: non-credit obligation assets (3)*	***3,875***	*3,941*	***310***
6	Counterparty credit risk	**7,009**	7,153	**561**
7	*Of which: standardised approach*	***1,151***	*1,073*	***92***
8	*Of which: internal model method (IMM)*	***3,765***	*3,792*	***301***
UK 8a	*Of which: exposures to a CCP*	***124***	*130*	***10***
UK 8b	*Of which: credit valuation adjustment (CVA)*	***966***	*981*	***77***
9	*Of which: other counterparty credit risk*	***1,003***	*1,177*	***81***
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	**5,287**	4,914	**423**
17	*Of which: SEC-IRBA approach*	***1,500***	*1,397*	***120***
18	*Of which: SEC-ERBA (including IAA)*	***236***	*233*	***19***
19	*Of which: SEC-SA approach*	***3,503***	*3,235*	***280***
UK 19a	*Of which: 1,250%/deduction*	***48***	*49*	***4***
20	Position, foreign exchange and commodities risk (market risk)	**6,213**	7,184	**497**
21	*Of which: standardised approach*	***1,003***	*954*	***80***
22	*Of which: IMA*	***5,210***	*6,230*	***417***
UK 22a	Large exposures	-	-	-
23	Operational risk	**21,821**	21,821	**1,746**
UK 23a	*Of which: basic indicator approach*	-	-	-
UK 23b	*Of which: standardised approach*	***21,821***	*21,821*	***1,746***
UK 23c	*Of which: advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	**1,944**	1,846	**156**
25	Other Risk Exposure amount	**6**	6	-
25a	*Of which : Additional risk exposure amount due to Article 3 CRR*	**6**	6	-
29	Total	**183,221**	181,714	**14,658**

(1) Of which £204 million RWAs (30 September 2024- £181 million) relate to equity IRB under the probability of default/loss given default approach.
(2) The amount is shown for information only, as these exposures are already included in rows 1 and 2.
(3) 5a is subset of total IRB RWAs disclosed in Row 5.

UK OVC: ICAAP information

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

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

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

		a
		RWAs
		£m
1	At 31 December 2023	119,733
2	Asset size	977
3	Asset quality	136
4	Model updates	296
7	Foreign exchange movements	(111)
9	At 31 March 2024	121,031
2	Asset size	(1,650)
3	Asset quality	(64)
4	Model updates	(368)
7	Foreign exchange movements	(80)
8	Other	(1,890)
9	At 30 June 2024	116,979
2	Asset size	2,130
3	Asset quality	(567)
4	Model updates	157
7	Foreign exchange movements	(654)
8	Other	(1,599)
9	At 30 September 2024	116,446
2	Asset size	1,138
3	Asset quality	192
4	Model updates	450
7	Foreign exchange movements	545
8	Other	(667)
9	At 31 December 2024	118,104

(1) The following rows are not presented because they have zero values during the year: (5) methodology and policy and (6) acquisitions and disposals.

Q4 2024

- The increase in RWAs related to asset size was driven by drawdowns and new facilities within both Commercial & Institutional and Retail Banking.
- The increase in RWAs relating to asset quality was primarily driven by PD deterioration and partially offset by a decrease due to customers moving into default within Commercial & Institutional.
- The increase in RWAs for model updates was primarily due to an increase in the IRB Temporary Model Adjustment, mainly relating to mortgages within Retail Banking.
- The increase in foreign exchange movements was mainly a result of sterling weakening against the US dollar and strengthening against the euro during the period.
- The decrease in RWAs in other reflects capital management activity in Commercial & Institutional.

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

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

		a
		RWAs
		£m
1	At 31 December 2023	4,117
2	Asset size	(283)
3	Credit quality of counterparties	3
7	Foreign exchange movements	(41)
9	At 31 March 2024	3,796
2	Asset size	(81)
3	Credit quality of counterparties	(18)
7	Foreign exchange movements	(15)
9	At 30 June 2024	3,682
2	Asset size	240
3	Credit quality of counterparties	(34)
7	Foreign exchange movements	(96)
9	At 30 September 2024	3,792
2	Asset size	(46)
3	Credit quality of counterparties	(21)
7	Foreign exchange movements	40
9	At 31 December 2024	3,765

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

Q4 2024

– IMM RWAs remained broadly stable over the fourth quarter.

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

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

		a	b	c	e	f	g
		Value-at-risk (VaR) £m	Stressed value-at-risk (SVaR) £m	Incremental risk charge (IRC) £m	Other risks-not-in VaR (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1	At 31 December 2023	1,698	2,501	814	1,305	6,318	505
1a	*Regulatory adjustment (1)*	*(1,290)*	*(1,951)*	*(169)*	*-*	*(3,410)*	*(273)*
1b	*RWAs at 31 December 2023 (end of day)*	*408*	*550*	*645*	*1,305*	*2,908*	*232*
2	Movement in risk levels	(92)	(54)	440	(151)	143	12
3	Model updates/changes	-	-	-	(116)	(116)	(9)
8a	*RWAs at 31 March 2024 (end of day)*	*316*	*496*	*1,085*	*1,038*	*2,935*	*235*
8b	*Regulatory adjustment (1)*	*1,426*	*1,847*	*9*	*-*	*3,282*	*262*
8	At 31 March 2024	1,742	2,343	1,094	1,038	6,217	497
1a	*Regulatory adjustment (1)*	*(1,426)*	*(1,847)*	*(9)*	*-*	*(3,282)*	*(262)*
1b	*RWAs at 31 March 2024 (end of day)*	*316*	*496*	*1,085*	*1,038*	*2,935*	*235*
2	Movement in risk levels	194	321	116	128	759	61
3	Model updates/changes	-	-	-	(110)	(110)	(9)
8a	*RWAs at 30 June 2024 (end of day)*	*510*	*817*	*1,201*	*1,056*	*3,584*	*287*
8b	*Regulatory adjustment (1)*	*736*	*1,396*	*-*	*-*	*2,132*	*170*
8	At 30 June 2024	1,246	2,213	1,201	1,056	5,716	457
1a	*Regulatory adjustment (1)*	*(736)*	*(1,396)*	*-*	*-*	*(2,132)*	*(170)*
1b	*RWAs at 30 June 2024 (end of day)*	*510*	*817*	*1,201*	*1,056*	*3,584*	*287*
2	Movement in risk levels	(72)	194	(121)	37	38	3
3	Model updates/changes	(135)	(274)	(8)	44	(373)	(30)
8a	*RWAs at 30 September 2024 (end of day)*	*303*	*737*	*1,072*	*1,137*	*3,249*	*260*
8b	*Regulatory adjustment (1)*	*939*	*1,944*	*98*	*-*	*2,981*	*238*
8	At 30 September 2024	1,242	2,681	1,170	1,137	6,230	498
1a	*Regulatory adjustment (1)*	*(939)*	*(1,944)*	*(98)*	*-*	*(2,981)*	*(238)*
1b	*RWAs at 30 September 2024 (end of day)*	*303*	*737*	*1,072*	*1,137*	*3,249*	*260*
2	Movement in risk levels	(35)	(112)	(258)	(264)	(669)	(53)
3	Model updates/changes	-	-	*389*	*4*	*393*	*31*
8a	*RWAs at 31 December 2024 (end of day)*	*268*	*625*	*1,203*	*877*	*2,973*	*238*
8b	*Regulatory adjustment (1)*	*521*	*1,502*	*214*	*-*	*2,237*	*179*
8	At 31 December 2024	789	2,127	1,417	877	5,210	417

(1) Regulatory adjustments in rows 1a and 8b represent the difference in RWA terms between the risk spot measure at the end of the reporting period and the 60-day average of that measure, multiplied by the multiplication factor.
(2) The following rows and/or columns are not presented because they had zero values or are not used by NatWest Group: column (d) comprehensive risk measure; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q4 2024

- Overall, market risk RWAs under the IMA fell during the fourth quarter.
- The decreases in VaR and SVaR-based RWAs were largely driven by interest rate risk.
- The increase in the incremental risk charge largely reflected the new multi-factor Monte Carlo model, which took effect during Q4 2024 following PRA approval.
- The decrease in RNIV-based RWAs notably reflected the booking of a new hedge to mitigate foreign exchange risk.

Annex III: Risk management - objectives and policies

UK OVA: Institution risk management approach.

Risk management framework

The strategy of NatWest Group is supported by strategic priorities and bank-wide financial targets, setting out how value will be created, and sustainable financial returns delivered. All risk-taking activities should support NatWest Group's strategy; champion potential, helping people, families and businesses to thrive.

Strategy is informed and shaped by an understanding of the risk profile. NatWest Group's current strategy must also take into account a range of threats, risks and uncertainties in the external economic, political and regulatory environment. Identifying these and understanding how they affect NatWest Group informs risk appetite setting and risk management practices.

The NatWest Group enterprise-wide risk management framework (EWRMF)

NatWest Group operates an EWRMF, which is centred on the embedding of a strong risk culture. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision-making across the organisation. It applies to all subsidiary legal entities, businesses and functions and links each component of the framework to help deliver our strategy in a safe and sustainable way. It is approved annually by the Board.

The framework ensures that NatWest Group's principal risks – which are detailed in this section – are appropriately controlled and managed and that risk management arrangements are adequate. It sets out the standards and objectives for risk management as well as defining the division of roles and responsibilities. This seeks to ensure a consistent approach to risk management across NatWest Group and its subsidiaries.

Adequacy of the risk management framework

The risk management framework, which is designed and maintained by NatWest Group's independent Risk function, is owned by the NatWest Group Chief Risk Officer (CRO). It is reviewed and approved annually by the Board.

The framework incorporates risk governance, NatWest Group's three lines of defence operating model and the Risk function's mandate. It is deemed to be adequate for the scope and nature of the institution and aligned with NatWest Group's risk profile and overall strategic objectives.

Risk appetite, supported by a framework with robust principles, policies and practices, defines the type and levels of risk NatWest Group is willing to take providing a structured approach to risk-taking within agreed boundaries.

The risk appetite framework also ensures emerging risks and risk-taking activities that might be out of appetite are identified, assessed, escalated and addressed in a timely manner.

To facilitate this, a detailed review of the framework is carried out annually. The review includes:

- Assessing the adequacy of the framework when compared to internal and external expectations.
- Ensuring the framework remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation. The Board approves the risk appetite framework and associated measures at least annually.

While all NatWest Group colleagues are responsible for managing risk, the NatWest Group Risk function provides oversight and monitoring of risk management activities, including the implementation of the framework and adherence to its supporting policies, standards and operational procedures. The NatWest Group CRO plays an integral role in providing the Board with advice on NatWest Group's risk profile, the performance of its controls and in providing challenge where a proposed business strategy may exceed risk tolerance.

In addition, there is a process to identify and manage top risks, which are those that could have a significant negative impact on NatWest Group's ability to meet its strategic objectives. A complementary process operates to identify emerging risks. Both top and emerging risks may incorporate aspects of – or correlate to – a number of principal risks and are reported alongside them to the Board on a regular basis.

UK OVA: Institution risk management approach continued

The following diagram illustrates NatWest Group's EWRMF.

Enterprise-wide risk management framework

01 The enterprise-wide risk management framework (EWRMF) sets out our approach to managing risk across NatWest Group and provides a common risk language and framework to facilitate effective risk management.

02 The building blocks of the EWRMF are: risk appetite, risk governance, three lines of defence and risk culture.

Risk appetite	Risk governance	Three lines of defence	Risk culture
Risk appetite is defined as the type and aggregate level of risk NatWest Group is willing to accept in pursuit of its strategic objectives and business plans.	NatWest Group's governance structure facilitates sound risk management decision-making, in line with standards of good corporate governance.	NatWest Group adopts a three lines of defence model of risk governance. Everyone has a responsibility for intelligent risk-taking.	The EWRMF is centred on the embedding of a strong risk culture that encompasses both prudential and conduct risk outcomes and prescribed behaviours.

03 The EWRMF sets out a common risk language and standard definitions to ensure consistency in the application of risk management terminology.

Common risk language, architecture and approach

Risk directory and principal risks	Principal risk policies	Risk standards	Risk toolkits
The risk directory provides a common language to ensure that consistent terminology is used across NatWest Group to describe the principal risks.	Risk policies are in place for each principal risk and define, at a high level, the cascade of qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk-taking.	Risk standards provide a more granular expression of the risk policies and provide the detail for the first line of defence to develop operational policies/procedures.	Risk toolkits define the approaches, tools and techniques for managing risk (split by all principal risks, financial and non-financial risks).

04 The risk toolkit cycle outlines the NatWest Group-wide approach to identify, assess, mitigate, monitor and report risks.

Report	Identify and assess
Reporting of the risk profile, emerging themes, current issues and other key information.	Effective risk identification and assessment to understand the risk profile.
Monitor	**Mitigate**
Monitoring of the risk profile through principal risk indicators or other key metrics.	Determination of the appropriate action for how risks are managed or mitigated.

05 Principal risks are used as the basis for setting risk appetite and risk identification.

Principal risks	
Financial risks	**Non-financial risks**
Capital risk	Financial crime risk
Liquidity and funding risk	Model risk
Credit risk	Operational risk
Earnings stability risk	Reputational risk
Traded market risk	Compliance risk
Non-traded market risk	Conduct risk
Pension risk	
Climate and nature risk	

Further information on the risk governance structure is provided later in this section. An outline of principal risks is contained in the Risk and capital management section of the 2024 Annual Report and Accounts.

UK OVA: Institution risk management approach continued

Risk appetite

The NatWest Group risk appetite statement sets the total level of risk that NatWest Group is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Risk appetite is allocated to principal risks, legal entities and business segments using a cascade of risk appetite measures. These measures are designed to prevent NatWest Group from unknowingly exceeding risk capacity as market conditions change and to prevent or detect excessive risk-taking.

Risk appetite measures are:

- Expressed relative to quantitative factors such as financial metrics, risk concentrations or customer outcomes.
- Set at a level to constrain risk-taking within risk appetite.
- Specific and sensitive to the shape of actual portfolios, frequency-based and reportable.
- Initially set for each principal risk at NatWest Group level and then, where appropriate, allocated to business segments and legal entities based on strategic planning assumptions.
- Appropriate to reflect material risk concentrations at NatWest Group, legal entity and principal risk level as relevant.

Risk appetite measures take into account the interaction between principal risks within and across businesses and legal entities and their correlated or compounding impact on exposures and outcomes.

Risk appetite limits – and their associated trigger levels – are initially set for NatWest Group. To ensure subsidiary legal entities operate within the parameters of the parent legal entity, parent entities can propose an allocation of risk appetite limits and triggers to subsidiary entities where relevant. Legal entities may also create supplementary limits where they are required to provide their Board and Executive with visibility of specific measures, aligned to the achievement of entity-specific strategic objectives.

Risk appetite is managed such that measures remain aligned with principal risks including capital, liquidity, funding and earnings stability and are calibrated to a level where full utilisation of operational limits does not result in a breach of appetite. This alignment is evaluated and tested by the application of a mix of tools, tests and limits:

- Stress-testing the current and future risk profile across a range of scenarios provides evidence that risk-taking across the range of principal risks is within overall risk appetite.
- Sensitivity analysis explores how the risk profile changes when one or more principal risks move from current levels to full utilisation of risk appetite and is used to confirm that NatWest Group will remain within overall risk appetite even if utilisation moves to the limits.
- Scenario analysis explores how the risk profile reacts to specific changes in the economic environment and is a useful supplement to stress testing.
- Where a direct linkage is possible, measures are used to calibrate risk appetite with capital, liquidity, funding and earnings stability requirements.

The Board-approved strategy and budget are reviewed for alignment with risk appetite. These may be adjusted as required as opportunities and strategic objectives change.

Such adjustments require Board approval.

Operational limits are set by each principal risk aligned to how the risk is managed on a day-to-day basis to achieve strategy and one of the primary tools used to monitor compliance with risk appetite and operational limits is a range of scenarios that are run on a regular basis.

The scenarios are revised at a minimum annually or where there are significant changes in the risk environment and outlook. Any changes to the scenario portfolio require Board Risk Committee (BRC) approval.

Material transactions in 2024

During 2024, the material transactions within NatWest Group, affiliates or related parties considered to have had a material impact on the risk profile of the institution were as follows:

- In May 2024, NatWest Group announced an off-market purchase under the Directed Buyback Contract with HM Treasury of 392,448,233 ordinary shares for a total consideration of £1,240,921,313. The purchased ordinary shares represented 4.50% of the company's issued ordinary share capital at the time (excluding treasury shares).
- In November 2024, NatWest Group announced an off-market purchase under the Direct Buyback Scheme with HM Treasury of 262,605,042 ordinary shares for a total consideration of £1,000,000,000. The purchased ordinary shares represented 3.16% of the company's issued ordinary share capital at the time (excluding treasury shares).
- In June 2024, NatWest Group plc announced an agreement with Sainsbury's Bank plc to acquire the retail banking assets and liabilities of Sainsbury's Bank plc, subject to court and regulatory approvals. We expect to acquire approximately £2.5 billion of gross customer assets, comprising £1.4 billion of unsecured personal loans and £1.1 billion of credit card balances, together with approximately £2.6 billion of customer deposits. The transaction is expected to complete during the first half of 2025 and have a 20-basis-point impact on NatWest Group's CET1 ratio upon completion and be EPS and RoTE accretive upon completion.
- In July 2024, NatWest Group plc also agreed to acquire a £2.3 billion portfolio of prime UK residential mortgages from Metro Bank plc, with a weighted average current loan to value of c.62%. The acquisition increased RWAs by £0.9 billion, which equates to a reduction of less than 10 basis points on NatWest Group's CET1 ratio.

Relevant transactions are reviewed by the Acquisition and Disposal Committee to assess their risk profile with oversight by the risk function.

Risk governance structure

The main purposes and responsibilities of each of NatWest Group's risk committees are outlined below.

NatWest Group Board

Provides leadership of NatWest Group within a framework of prudent and effective controls which enables risks to be assessed and managed. Reviews and approves the EWRMF (including the Group's risk appetite framework) and approves the risk appetite for principal risks. Monitors performance against risk appetite, considers material risks and approves, as appropriate, recommended actions escalated by the Group Board Risk Committee (BRC). Reviews the effectiveness of risk management and internal control systems. Oversees and approves the operational resilience self-assessment.

UK OVA: Institution risk management approach continued

NatWest Group Board Risk Committee

Provides oversight and advice to the Board on current and potential future risk exposures, future risk profile including NatWest Group risk appetite and the approval and effectiveness of the EWRMF and internal controls required to manage risk. Reviews all material risk exposures and management's recommendations to monitor, control and mitigate such exposures, including for all principal risks and emerging risks. Oversees the effectiveness of the model risk management framework(1), approves the key risk policies(2) in accordance with the EWRMF, and approves the enterprise-wide risk management strategy (EWRMS) and oversees its effective delivery. Reviews and recommends to the Board the assumptions, scenarios and metrics used for stress tests.

(1) Excluding those aspects of the Group Model Risk Management Framework specifically requiring oversight by the Group Audit Committee.
(2) Risk policies are in place for each principal risk and define, at a high level, the cascade of qualitative expectation, guidance and standards that stipulate the nature and extent of permissible risk taking. They are consistently applied across NatWest Group and subsidiary legal entities and form part of the qualitative expression of risk appetite for each principal risk.

NatWest Group Executive Risk Committee (ERC)

Supports the Group CRO and other accountable executives in discharging risk management accountabilities. Reviews, challenges and debates all material risk exposures including for all principal risks and the performance of NatWest Group relative to risk appetite. Receives and reviews reports on emerging risks. Reviews the EWRMF, key risk policies and enterprise-wide risk management strategy and supports their recommendation to BRC. Reviews the performance of NatWest Group relative to risk appetite. Drives effective implementation and embedding of the EWRMF in NatWest Group.

NatWest Group Executive Committee (ExCo)

Supports the Group CEO in discharging their individual accountabilities including matters relating to strategy, financials, asset and liability management, risk and operational issues. Considers material or enterprise-wide risk and control matters and receives updates from the Group CRO on Group-wide issues as appropriate.

NatWest Group Asset & Liability Management Committee

Supports the Group CFO in overseeing the effective management of NatWest Group's current and future balance sheet in line with chosen business strategy and Board-approved risk appetite, under normal and under stress conditions and in the provision of information to the appropriate Executive or Board Committee. Supports the Group CFO's and Group CRO's recommendation to BRC of the assumptions, scenario themes and expanded metrics used for stress tests.

Group Executive Disclosure Committee

Supports the Group CFO in discharging their individual accountabilities, including the review of all material financial and non-financial disclosures made by NatWest Group to ensure that they are accurate and complete and fairly represent the business and financial condition of NatWest Group with no material misstatements or omissions.

The NatWest CRO leads the NatWest Group risk function. He defines and delivers the risk, conduct, compliance, and financial crime strategies. He defines the overall risk service provision requirements to enable delivery of NatWest Group strategies, including policies, governance, frameworks, oversight and challenge, risk culture and risk reporting. He contributes to the development of strategy, transformation, and culture as a member of ExCo.

The Directors of Risk receive delegated accountability from the relevant CRO to oversight business segments and functions. They primarily set operational limits in line with the delegated authority and the relevant legal entity, business segment or function Executive to enable the monitoring and management of principal risks at a business level in line with risk appetite. Operational limits of significant importance to the management of principal risks within risk appetite may be approved by the relevant CEO and CRO following recommendation by the relevant ERC to ensure appropriate visibility and oversight. Operational limits should align to and support the risk appetite measures and associated risk appetite limits set for each principal risk to provide a comprehensive top-down and bottom-up view to ensure that each business segment and legal entity is operating within the parameters set by the Board. This alignment is validated via independent review and verification.

Heads of Internal control

During 2024 the following changes to the heads of internal control, risk management, compliance and internal audit took place:

- In February 2024, Paul Thwaite was formally appointed as NatWest Group CEO.
- In March 2024, Robert Begbie was appointed as CEO of NatWest Commercial & Institutional.
- In April 2024, Jen Tippin took on an expanded remit as Group Chief Operating Officer
- In April 2024, Solange Chamberlain was appointed NatWest's Group Director of Strategic Development
- In July 2024, Jon Peberdy was appointed as CEO for NatWest Markets
- In December 2024, it was announced that David Lindberg CEO Retail banking will be leaving NatWest Group in Q1 2025.

Other changes to internal control, risk management, compliance and internal audit below the level of CEO-1 took place.

Risk culture

The approach to risk culture, under the banner of intelligent risk taking, ensures a focus on robust risk management behaviours and practices. This underpins our strategy and our values across all three lines of defence, enables us to support better customer outcomes, develop a stronger and more sustainable business, and deliver an improved cost base.

NatWest Group expects leaders to act as role models for strong risk behaviours and practices, building clarity, developing capability and motivating employees to reach the required standards set out in the Intelligent risk-taking approach. Colleagues are expected to:

- Consistently role-model the values and behaviours in Our Code, based on strong ethical standards.
- Empower others to take risks aligned to NatWest Group's strategy, explore issues from a fresh perspective, and tackle challenges in new and better ways across organisational boundaries.
- Manage risk in line with appropriate risk appetite.
- Ensure each decision made keeps NatWest Group, colleagues, customers, communities and shareholders safe and secure.
- Understand their role in managing risk, remaining clear and capable, grounded in knowledge of regulatory obligations.
- Consider risk in all actions and decisions.
- Escalate risks and issues early; taking action to mitigate risks and learning from mistakes and near-misses, reporting and communicating these transparently.
- Challenge others' attitudes, ideas and actions.

The target intelligent risk-taking behaviours are embedded in NatWest Group's Critical People Capabilities and are clearly aligned to the core values of inclusive, curious, robust, sustainable and ambitious.

UK OVA: Institution risk management approach continued

These aim to act as an effective basis for a strong risk culture because the Critical People Capabilities form the basis of all recruitment and selection processes.

Disclosure on the scope and nature of risk disclosure and/or measurement systems

NatWest Group's EWRMF ensures that NatWest Group's principal risks are appropriately controlled and managed. It seeks to ensure a consistent approach to risk management across NatWest Group and its subsidiaries. Risk appetite measures are in place for all principal risks, with performance against these measured on a regular basis.

The CRO provides regular reporting to ERC, BRC and the Board. This includes an outline of performance against risk appetite measures for all principal risks and details of mitigants and management actions in place to address any areas of concern. The CRO[1] also undertakes regular engagement with the Chair of BRC[2] including before and after each scheduled meeting of the BRC.

(1) The NatWest Group CRO is also the NWH Group CRO and
(2) the Chair of the NatWest Group BRC is also the Chair of the NWH Group BRC.

A review of the effectiveness of controls is undertaken through the Control Environment Certification (CEC) process. This is a half-yearly self-assessment by the CEOs of NatWest Group's businesses, as well as the heads of the bank's support functions. It provides a consistent and comparable view on the adequacy and effectiveness of the internal control environment. During 2024, the NatWest Group and NWH Group ERCs and BRCs received updates on the CEC assessment for all of NatWest Group's businesses and support functions.

The committees also reviewed a proposal to change the existing approach to the CEC process from 2025 to align it with industry best practice. This was approved by the NatWest Group and NWH Boards in December 2024.

Risk disclosure and measurement systems

The risk management strategy defines the target state for risk management, taking the requirements and ambitions of NatWest Group strategy and identifying the risk capabilities that NatWest Group needs to retain, develop and invest in to deliver the NatWest Group business strategy, consistent with the following criteria:

- The strategic principles which articulate the high-level. NatWest Group-wide risk perimeter or "guard rails" set by the Board.
- The Board's risk appetite, as expressed across the 14 principal risks.
- The target control environment rating (CE2).

NatWest Group's risk profile is reviewed and monitored on a regular basis. Management focus covers all principal risks as well as the top and emerging risks which may impact them. Risk profile relative to risk appetite is reported regularly to senior management and the Board.

CEC covers material risks and the underlying key controls, including financial, operational and compliance controls, as well as their supporting risk management frameworks.

An enhanced approach to risk and control performance assessment has been developed and tested during 2024. This will replace the current Control Environment Certification (CEC) approach from 2025.

Risk and control self-assessments are used across all business areas and support functions to identify and assess material operational risks, conduct risks and key controls. All risks and controls are mapped to NatWest Group's risk directory. Risk assessments are refreshed at least annually to ensure they remain relevant and that they capture any emerging risks and also ensure that these risks are reassessed.

The process is designed to confirm that risks are effectively managed in line with risk appetite. Controls are tested at the appropriate frequency to verify that they remain fit-for-purpose and operate effectively to reduce the identified risks.

Strategies and processes to manage risks

Stress testing – capital management

Stress testing is a key risk management tool and a fundamental component of NatWest Group's approach to capital management. It is used to quantify and evaluate the potential impact of specified changes to risk factors on the financial strength of NatWest Group, including its capital position.

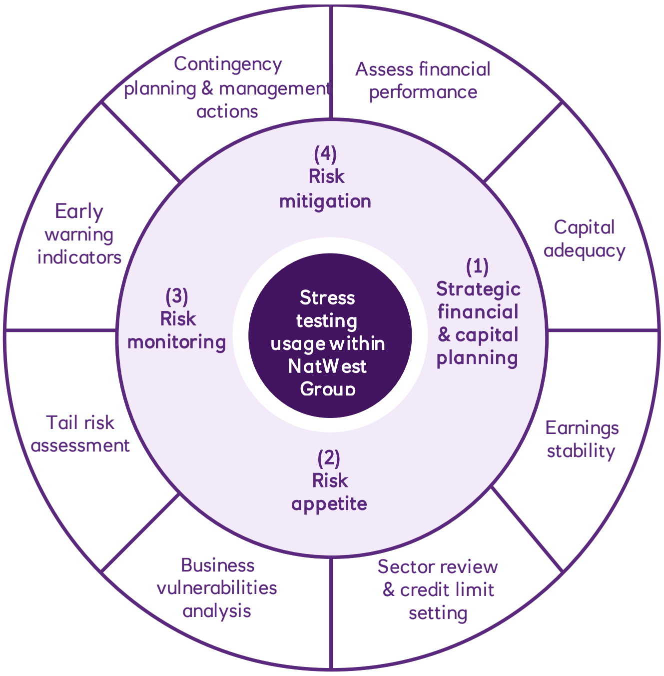
Stress testing includes:

- Scenario testing, which examines the impact of a hypothetical future state to define changes in risk factors.
- Sensitivity testing, which examines the impact of an incremental change to one or more risk factors.

The process for stress testing consists of four broad stages:

Define scenarios	– Identify macro and NatWest Group-specific vulnerabilities and risks. – Define and calibrate scenarios to examine risks and vulnerabilities. – Formal governance process to agree scenarios.
Assess impact	– Translate scenarios into risk drivers. – Assess impact to current and projected P&L and balance sheet across NatWest Group.
Calculate results and assess implications	– Aggregate impacts into overall results. – Results form part of the risk management process. – Scenario results are used to inform business and capital plans.
Develop and agree management actions	– Stress scenario results are analysed by subject matter experts. Appropriate management actions are then developed. – Scenario results and management actions are reviewed by the Group Asset & Liability Management Committee and Board Risk Committee and recommended to the NatWest Group Board for approval.

UK OVA: Institution risk management approach continued



Specific areas that involve capital management include

- **Strategic financial and capital planning –** by assessing the impact of sensitivities and scenarios on the capital plan and capital ratios.
- **Risk appetite –** by gaining a better understanding of the drivers of, and the underlying risks associated with, risk appetite.
- **Risk monitoring –** by monitoring the risks and horizon-scanning events that could potentially affect NatWest Group's financial strength and capital position.
- **Risk mitigation –** by identifying actions to mitigate risks, or those that could be taken, in the event of adverse changes to the business or economic environment. Principal risk mitigating actions are documented in NatWest Group's recovery plan.

Reverse stress testing is also carried out in order to identify and assess scenarios that would cause NatWest Group's business model to become unviable. Reverse stress testing allows potential vulnerabilities in the business model to be examined more fully.

Capital sufficiency – going concern forward-looking view

Going concern capital requirements are examined on a forward-looking basis – including as part of the annual budgeting process – by assessing the resilience of capital adequacy and leverage ratios under hypothetical future states. These assessments include assumptions about regulatory and accounting factors (such as IFRS 9). They incorporate economic variables and key assumptions on balance sheet and P&L drivers, such as impairments, to demonstrate that NatWest Group and its operating subsidiaries maintain sufficient capital. A range of future states are tested. In particular, capital requirements are assessed:

- Based on a forecast of future business performance, given expectations of economic and market conditions over the forecast period.
- Based on a forecast of future business performance under adverse economic and market conditions over the forecast period. Scenarios of different severity may be examined.

The examination of capital requirements under both normal and adverse economic and market conditions enables NatWest Group to determine whether its projected business performance meets internal plans and regulatory capital requirements.

The potential impact of normal and adverse economic and market conditions on capital requirements is assessed through stress testing, the results of which are used not only widely across NatWest Group but also by the regulators to set specific capital buffers. NatWest Group takes part in stress tests run by regulatory authorities to test industry-wide vulnerabilities under crystallising global and domestic systemic risks.

Stress and peak-to-trough movements are used to help assess the amount of capital NatWest Group needs to hold in stress conditions in accordance with the capital risk appetite framework.

Internal assessment of capital adequacy

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

The ICAAP is used to form a view of capital adequacy separately to the minimum regulatory requirements. The ICAAP is used by the PRA to assess NatWest Group's specific capital requirements through the Pillar 2 framework.

UK OVA: Institution risk management approach continued

Capital allocation
NatWest Group has mechanisms to allocate capital across its legal entities and businesses. These aim to optimise the use of capital resources taking into account applicable regulatory requirements, strategic and business objectives and risk appetite. The framework for allocating capital is approved by the CFO with support from the Asset & Liability Management Committee.

Governance
Capital management is subject to substantial review and governance. The Board approves the capital plans, including those for key legal entities and businesses as well as the results of the stress tests relating to those capital plans.

Stress testing – liquidity

Liquidity risk monitoring and contingency planning
A suite of tools is used to monitor, limit and stress test the liquidity and funding risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity and funding risks are reviewed at significant legal entity and business levels daily, with performance reported to the Asset & Liability Management Committee on a regular basis. Liquidity condition indicators are monitored daily. This ensures any build-up of stress is detected early and the response escalated appropriately through recovery planning.

Internal assessment of liquidity
Under the liquidity risk management framework, NatWest Group maintains the Internal Liquidity Adequacy Assessment Process. This includes assessment of net stressed liquidity outflows under a range of severe but plausible stress scenarios. Each scenario evaluates either an idiosyncratic, market-wide or combined stress event as described in the table below.

Type	Description
Idiosyncratic scenario	The market perceives NatWest Group to be suffering from a severe stress event, which results in an immediate assumption of increased credit risk or concerns over solvency.
Market-wide scenario	A market stress event affecting all participants in a market through contagion, potential counterparty failure and other market risks. NatWest Group is affected under this scenario but no more severely than any other participants with equivalent exposure.
Combined scenario	This scenario models the combined impact of an idiosyncratic and market stress occurring at once, severely affecting funding markets and the liquidity of some assets.

NatWest Group uses the most severe outcome to set the internal stress testing scenario which underpins its internal liquidity risk appetite. This complements the regulatory liquidity coverage ratio requirement.

Stress testing – recovery and resolution planning
The NatWest Group recovery plan explains how NatWest Group and its subsidiaries – as a consolidated group – would identify and respond to a financial stress event and restore its financial position so that it remains viable on an ongoing basis.

The recovery plan ensures risks that could delay the implementation of a recovery strategy are highlighted and preparations are made to minimise the impact of these risks. Preparations include:

- Developing a series of recovery indicators to provide early warning of potential stress events.
- Clarifying roles, responsibilities and escalation routes to minimise uncertainty or delay.
- Developing a recovery playbook to provide a concise description of the actions required during recovery.
- Detailing a range of options to address different stress conditions.
- Appointing dedicated option owners to reduce the risk of delay and capacity concerns.

The plan is intended to enable NatWest Group to maintain critical services and products it provides to its customers, maintain its core business lines and operate while restoring NatWest Group's financial health. It is assessed for appropriateness on an ongoing basis and reviewed and approved by the Board prior to submission to the PRA on a biennial basis. Individual recovery plans are also prepared for NatWest Holdings Limited, NatWest Markets Plc, RBS International Limited, and NatWest Markets N.V.. These plans detail the recovery options, recovery indicators and escalation routes for each entity.

Fire drill simulations of possible recovery events are used to test the effectiveness of NatWest Group and individual legal entity recovery plans. The fire drills are designed to replicate possible financial stress conditions and allow senior management to rehearse the responses and decisions that may be required in an actual stress event. The results and lessons learnt from the fire drills are used to enhance NatWest Group's approach to recovery planning.

Under the resolution assessment part of the PRA rulebook, NatWest Group is required to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA and publish a summary of this report.

Resolution would be implemented if NatWest Group was assessed by the UK authorities to have failed and the appropriate regulator put it into resolution. The process of resolution is owned and implemented by the Bank of England (as the UK resolution authority). NatWest Group ensures ongoing maintenance and enhancements of its resolution capabilities, in line with regulatory requirements.

Stress testing – market risk

Non-traded market risk
Non-traded exposures are reported to the PRA on a quarterly basis. This provides the regulator with an overview of NatWest Group's banking book interest rate exposure. The report includes detailed product information analysed by interest rate driver and other characteristics, including accounting classification, currency and counterparty type.

Scenario analysis based on hypothetical adverse scenarios is performed on non-traded exposures as part of the Bank of England and European Banking Authority stress test exercises. NatWest Group also produces an internal scenario analysis as part of its financial planning cycles.

UK OVA: Institution risk management approach continued

Non-traded exposures are capitalised through the ICAAP. This covers gap risk, basis risk, credit spread risk, pipeline risk, structural foreign exchange risk, prepayment risk, equity risk and accounting volatility risk. The ICAAP is completed with a combination of value and earnings measures. The total non-traded market risk capital requirement is determined by adding the different charges for each sub risk type.

The ICAAP methodology captures at least ten years of historical volatility, produced with a 99% confidence level. Methodologies are reviewed by NatWest Group Model Risk and the results are approved by the NatWest Group Technical Asset & Liability Management Committee.

Non-traded market risk stress results are combined with those for other risks into the capital plan presented to the Board. The cross-risk capital planning process is conducted once a year, with a planning horizon of five years.

The scenario narratives cover both regulatory scenarios and macroeconomic scenarios identified by NatWest Group.

Vulnerability-based stress testing begins with the analysis of a portfolio and expresses its key vulnerabilities in terms of plausible vulnerability scenarios under which the portfolio would suffer material losses. These scenarios can be historical, macroeconomic or forward-looking/hypothetical. Vulnerability-based stress testing is used for internal management information and is not subject to limits. The results for relevant scenarios are reported to senior management.

Traded market risk

NatWest Group carries out regular market risk stress testing to identify vulnerabilities and potential losses in excess of, or not captured in, value-at-risk. The calculated stresses measure the impact of changes in risk factors on the fair values of the trading portfolios.

NatWest Group conducts historical, macroeconomic and vulnerability-based stress testing. Historical stress testing is a measure that is used for internal management. Using the historical simulation framework employed for value-at-risk, the current portfolio is stressed using historical data since 1 January 2005. This methodology simulates the impact of the 99.9 percentile loss that would be incurred by historical risk factor movements over the period, assuming variable holding periods specific to the risk factors and the businesses.

Historical stress tests form part of the market risk limit framework and their results are reported regularly to senior management. Macroeconomic stress tests are carried out periodically as part of the bank-wide, cross-risk capital planning process. The scenario narratives are translated into risk factor shocks using historical events and insights by economists, risk managers and the first line.

Market risk stress results are combined with those for other risks into the capital plan presented to the Board.

The cross-risk capital planning process is conducted once a year, with a planning horizon of five years. The scenario narratives cover both regulatory scenarios and macroeconomic scenarios identified by NatWest Group.

Vulnerability-based stress testing begins with the analysis of a portfolio and expresses its key vulnerabilities in terms of plausible, vulnerability scenarios under which the portfolio would suffer material losses. These scenarios can be historical, macroeconomic or forward-looking/hypothetical. Vulnerability-based stress testing is used for internal management information and is not subject to limits. The results for relevant scenarios are reported to senior management.

Internal scenarios – Climate

In 2024, NatWest Group deployed a new in-house corporate transition risk model, as part of an internal scenario analysis exercise, to assess climate transition related credit risks to corporate counterparties.

This involved running the following two climate scenarios:

- A disruptive transition scenario, where the onset of climate policy from the Network for Greening the Financial System (NGFS) delayed transition scenario is accelerated from 2031 to 2025, which could result in an accompanying macro-economic shock.
- The orderly transition scenario, which explores a rapid increase in carbon prices, based on the NGFS net zero 2050 scenario, but no accompanying macro-economic shock.

These scenarios tested NatWest Group's resilience to alternative transition pathways, including a disruptive transition, and to identify losses that are sensitive to scenario policy and technology assumptions.

The corporate transition risk model and internal exercise builds on the learnings from the Climate Biennial Exploratory Scenario and NatWest Group's first-generation deployment in 2023. It also supports the processes for integration of climate into ICAAP and credit risk business use-cases. The model is capable of accounting for sector-specific exposure to climate-related transition risks and counterparty specific response to a limited set of demand shocks and rising carbon prices, by mitigating emissions and passing costs through to customers.

Regulatory stress testing

In October 2023, the Bank of England undertook round one of its system-wide exploratory scenario (SWES) to enhance understanding of the behaviours of banks and non-bank financial institutions under a scenario informed by the liability driven investment and 'dash for cash' crises.

NatWest Group submitted its response to round one during H1 2024. The Bank of England subsequently published the anonymised results in the June Financial Stability Report. providing a narrative account of the market-wide response.

Round two commenced in June 2024. Participants were asked to reconsider their assumptions and in light of round one results, and submit revised actions if applicable. The overall results of the SWES exercise were published in November 2024.

Further details can be found at:

- https://www.bankofengland.co.uk/stress-testing/2024/stress-testing-uk-banking-system-scenarios-2024-desk-based
- https://www.bankofengland.co.uk/financial-stability/boe-system-wide-exploratory-scenario-exercise
- https://www.bankofengland.co.uk/financial-stability-report/2024/june-2024#chapter-8

UK OVA: Institution risk management approach continued

Risk management, mitigation, hedging and monitoring

Mitigation is a critical aspect of ensuring that the risk profile remains within risk appetite. Risk mitigation strategies are discussed and agreed within NatWest Group.

When evaluating possible strategies, costs and benefits, residual risks (risks that are retained) and secondary risks (those that arise from risk mitigation actions themselves) are also considered. Monitoring and review processes are in place to evaluate results. Early identification, and effective management of changes in legislation and regulation are critical to the successful mitigation of compliance and conduct risk.The effects of all changes are managed to ensure the timely achievement of compliance. Those changes assessed as having a high or medium-high impact are managed more closely. Emerging threats that could affect future results and performance are also closely monitored. Action is taken to mitigate potential risks as and when required. Further in-depth analysis, including the stress testing of exposures (see above), is also carried out.

Some key areas of risk mitigation are highlighted below.

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

Counterparty credit risk is mitigated through collateralisation and netting agreements, which allow amounts owed by NatWest Group to a counterparty to be netted against amounts the counterparty owes NatWest Group. Property is used to mitigate credit risk across a number of portfolios, in particular residential mortgage lending and commercial real estate (CRE).

Key to the mitigation of NatWest Group's non-traded market risk is its structural hedging programme. NatWest Group has a significant pool of stable, non and low interest-bearing liabilities, principally comprising current accounts and savings, in addition to its equity and reserves. A proportion of these balances are hedged, either by offsetting the positions against fixed-rate assets (such as fixed-rate mortgages) or by hedging positions externally using interest rate swaps, which are generally booked as cash-flow hedges of floating-rate assets, in order to reduce income volatility and provide a revenue stream in net interest income.

Testing & Monitoring is undertaken by the Risk function, across the Businesses and Functions, in relation to compliance and conduct, credit and financial crime risks. This confirms to both internal and external stakeholders – including the Board, senior management, the businesses, Internal Audit and NatWest Group's regulators – that risk policies and procedures are being correctly implemented and that they are operating adequately and effectively. Selected key controls are also reviewed for adequacy and effectiveness. Thematic reviews and targeted reviews are also carried out where appropriate to ensure appropriate customer outcomes.

Testing is also completed on principal NWG Risk processes – including controls within the scope of Section 404 of the Sarbanes-Oxley Act 2002.

The Testing & Monitoring Forum assesses and validates the annual plan as well as the ongoing programme of reviews.

UK OVB: Disclosure on governance arrangements

Number of directorships held by members of the Board of NatWest Group plc ("the Board") as at 31 December 2024 [(1)] :-

Name	No. of directorships
Rick Haythornthwaite	2
Paul Thwaite	1
Katie Murray	2
Frank Dangeard	3
Roisin Donnelly	3
Patrick Flynn	2
Geeta Gopalan	4
Yasmin Jetha	3
Stuart Lewis	2
Mark Seligman	2
Lena Wilson	2

(1) Directorships counted in line with the Capital Requirements Directive. In this table, multiple directorships in the same group of companies have been counted as one directorship.

Number of directorships "effectively held" by members of the Board as at 31 December 2024 [(2)]

Name	No. of directorships
Rick Haythornthwaite	2
Paul Thwaite	2
Katie Murray	2
Frank Dangeard	4
Roisin Donnelly	4
Patrick Flynn	2
Geeta Gopalan	5
Yasmin Jetha	3
Stuart Lewis	2
Mark Seligman	5
Lena Wilson	2

(2) includes directorships listed in the table above and directorships of entities which do not pursue predominantly commercial objectives or are charitable in nature. In this table, multiple directorships in the same group of companies have been counted as one directorship.

Recruitment policy

The Group Nominations and Governance Committee (the committee) supports the Chair in keeping the composition of the Board and its committees under regular review.

The committee reviews and recommends to the Board a skills matrix which is used to map the skills and experience of individual directors and ensure that the Board's collective skill set remains appropriately balanced and aligned to current and future strategic priorities.

In December 2024, the committee, in conjunction with the NatWest Holdings Limited (NWH Ltd) Nominations Committee, reviewed, and the Board approved, an enhanced version of the Board skills matrix for NatWest Group plc and the NWH Sub Group (NWH Ltd, National Westminster Bank Plc (NWB Plc) and The Royal Bank of Scotland plc (RBS plc).

The NWG and NWH Sub Group Boards conducted a comprehensive Board skills assessment in December 2024 using a technology platform. This process evaluated the collective expertise and capabilities of the Board against the organisation's strategic priorities and governance needs, and the resulting data and analysis underpins the succession planning process.

By identifying critical and general skills areas, this enhanced skills assessment approach has provided valuable insights into the Board's strengths and opportunities for consideration by the committee and the Board.

The findings, as reflected in the Board skills matrix included in the 2024 Annual Report and Accounts and summarised below, will help to ensure that the Board remains well-equipped to navigate complex challenges, deliver on long-term value creation and uphold the highest standards of governance.

Skills	No. of directors with expert or advanced skills (out of 11)
Critical skills	
Banking and financial services	8
Risk management	8
Strategy, innovation and disruption	8
Customer and partner	5
Consumer digital	6
Enterprise digital	2
General skills	
Corporate governance	10
Regulatory engagement	8
Accounting and financial reporting	7
Mergers, acquisitions and divestments	7
CEO experience	6
Major change and transformation	9
Talent and leadership	8
Remuneration	7
Sustainability	6
Marketing, brand and communications	2

Following the committee's review of the 2023 Board skills matrix Board recruitment continued to be a principal area of focus in 2024. The Board approved the appointment of Geeta Gopalan in February 2024 and she joined on 1 July 2024. Paul Thwaite became permanent CEO on 16 February 2024 and Rick Haythornthwaite, having joined the Board as a non-executive director on 8 January 2024, assumed the Chair role on 15 April 2024 after Howard Davies stepped down. During 2024 the committee's membership supported comprehensive candidate searches with diversity and inclusion considerations factored into all search criteria. During the search processes, the committee held several discussions on potential candidates, assessing the credentials of each candidate against the qualities and capabilities set out in the role specifications agreed by the committee. Following a rigorous process, the committee recommended and approved Gill Whitehead's appointment as a non-executive director with effect from 8 January 2025. The committee continues to oversee further recruitment activity in respect of the Board and the NWH Sub Group boards.

Policy on diversity

The Board operates a boardroom inclusion policy which reflects NatWest Group's values, its inclusion guidelines and relevant legal or voluntary code requirements. The boardroom inclusion policy aims to promote diversity and inclusion in the composition of the Boards and Board committees of NatWest Group plc, NWH Ltd, NWB Plc and RBS plc and in the nominations and appointments process. A copy of the policy is available at natwestgroup.com.

The boardroom inclusion policy's objectives ensure that the Board, and any committee to which it delegates nomination responsibilities, follows an inclusive process when making nomination decisions. That includes ensuring that the nomination process is based on the principles of fairness, respect and inclusion, that all nominations and appointments are made on the basis of individual competence, skills and expertise measured against identified objective criteria without bias, prejudice or discrimination, and that searches for Board candidates are conducted with due regard to the benefits of diversity and inclusion.

UK OVB: Disclosure on governance arrangements continued

The policy includes targets which aspire to meet those set out in the UK Listing Rules along with the recommendations of the FTSE Women Leaders Review and the Parker Review.

As at 31 December 2024, NatWest Group's chosen reference date, the targets set out in UK Listing Rule 6.6.6(9)(a) (Board and executive management diversity) were met. Disclosures under UK Listing Rule 6.6..6(9) and (10) can be found on page 87 of the NatWest Group plc 2024 Annual Report and Accounts.

As at 31 December 2024:

- NWG met the FTSE Women Leaders Review voluntary target of 40% women's representation on boards by the end of 2025, with 45% of the Board being women;
- With a woman as CFO, NWG met the FTSE Women Leaders Review recommendation that companies should have at least one woman in the Chair or Senior Independent Director roles on the board and/or one woman in the CEO or Finance Director role by the end of 2025.
- NWG met the recommendation of the Parker Review with two members of the Board being from an ethnic minority background.

Changes since 1 January 2025: Gill Whitehead joined the Board on 8 January 2025 as an independent non-executive director. Gill's appointment to the Board means women's representation as at the date of this report is 50%.

The boardroom inclusion policy also acknowledges NatWest Group's ambition to have gender balance in the global top three levels (CEO-3 and above) by 2030, and progress against this ambition is set out on page 42 of the NatWest Group plc 2024 Annual Report and Accounts (Strategic report).

Group Board Risk Committee

The NWG Board has an established Group Board Risk Committee, (BRC) which held eight scheduled meetings during 2024.

Description of the information flow on risk to the management body

NatWest Group's EWRMF ensures that NatWest Group's principal risks are appropriately controlled and managed. It seeks to ensure a consistent approach to risk management across NatWest Group and its subsidiaries.

Risk appetite measures are in place for all principal risks, with performance against these measured on a regular basis.

The CRO provides regular reporting to the ERC, the BRC and the Board. This includes an outline of performance against risk appetite measures for all principal risks and details of mitigants and management actions in place to address any areas of concern. The CRO[1] also undertakes regular engagement with the Chair of the BRC[2], including before and after each scheduled meeting of the BRC.

(1) The NatWest Group CRO also performs the role of the NWH Group CRO.
(2) The Chair of the NatWest Group BRC also chairs the NWH BRC.

Annex V: Scope of application

UK LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The table below shows NatWest Group's consolidated balance sheet as at 31 December 2024 both on an accounting consolidated basis and under the regulatory scope of consolidation. The differences between the accounting scope of consolidation and the regulatory scope of consolidation are further explained in template UK LI3. Detailed information relating to the consolidated balance sheet is available in NatWest Group's ARA.

		a	b	c	d	e	f	g
				Carrying value of items:				
31 December 2024		Carrying values as reported in published financial statements £m	Carrying values under scope of regulatory consolidation £m	Subject to credit risk framework £m	Subject to securitisation framework £m	Subject to counterparty credit risk framework £m	Subject to the market risk framework £m	Not subject to capital requirements or subject to deduction from capital £m
Assets								
1	Cash and balances at central banks	92,994	93,046	93,046	-	-	-	-
2	Trading assets	48,917	48,917	7,912	-	27,127	48,917	-
3	Derivatives	78,406	78,406	-	161	78,406	78,406	-
4	Settlement balances	2,085	2,085	2,085	-	-	-	-
5	Loans to banks - amortised cost	6,030	6,127	4,332	-	1,795	-	-
6	Loans to customers - amortised cost	400,326	400,321	359,445	6,030	34,846	-	-
7	Other financial assets	63,243	63,604	46,688	16,916	-	-	-
8	Intangible assets	7,588	7,398		-	-	-	7,588
9	Other assets	8,396	7,976	6,680	-	-	-	1,296
10	Assets of disposal groups	-	-	-	-	-	-	-
11	Amounts due to holding company and	-	-	-	-	-	-	-
	fellow subsidiaries	-	-	-	-	-	-	-
12	**Total assets**	707,985	707,880	520,188	23,107	142,174	127,323	8,884
Liabilities								
1	Bank deposits	31,452	32,470	-	-	11,967	-	20,503
2	Customer deposits	433,490	433,611	-	-	1,363	-	432,248
3	Settlement balances	1,729	1,729	-	-	-	-	1,729
4	Trading liabilities	54,714	54,714	-	-	30,562	54,714	-
5	Derivatives	72,082	72,082	-	-	72,082	72,082	-
6	Other financial liabilities	61,087	59,787	-	-	-	-	59,787
7	Subordinated liabilities	6,136	6,133	-	-	-	-	6,133
8	Notes in circulation	3,316	3,316	-	-	-	-	3,316
9	Other liabilities	4,601	4,660	-	-	-	-	4,660
10	Liabilities of disposal groups	-	-	-	-	-	-	-
11	Amounts due to holding company and fellow subsidiaries	-	-	-	-	-	-	-
12	**Total liabilities**	668,607	668,502	-	-	115,974	126,796	528,376

(1) The table provides the breakdown of how the amounts reported in the consolidated regulatory balance sheet correspond to regulatory risk framework categories. Certain items included in these columns are subject to more than one risk framework and therefore the sum of all the risk framework categories may not equal the value reported in the "Carrying values under scope of regulatory consolidation" column.

UK LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The table below provides information on the main sources of differences between the financial statements' carrying value amounts and the exposure amounts considered for regulatory purposes for NatWest Group.

		a	b	c	d	e
			Items subject to:			
31 December 2024		Total (1) £m	Credit risk framework £m	Securitisation framework £m	CCR framework £m	Market risk framework £m
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	685,469	520,188	23,107	142,174	127,323
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	(115,974)	-	-	(115,974)	(126,796)
3	Total net amount under regulatory scope of consolidation	569,495	520,188	23,107	26,200	527
4	Off-balance sheet amounts	197,755	195,753	2,002	-	
5	Differences in valuations	-	-	-	-	
6	Differences due to different netting rules, other than those already included above	(19,917)	(16,307)	-	(3,610)	
7	Differences due to consideration of provisions	3,051	3,051	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	
9	Differences due to credit conversion factors	(115,473)	(115,473)	-	-	
10	Differences due to Securitisation with risk transfer	(2,099)	(11,023)	8,924	-	
11	Other differences	(8,108)	(3,424)	-	(4,684)	
12	Exposure amounts considered for regulatory purposes	624,704	572,765	34,033	17,906	15,098

(1) The total column above (column a) represents the sum of columns b, c and d.
(2) For Market Risk the exposure is only considered for positions treated under the standardised approach. The remaining exposure is considered under the internally developed market risk models.

UK LI3: Outline of the differences in the scopes of consolidation (entity by entity)

The table below provides information on NatWest Group entities which are treated differently under the accounting and regulatory scope of consolidation.

a	b	c	d	e	f	g	h
		Method of regulatory consolidation					Description of the entity
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Alcover A.G.	Full consolidation				X		Insurance undertaking
Better Society Capital Limited	Investment Accounting				X		Financial institution
Better With Money Ltd	Full consolidation				X		Other / non financial
BGF Group Limited	Equity Accounting - Associate						Financial institution
Carbonplace Limited	Investment Accounting		X				Financial institution
Creative Auto-Enrolment Limited	Full consolidation				X		Other / non financial
Creative Benefit Solutions Limited	Full consolidation				X		Other / non financial
Cushon Group Limited	Full consolidation				X		Other / non financial
Cushon Holdings Limited	Full consolidation				X		Other / non financial
Cushon MT Limited	Full consolidation				X		Other / non financial
Cushon MT NI Limited	Full consolidation				X		Other / non financial
Cushon Pension Trustees Limited	Full consolidation				X		Ancillary services undertaking
Eris Finance S.R.L.	Investment Accounting		X				Financial institution
Gatehouse Way Developments Ltd	Full consolidation				X		Other / non financial
German Biogas Holdco Limited	Full consolidation				X		Financial institution
GWNW City Developments Limited	Equity Accounting - Joint Venture				X		Other / non financial
Interserve Group Limited	Investment Accounting				X		Other / non financial
Korala Associates Limited	Investment Accounting				X		Other / non financial
KUC Properties Limited	Full consolidation				X		Other / non financial
Land Options (West) Limited	Full consolidation				X		Other / non financial
Listowel Races Developments Company Limited	Investment Accounting				X		Other / non financial
London Rail Leasing Limited	Equity Accounting - Joint Venture		X				Financial institution
Lothbury Insurance Company Limited	Full consolidation				X		Insurance undertaking
Lunar Funding VIII Limited	Full consolidation				X		Financial institution
Mortgage Brain Holdings Limited	Equity Accounting - Associate				X		Financial institution
Motability Operations Group Plc	Investment Accounting	X					Financial institution
Natwest Covered Bonds (LM) Limited	Investment Accounting		X				Financial institution
Natwest Markets Secured Funding (LM) Limited	Full consolidation		X				Financial institution
Natwest Property Investments Limited	Full consolidation				X		Other / non financial
Nightingale 2024-1 Limited	Full consolidation				X		Financial institution
Nightingale 2024-2 Limited	Full consolidation				X		Financial institution
Nightingale 2024-3 Limited	Full consolidation				X		Financial institution
Nightingale CRE 2018-1 Limited	Full consolidation				X		Financial institution
Nightingale LF 2021-1 Ltdã,	Full consolidation				X		Other / non financial
Nightingale Project Finance 2019 1 Limited	Full consolidation				X		Financial institution
Nightingale Project Finance II 2023-1 Limited	Full consolidation				X		Financial institution
Nightingale Securities 2017-1 Limited	Full consolidation				X		Financial institution
Nightingale UK Corp 2020 2 Ltd	Full consolidation				X		Financial institution
NW A Holdings Limited	Pro-rata consolidation [based on percentage equity held by RBSG]				X		Other / non financial
Otcderiv Limited	Investment Accounting				X		Financial institution

UK LI3: Outline of the differences in the scopes of consolidation (entity by entity) continued

a	b	c	d	e	f	g	h
		Method of regulatory consolidation					Description of the entity
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Pharos Estates Limited	Equity Accounting - Associate				X		Other / non financial
Pollinate Networks Limited	Investment Accounting				X		Other / non financial
Sparrow Capital Call 2024-1 Limited	Full consolidation				X		Financial institution
Ulster Bank Pension Trustees (RI) Limited	Full consolidation				X		Other / non financial
Ulster Bank Pension Trustees Limited	Full consolidation				X		Other / non financial
Volbroker.Com Limited	Investment Accounting		X				Financial institution
Walton Lake Developments Ltd	Full consolidation				X		Other / non financial
West Register (Hotels Number 3) Limited	Full consolidation				X		Other / non financial
West Register (Property Investments) Limited	Full consolidation				X		Other / non financial
West Register (Realisations) Limited	Full consolidation				X		Other / non financial

UK LIA: Explanations of differences between accounting and regulatory exposure amounts

NatWest Group plc is the parent entity for all authorised firms in NatWest Group and is subject to consolidated supervision by the PRA. NatWest Holdings Limited is subject to sub-consolidated supervision by the PRA as the parent of the ring-fenced bank (RFB) sub-group. Inclusion of an entity in the statutory consolidation is driven by NatWest Group's ability to exercise control over that entity. The regulatory consolidation applies a comparable test, but consolidation is restricted to certain categories of entities. In accordance with PRA rules, non-financial and certain structured entities are excluded from the regulatory consolidation.

Where NatWest Group plc does not have control of an entity but has significant influence or more than 20% of the voting rights or capital of that entity, then it must be included in the regulatory consolidation on a pro-rata basis, unless it falls into one of the excluded categories or NatWest Group has agreed a different treatment with the PRA. Where NatWest Group has joint control, such entities will only be included in the statutory consolidation on a pro-rata basis. Entities where NatWest Group has significant influence will be equity accounted in the statutory consolidation.

Both the statutory and regulatory consolidated amounts are shown in table UK LI1 above.

The regulatory consolidation amounts are subject to a number of adjustments in order to reach the regulatory exposure amount which is shown in table UK LI2 above. The main regulatory adjustments relate to:

- Off-balance sheet amounts which principally consist of undrawn credit facilities after the application of credit conversion factors (CCF).
- Differences due to different netting rules which reflects the effects of master netting agreements in addition to the netting permitted under International Accounting Standards (IAS) framework.
- Differences due to consideration of provisions which relates to the impairment loss provisions on loans and advances and securities, and credit valuation adjustments on derivatives.
- Other differences which includes regulatory consolidation differences, the IFRS 9 transition adjustment and adjustments due to exposures being calculated by prescribed risk factors which are not considered in financial statement carrying values.

UK LIB: Other qualitative information on the scope of application

All NatWest Group companies are subject to policies, governance and controls set centrally. Aside from regulatory requirements, there are no current or foreseen material, practical or legal impediments to the transfer of capital or prompt repayments of liabilities when due. Entities outside the scope of consolidation are appropriately capitalised.

UK PV1(1): Prudent valuation adjustments (PVA)

Prudential valuation is a regulatory provision that requires additional valuation adjustments (AVAs) of fair-valued financial instruments. The purpose of these adjustments is to achieve an appropriate degree of certainty that the valuation is sufficiently prudent. Prudential valuation adjustments (PVAs) result in a deduction to CET1 capital.

		31 December 2024									
		a	b	c	d	e	UK e1	UK e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty				
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: total core approach in the trading book	Of which: total core approach in the banking book
1	Market price uncertainty	59	173	7	22	-	-	2	132	82	50
3	Close-out cost	-	22	7	2	-	-	-	15	14	1
4	Concentrated positions	14	6	-	5	-	-	-	25	11	14
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	23	-	24	-	22	-	35	26	9
7	Operational risk	3	10	1	2	-	-	-	16	10	6
10	Future administrative costs	1	4	-	1	-	-	-	7	5	2
12	Total Additional Valuation Adjustments (AVAs)								230	148	82

		31 December 2023									
		a	b	c	d	e	UK e1	UK e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty				
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: total core approach in the trading book	Of which: total core approach in the banking book
1	Market price uncertainty	53	212	13	30	-	-	5	158	95	63
3	Close-out cost	-	30	6	2	-	-	-	19	17	2
4	Concentrated positions	22	7	-	3	-	-	-	31	9	22
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	50	1	17	-	20	1	44	22	22
7	Operational risk	2	12	1	3	-	-	-	18	11	7
10	Future administrative costs	1	6	-	1	-	-	-	9	6	3
12	Total Additional Valuation Adjustments (AVAs)								279	160	119

(1) For more information regarding valuation methodologies of modelled and non-modelled products, the independent price verification process and the control and governance framework, please refer to the NatWest Group 2024 Annual Report and Accounts Financial instruments – valuation (Note 10).

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.

	CET1 capital: instruments and reserves	31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
1	Capital instruments and the related share premium accounts	**10,133**		10,389
	of which: ordinary shares	***8,972***	**(a)**	*9,683*
	of which: share premium	***1,161***	**(k)**	*1,161*
2	Retained earnings	**7,405**	**(b)**	6,742
3	Accumulated other comprehensive income (and other reserves)	**13,379**	**(c)**	11,778
UK-3a	Funds for general banking risk	**-**		-
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	**-**		-
5	Minority interests (amount allowed in consolidated CET1)	**-**		-
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**2,708**	**(b)**	2,820
6	CET1 capital before regulatory adjustments	**33,625**		31,729
	CET1 capital: regulatory adjustments			
7	(-) Additional value adjustments	**(230)**		(279)
8	(-) Intangible assets (net of related tax liability)	**(7,544)**	**(d)**	(7,614)
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)	**(1,084)**	**(e)**	(979)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**1,443**	**(i)**	1,899
12	(-) Negative amounts resulting from the calculation of expected loss amounts	**(27)**		-
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	**28**		(10)
15	(-) Defined-benefit pension fund assets (1)	**(512)**	**(f) & (g)**	(508)
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments	**(804)**		-
17	(-) Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	**-**		-
18	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount 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	**-**		-

UK CC1: Composition of regulatory own funds continued

	CET1 capital: regulatory adjustments	31 December 2024 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2023 £m
23	*(-) of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-		-
25	*(-) of which: deferred tax assets arising from temporary differences*	-		-
UK-25a	(-) Losses for the current financial year	-	(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	-		-
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)	33		202
28	Total regulatory adjustments to CET1	(8,697)		(7,289)
29	CET1 capital	24,928		24,440
	AT1 capital: instruments	-		
30	Capital instruments and the related share premium accounts	5,259	(h)	3,875
31	*of which: classified as equity under applicable accounting standards*	*5,259*		*3,875*
32	*of which: classified as liabilities under applicable accounting standards*	-		-
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486 (3) CRR	-	(j)	-
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) issued by subsidiaries and held by third parties	-	(j)	-
35	*of which: instruments issued by subsidiaries subject to phase out*	-		-
36	AT1 capital before regulatory adjustments	5,259		3,875
	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	-		-
43	Total regulatory adjustments to AT1 capital	-		-
44	AT1 capital	5,259		3,875
45	T1 capital (T1 = CET1 + AT1)	30,187		28,315

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
T2 capital: instruments				
46	Capital instruments and the related share premium accounts	**5,918**	(j)	5,189
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	(j)	-
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	-	(j)	-
49	*of which: instruments issued by subsidiaries subject to phase out*	-		-
50	Credit risk adjustments	-		128
51	T2 capital before regulatory adjustments	**5,918**		5,317
T2 capital: regulatory adjustments				
52	(-) Direct, indirect and synthetic holdings 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 the 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	**5,918**		5,317
59	Total capital (TC = T1 + T2)	**36,105**		33,632
60	Total risk exposure amount	**183,221**		182,989
Capital ratios and buffers				
61	CET1 (as a percentage of total risk exposure amount)	**13.6%**		13.4%
62	T1 (as a percentage of total risk exposure amount)	**16.5%**		15.5%
63	Total capital (as a percentage of total risk exposure amount)	**19.7%**		18.4%
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)	**10.5%**		10.5%
65	*of which: capital conservation buffer requirement*	***2.5%***		*2.5%*
66	*of which: counter cyclical buffer requirement*	***1.7%***		*1.7%*
67	*of which: systemic risk buffer requirement*			
UK-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) (2)	**7.3%**		7.1%

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
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)	**517**		508
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	**367**		447
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)	**411**		319
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	**242**		230
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	**-**		128
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**773**		775
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	Current cap on T2 instruments subject to phase out arrangements			
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

(1) Includes a prudent deduction in respect of an agreement with the pension fund to establish a legal structure to remove dividend linked contribution.
(2) Row 68: represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).
(3) The references (a) to (k) 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.
(4) 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		
	a	b	
Assets	Balance sheet as in published financial statements as at period end £m	Under regulatory scope of consolidation as at period end £m	References
Cash and balances at central banks	92,994	93,046	
Trading assets	48,917	48,917	
Derivatives	78,406	78,406	
Settlement balances	2,085	2,085	
Loans to banks - amortised cost	6,030	6,127	
Loans to customers - amortised cost	400,326	400,321	
Other financial assets	63,243	63,604	
Intangible assets	7,588	7,398	*(d)*
Property, plant and equipment	3,967	3,967	
Current and deferred tax assets	1,883	1,878	
of which: DTAs that rely on future profitability and do not arise from temporary differences	*1,084*	*1,084*	*(e)*
Prepayments, accrued income and other assets	2,546	2,131	
of which: defined benefit pension fund assets	*190*	*190*	*(f)*
Total assets	707,985	707,880	
Liabilities			
Bank deposits	31,452	32,470	
Customer deposits	433,490	433,611	
Settlement balances	1,729	1,729	
Trading liabilities	54,714	54,714	
Derivatives	72,082	72,082	
Other financial liabilities	61,087	59,787	
Subordinated liabilities	6,136	6,133	*(j)*
Notes in circulation	3,316	3,316	
Provisions, deferred income and other liabilities	4,239	4,297	
Current and deferred tax liabilities	362	363	
of which: defined benefit pension scheme assets	*43*	*43*	*(g)*
Total liabilities	668,607	668,502	
Shareholders' Equity			
Owners' equity			
Called up share capital	8,972	8,972	*(a)*
Reserves	30,378	30,378	
of which: amount eligible for retained earnings	*11,426*	*11,426*	*(b)*
of which: amount eligible for accumulated OCI and other reserves	*12,511*	*12,511*	*(c) & (i)*
of which: amount of other equity instruments	*5,280*	*5,280*	*(h)*
of which: share premium accounts	*1,161*	*1,161*	*(k)*
Non-controlling interests	28	28	
Total shareholders' equity	39,378	39,378	

(1) The references (a) to (k) identify balance sheet components in table UK CC2 that are used in the calculation of regulatory capital in table UK CC1. Amounts between tables 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.

TLAC1: Composition - MREL

The table below shows the composition of own funds and eligible liabilities and ratios for NatWest Group.

		2024 a Minimum requirement for own funds and eligible liabilities (MREL) £m	2023 a Minimum requirement for own funds and eligible liabilities (MREL) £m
Own funds and eligible liabilities: Non-regulatory capital elements			
1	Common Equity Tier 1 capital	**24,928**	24,440
2	Additional Tier 1 capital	**5,259**	3,875
6	Tier 2 capital	**5,918**	5,283
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD arising from regulatory capital instruments	**36,105**	33,598
Own funds and eligible liabilities: Non-regulatory capital elements			
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	**24,352**	22,196
12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	**-**	-
12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	**-**	-
12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	**-**	-
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	**-**	-
13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	**-**	-
14	Amount of non subordinated instruments eligible, where applicable after application of articles 72b (3) and (4) CRR	**-**	-
17	Eligible liabilities items before adjustments	**24,352**	22,196
17a	*Of which subordinated*	**24,352**	22,196
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18	Own funds and eligible liabilities items before adjustments	**60,457**	55,794
19	Deduction of exposures between MPE resolution groups	**-**	-
20	Deduction of investments in other eligible liabilities instruments	**-**	-
22	Own funds and eligible liabilities after adjustments	**60,457**	55,794
22a	*Of which own funds and subordinated*	**60,457**	55,794
Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23	Total risk exposure amount adjusted as permitted by article 45h(2) of Directive 2014/59/EU	**183,221**	182,989
24	Total exposure measure	**607,799**	562,843
Ratio of own funds and eligible liabilities			
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	**33.0%**	30.5%
25a	*Of which own funds and subordinated*	**33.0%**	30.5%
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	**9.9%**	9.9%
26a	*Of which own funds and subordinated*	**9.9%**	9.9%
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	**7.3%**	7.1%
28	Institution-specific combined buffer requirement	**4.2%**	4.2%
29	of which: capital conservation buffer requirement	**2.5%**	2.5%
30	of which: countercyclical buffer requirement	**1.7%**	1.7%
31	of which: systemic risk buffer requirement	**0.0%**	0.0%
31a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**0.0%**	0.0%

TLAC3: Resolution entity - creditor ranking at the legal entity level

The following disclosure provides information on the creditor hierarchy for the resolution entity (NatWest Group). The disclosure includes 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.

31 December 2024		**Insolvency ranking**				
		Shareholders Equity(2)	**Preference shares and contingent capital notes**	**Subordinated debt**	**Senior unsecured debt and other pari passu liabilities**	**Total**
1	Description of insolvency ranking	**£m**	**£m**	**£m**	**£m**	**£m**
2	Total liabilities and own funds	44,678	5,295	5,947	24,352	80,272
3	*of which excluded liabilities*	-	-	18	-	18
4	Total liabilities and own funds less excluded liabilities	44,678	5,295	5,929	24,352	80,254
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting MREL	44,678	5,295	5,929	24,352	80,254
6	*of which residual maturity ≥ 1 year < 2 years*	-	-	-	4,438	4,438
7	*of which residual maturity ≥ 2 year < 5 years*	-	-	-	12,223	12,223
8	*of which residual maturity ≥ 5 years < 10 years*	-	-	5,251	6,495	11,746
9	*of which residual maturity ≥ 10 years, but excluding perpetual securities*	-	-	678	1,196	1,874
10	*of which perpetual securities*	44,678	5,295	-	-	49,973

31 December 2023		Insolvency ranking				
		Shareholders Equity(2)	Preference shares and contingent capital notes	Subordinated debt	Senior unsecured debt and other pari passu liabilities	Total
1	Description of insolvency ranking	£m	£m	£m	£m	£m
2	Total liabilities and own funds	45,060	3,904	5,604	22,197	76,765
3	*of which excluded liabilities*	-	-	439	-	439
4	Total liabilities and own funds less excluded liabilities	45,060	3,904	5,165	22,197	76,326
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting MREL	45,060	3,904	5,165	22,197	76,326
6	*of which residual maturity ≥ 1 year < 2 years*	-	-	-	2,873	2,873
7	*of which residual maturity ≥ 2 year < 5 years*	-	-	-	10,391	10,391
8	*of which residual maturity ≥ 5 years < 10 years*	-	-	3,890	8,148	12,038
9	*of which residual maturity ≥ 10 years, but excluding perpetual securities*	-	-	1,275	785	2,060
10	*of which perpetual securities*	45,060	3,904	-	-	48,964

(1) Maturity band based on final contractual instrument maturity.
(2) Shareholder's equity include 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 NatWest Group'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
	General credit exposures		Relevant 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 existing CCyB rates) (1)													
Norway	22	409	-	-	-	431	15	3	-	18	227	0.15%	2.50%
Denmark	3	448	-	4	-	455	9	1	-	10	120	0.08%	2.50%
United Kingdom	25,878	346,482	14	1,013	18,167	391,554	9,525	21	217	9,763	122,037	82.86%	2.00%
Netherlands	351	2,872	-	148	541	3,912	101	7	11	119	1,488	1.01%	2.00%
Sweden	81	1,729	-	24	81	1,915	56	1	1	58	729	0.49%	2.00%
Bulgaria	-	1	-	-	-	1	-	-	-	-	-	0.00%	2.00%
Ireland	133	1,597	-	24	497	2,251	71	1	7	79	988	0.67%	1.50%
Slovakia	-	1	-	-	-	1	-	-	-	-	-	0.00%	1.50%
Czech Republic	-	2	-	4	-	6	-	-	-	-	1	0.00%	1.25%
France	149	2,664	-	72	968	3,853	97	7	13	117	1,466	0.99%	1.00%
Belgium	55	502	-	109	72	738	26	8	1	35	428	0.29%	1.00%
Australia	5	175	-	3	-	183	3	1	-	4	51	0.03%	1.00%
Cyprus	-	9	-	-	-	9	-	-	-	-	1	0.00%	1.00%
Romania	-	1	-	-	-	1	-	-	-	-	-	0.00%	1.00%
Republic of Korea	-	1	-	-	-	1	-	-	-	-	-	0.00%	1.00%
Lithuania	-	1	-	-	-	1	-	-	-	-	-	0.00%	1.00%
Germany	223	2,297	-	115	251	2,886	100	4	4	108	1,353	0.92%	0.75%
Luxembourg	20	10,371	-	19	-	10,410	150	1	-	151	1,890	1.29%	0.50%
Hong Kong	245	75	-	-	-	320	9	-	-	9	111	0.08%	0.50%
Hungary	-	7	-	-	-	7	-	-	-	-	2	0.00%	0.50%
Chile	-	1	-	-	-	1	-	-	-	-	-	0.00%	0.50%
Total (countries with existing CCyB rates)	27,165	369,645	14	1,535	20,577	418,936	10,162	55	254	10,471	130,892	88.86%	

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
	General credit exposures		Relevant 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)													
United States	343	20,273	1	274	11,971	32,862	460	11	154	625	7,810	5.30%	
Jersey	910	3,459	-	2	327	4,698	174	-	4	178	2,222	1.51%	
Total (Countries with zero CCyB rate and with own funds requirement weights 1% and above)	1,253	23,732	1	276	12,298	37,560	634	11	158	803	10,032	6.81%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	3,510	11,882	2	1,050	1,158	17,602	471	24	15	510	6,380	4.33%	
Total	31,928	405,259	17	2,861	34,033	474,098	11,267	90	427	11,784	147,304	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
	General credit exposures		Relevant credit exposures - Market risk				Own fund requirements						
31 December 2023	Exposure value under the standardised approach £m	Exposure value under the IRB approach £m	Sum of long and short positions of trading book exposures for SA £m	Value of trading book exposures for internal models £m	Securitisation exposures Exposure value for non-trading book £m	Total exposure value £m	Relevant credit risk exposures - Credit risk £m	Relevant credit exposures - Market risk £m	Relevant credit exposures - Securitisation positions in the non trading book £m	Total £m	Risk weighted exposure amounts £m	Own fund requirements weights %	Countercyclical buffer rate %
Breakdown by country (with existing CCyB rates) (1)													
Norway	21	559	-	-	-	580	17	-	-	17	219	0.15%	2.50%
Denmark	2	665	-	-	-	667	14	-	-	14	169	0.12%	2.50%
United Kingdom	24,614	351,171	14	324	10,007	386,130	9,531	16	132	9,679	120,985	82.87%	2.00%
Sweden	136	1,823	-	-	94	2,053	75	2	2	79	992	0.68%	2.00%
Czech Republic	-	2	-	4	-	6	-	-	-	-	1	-	2.00%
Bulgaria	-	2	-	-	-	2	-	-	-	-	-	-	2.00%
Slovakia	-	1	-	-	-	1	-	-	-	-	-	-	1.50%
Netherlands	414	2,540	-	88	251	3,293	111	6	7	124	1,555	1.07%	1.00%
Ireland	1,293	1,310	-	11	664	3,278	113	1	9	123	1,537	1.05%	1.00%
Hong Kong	243	69	-	-	2	314	8	-	-	8	104	0.07%	1.00%
Australia	13	176	-	1	-	190	5	-	-	5	60	0.04%	1.00%
Romania	-	1	-	-	-	1	-	-	-	-	-	-	1.00%
Germany	76	2,832	-	82	261	3,251	121	2	2	125	1,564	1.07%	0.75%
Luxembourg	53	9,584	-	63	329	10,029	153	5	4	162	2,026	1.39%	0.50%
France	158	3,915	-	107	1,752	5,932	123	3	26	152	1,887	1.29%	0.50%
Cyprus	-	9	-	-	-	9	-	-	-	-	1	-	0.50%
Total (countries with existing CCyB rates)	27,023	374,659	14	680	13,360	415,736	10,271	35	182	10,488	131,100	89.80%	

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
	General credit exposures		Relevant credit exposures - Market risk				Own fund requirements						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
United States	250	19,013	9	105	7,907	27,284	463	8	101	572	7,156	4.90%	
Jersey	809	3,082	-	-	131	4,022	131	-	2	133	1,663	1.14%	
Total (Countries with zero CCyB rate and with own funds requirement weights 1% and above)	1,059	22,095	9	105	8,038	31,306	594	8	103	705	8,819	6.04%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	2,144	11,878	4	2,555	544	17,125	466	12	8	486	6,068	4.16%	
Total	30,226	408,632	27	3,340	21,942	464,167	11,331	55	293	11,679	145,987	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	**183,221**	182,989
2	Institution specific countercyclical capital buffer rate	**1.73%**	1.72%
3	Institution specific countercyclical capital buffer requirement (1)	**3,171**	3,150

(1) The UK CCyB rate is currently being maintained at 2%. This 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 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	**707,985**	692,673
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(105)**	(219)
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)	**(89,299)**	(100,735)
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	**(1,729)**	(6,645)
7	Adjustment for eligible cash pooling transactions	**-**	-
8	Adjustment for derivative financial instruments	**(59,409)**	(62,087)
9	Adjustment for securities financing transactions (SFTs)	**2,460**	1,868
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**59,720**	51,010
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(295)**	(329)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**-**	-
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	**(11,529)**	(12,693)
13	Total exposure measure	**607,799**	562,843

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)	**561,740**	551,503
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)	**(9,046)**	(11,713)
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))	**(9,363)**	(9,178)
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	**543,331**	530,612
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**10,731**	10,812
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	**16,692**	17,212
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	**3,957**	4,143
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(3,338)**	(3,636)
13	Total derivative exposures	**28,042**	28,531
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**87,650**	77,509
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(23,883)**	(25,903)
16	Counterparty credit risk exposure for SFT assets	**2,460**	1,868
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	**66,227**	53,474
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	**147,637**	135,347
20	(Adjustments for conversion to credit equivalent amounts)	**(88,101)**	(84,337)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	**(38)**	(49)
22	Off-balance sheet exposures	**59,498**	50,961

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)	**-**	-
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)	**-**	-
Capital and total exposure measure			
23	Tier 1 capital (leverage)	**30,187**	28,315
24	Total exposure measure including claims on central banks	**697,098**	663,578
UK-24a	(-) Claims on central banks excluded	**(89,299)**	(100,735)
UK-24b	Total exposure measure excluding claims on central banks	**607,799**	562,843
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**5.0**	5.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0**	5.0
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**5.0**	5.0
UK-25c	Leverage ratio including claims on central banks (%)	**4.3**	4.3
26	Regulatory minimum leverage ratio requirement (%) (1)	**3.25**	3.25
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	**0.6**	0.6
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**-**	-
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.6**	0.6
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 netted of amounts of associated cash payables and cash receivable	**57,670**	51,376
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**63,767**	51,606
UK-31	Average total exposure measure excluding claims on central banks	**600,354**	571,225
UK-32	Average total exposure measure including claims on central banks	**698,214**	677,479
UK-33	Average leverage ratio excluding claims on central banks	**5.0**	5.0
UK-34	Average leverage ratio including claims on central banks	**4.3**	4.2

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

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:	**454,032**	429,877
UK-2	Trading book exposures	**25,485**	26,264
UK-3	Banking book exposures, of which:	**428,547**	403,613
UK-4	Covered bonds	**3,818**	5,495
UK-5	Exposures treated as sovereigns	**33,761**	27,553
UK-6	Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	**11,494**	7,036
UK-7	Institutions	**5,064**	5,475
UK-8	Secured by mortgages of immovable properties	**239,073**	237,458
UK-9	Retail exposures	**22,731**	21,921
UK-10	Corporate	**83,262**	82,534
UK-11	Exposures in default	**5,758**	5,461
UK-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	**23,586**	10,680

UK LRA: Disclosure of Leverage Ratio qualitative information

Processes used to manage the risk of excessive leverage

NatWest Group actively manages the risk of excessive leverage through relevant Board-approved Risk Appetite measures, operational limits, targets, and recovery indicators. This ensures that NatWest Group and its entities are sufficiently capitalised to meet supervisory leverage requirements in normal business conditions and appropriate requirements for leverage under stress events. NatWest Group embeds its strong focus on leverage in its capital planning, capital allocation, and transfer pricing processes, incentivising businesses to make appropriate decisions with regard to leverage exposure within their portfolios. NatWest 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 was 5.0%, and remained static compared to 31 December 2023. This was driven by a £45.0 billion increase in leverage exposure offset by a £1.9 billion increase in Tier 1 capital. The key drivers in the leverage exposure were an increase in other financial assets, other off balance sheet items and trading assets.

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

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

		Total unweighted value (average)				Total weighted value (average)			
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	**31 December 2024**	30 September 2024	30 June 2024	31 March 2024
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**158,333**	156,537	156,387	154,770
	Cash - outflows								
2	Retail deposits and deposits from small business customers	**263,424**	260,918	258,770	256,611	**19,214**	18,905	18,816	18,884
	of which:								
3	*Stable deposits*	***141,553***	*142,019*	*143,238*	*145,596*	***7,078***	*7,101*	*7,162*	*7,280*
4	*Less stable deposits*	***87,609***	*86,557*	*86,334*	*87,009*	***11,168***	*10,999*	*10,944*	*11,004*
5	Unsecured wholesale funding	**146,194**	146,662	148,600	151,395	**69,549**	69,417	70,318	71,439
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***57,782***	*58,630*	*59,732*	*60,862*	***14,126***	*14,338*	*14,613*	*14,896*
7	*Non-operational deposits (all counterparties)*	***83,870***	*83,501*	*84,228*	*86,129*	***50,881***	*50,548*	*51,065*	*52,139*
8	*Unsecured debt*	***4,542***	*4,531*	*4,640*	*4,404*	***4,542***	*4,531*	*4,640*	*4,404*
9	Secured wholesale funding					**1,709**	1,529	1,307	1,093
10	Additional requirements	**80,006**	80,810	81,338	81,582	**21,681**	22,533	23,025	23,233
11	*Outflows related to derivative exposures and other collateral requirements*	***5,493***	*5,980*	*6,323*	*6,759*	***5,380***	*5,840*	*6,154*	*6,530*
12	*Outflows related to loss of funding on debt products*	***89***	*172*	*172*	*83*	***89***	*172*	*172*	*83*
13	*Credit and liquidity facilities*	***74,424***	*74,658*	*74,843*	*74,740*	***16,212***	*16,521*	*16,699*	*16,620*
14	Other contractual funding obligations	**27,284**	25,699	21,385	17,263	**2,098**	2,049	1,858	1,890
15	Other contingent funding obligations	**53,807**	51,007	50,081	49,717	**2,475**	2,373	2,618	3,063
16	Total cash outflows					**116,726**	116,806	117,942	119,602
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**60,765**	59,754	57,098	54,328	**1,139**	1,102	1,020	944
18	Inflows from fully performing exposures	**7,232**	7,313	7,210	7,335	**5,795**	5,859	5,825	5,929
19	Other cash inflows	**24,323**	22,995	19,509	17,012	**4,781**	4,745	4,536	4,732
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies					**-**	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					**-**	-	-	-
20	Total cash inflows	**92,320**	90,062	83,817	78,675	**11,715**	11,706	11,381	11,605
UK-20a	*Fully exempt inflows*								
UK-20b	*Inflows subject to 90% cap*								
UK-20c	*Inflows subject to 75% cap*	***90,164***	*87,875*	*81,633*	*76,552*	***11,715***	*11,706*	*11,381*	*11,605*
	Total adjusted value								
UK-21	Liquidity buffer					**158,333**	156,537	156,387	154,770
22	Total net cash outflows					**105,011**	105,100	106,561	107,997
23	Liquidity coverage ratio (%)					**151**	149	147	143

UK LIQ2: Net Stable Funding Ratio

31 December 2024		a	b	c	d	e
		Unweighted value by residual maturity (average)				
(In £m)		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	Weighted Value (average)
Available stable funding (ASF) Items						
1	Capital items and instruments	38,285	-	-	6,052	44,337
2	*Own funds*	38,285	-	-	5,904	44,189
3	*Other capital instruments*		-	-	148	148
4	Retail Deposits		249,418	11,895	3,652	246,575
5	*Stable deposits*		147,830	6,990	2,592	149,671
6	*Less stable deposits*		101,588	4,905	1,060	96,904
7	Wholesale funding		230,204	13,561	56,987	130,943
8	*Operational deposits*		56,426	-	4	9,254
9	*Other wholesale funding*		173,778	13,561	56,983	121,689
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	-	13,371	-	1,753	1,753
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		13,371	-	1,753	1,753
14	Total available stable funding (ASF)					423,608
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					6,936
UK-15a	Assets encumbered for more than 12 million in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		84,668	24,207	321,908	271,659
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		39,828	3,312	549	2,204
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		12,937	7,488	18,470	23,490
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		26,042	8,604	89,807	98,411
21	*With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk*		8,828	2,273	27,043	32,594
22	*Performing residential mortgages, of which:*		5,573	4,683	196,718	132,995
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		5,573	4,683	196,718	132,995
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		288	120	16,364	14,559
25	Interdependent assets		-	-	-	-
26	Other assets:	-	21,813	123	26,093	24,081
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	2,855	2,426
29	*NSFR derivative assets*		766	-	-	766
30	*NSFR derivative liabilities before deduction of variation margin posted*		13,019	-	-	651
31	*All other assets not included in the above categories*		8,029	123	23,239	20,238
32	Off-balance sheet items		120,050	-	-	6,003
33	Total RSF					308,679
34	Net Stable Funding Ratio (%)					137

UK LIQ2: Net Stable Funding Ratio continued

31 December 2023		a	b	c	d	e
(In £m)		Unweighted value by residual maturity (average)				Weighted Value (average)
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	36,259	-	-	5,423	41,681
2	*Own funds*	36,259	-	-	5,275	41,533
3	*Other capital instruments*		-	-	148	148
4	Retail Deposits		245,633	7,272	2,707	237,937
5	*Stable deposits*		148,927	3,372	1,945	146,629
6	*Less stable deposits*		96,706	3,900	762	91,308
7	Wholesale funding		236,557	12,042	50,910	126,143
8	*Operational deposits*		57,910	-	5	9,148
9	*Other wholesale funding*		178,647	12,042	50,905	116,995
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	13,392	15,114	-	1,917	1,917
12	*NSFR derivative liabilities*	13,392				
13	*All other liabilities and capital instruments not included in the above categories*		15,114	-	1,917	1,917
14	Total available stable funding (ASF)					407,678
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					3,752
EU-15a	Assets encumbered for more than 12 million in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		88,445	21,497	314,446	264,182
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		41,946	1,896	355	1,569
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		13,750	5,391	14,976	19,225
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		26,676	9,047	86,245	96,680
21	*With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk*		9,502	2,457	25,469	31,449
22	*Performing residential mortgages, of which:*		5,831	5,117	200,936	136,082
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		5,831	5,117	200,936	136,082
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		242	46	11,934	10,626
25	Interdependent assets		-	-	-	-
26	Other assets:	-	26,908	105	22,929	23,390
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	3,342	2,840
29	*NSFR derivative assets*		548	-	-	548
30	*NSFR derivative liabilities before deduction of variation margin posted*		17,223	-	-	861
31	*All other assets not included in the above categories*		9,137	105	19,587	19,141
32	Off-balance sheet items		110,993	-	-	5,550
33	Total RSF					296,874
34	Net Stable Funding Ratio (%)					137

UK LIQA: Liquidity risk management

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

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

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

Structure and organisation of the liquidity risk management function

On an annual basis, the Board reviews and approves the overall approach to risk management in NatWest Group as laid out in the enterprise-wide risk management framework (EWRMF), as well as key components of liquidity management, including the liquidity and funding risk appetites, the ILAAP and Recovery Plan (bi-annually).

The structure and organisation of liquidity and funding risk management is defined within the Group Liquidity and Funding Risk Policy, which is approved by the Group Board Risk Committee. It includes defined roles and responsibilities which are consistent with the Three Lines of Defence Model within the overall EWRMF, which ensures effective oversight and assurance. These are also aligned to the Senior Manager Function (SMF) requirements.

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

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

Scope and nature of liquidity risk reporting and measurement systems

Regulatory and Risk Reporting and Control has overall accountability for the accurate and timely production of external regulatory liquidity reporting and internal liquidity management reporting.

The liquidity position of NatWest Group, UK DoLSub and other material subsidiaries is reported on a daily basis to those Executives with responsibility of the management and control of liquidity risk, and on a regular basis to ALCo and BRC. Defined escalation processes are in place for breach of any liquidity risk appetites or operational limits. Liquidity condition indicators are monitored daily and provide early warning indicators of potential stresses or increased vulnerability to stress.

Policies for hedging and mitigating liquidity risk

The Group Liquidity and Funding Risk Policy defines the requirements for the identification, assessment, management and mitigation of liquidity and funding risk. These are underpinned by a strong risk culture, risk appetites, policies, and oversight and assurance via the Three Lines of Defence model.

As a key mitigant of liquidity and funding risk, NatWest Group maintains liquidity portfolios, which consist of high-quality liquid assets that can be monetised in times of stress. We monitor the sufficiency of the liquidity portfolios through the risk appetites. The liquidity portfolios must be managed in line with investment mandates, which are approved at least annually by the Group Treasurer and entity Treasurers as applicable and set out the level of risk we are willing to take within the regulatory and internal framework.

Contingency funding plans

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

NatWest Group's Recovery Plan is regularly reviewed, tested and approved by the Board to ensure it remains effective under a variety of scenarios in line with the requirements set out by the PRA.

Key elements of the Recovery Plan include:

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

UK LIQA: Liquidity risk management continued

Stress testing

NatWest Group manages liquidity and funding risk over various time horizons using regulatory and internal measures.

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

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

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

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

Adequacy of liquidity risk management arrangements

NatWest Group plc Board confirms the adequacy of our liquidity risk management arrangements, including systems and controls, annually via the ILAAP document. The ILAAP details NatWest Group's approach to the identification, measurement and management of liquidity and funding risk and the formulation of the funding plan and is subsequently submitted to the PRA. The Boards of relevant legal entities (as detailed under (a)) approve their own ILAAPs on the same basis.

Management statement on liquidity risk profile

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

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

LCR inputs and results over time

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

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

The average Liquidity Coverage Ratio (LCR) increased by 2% compared to Q3 2024 from 149% to 151%. This was driven by growth in customer deposits partially offset by increased lending.

Concentration of funding sources

NatWest Group plc maintains a diversified set of funding sources of which retail, SME and corporate deposits are the biggest contributors. Other sources include wholesale unsecured funding, capital (including equity and MREL-eligible bonds), central banks (TFSME), repos, covered bonds and derivative cash collateral. Wholesale unsecured funding includes a range of products including deposits, commercial paper, certificates of deposit and medium-term notes, and is accepted from various corporate counterparties and financial institutions.

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (61%) and Level 1 high quality securities (33%). Level 2 securities account for 6%.

Derivative exposures and potential collateral calls

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

Currency mismatch in the LCR

The LCR is calculated for euro, US dollar and sterling, which have been identified as significant currencies (having liabilities greater than, or equal to, 5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities) in accordance with the Liquidity Coverage Ratio (CRR) part of the PRA Rulebook (subject to modification). NatWest Group Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.

Annex XXXV: Encumbrance

UK AE1: Encumbered and unencumbered assets

The table below provides a view of NatWest Group's encumbered and unencumbered assets.

Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
		£m	£m	£m	£m	£m	£m	£m	£m
	31 December 2024	010	030	040	050	060	080	090	100
010	Assets of the reporting institution	**77,047**	**26,469**			**626,718**	**139,477**		
030	Equity instruments	**-**	**-**	**-**	**-**	**749**	**-**	**749**	**-**
040	Debt securities	**30,672**	**21,417**	**30,726**	**21,417**	**45,100**	**35,887**	**45,075**	**35,887**
050	of which: covered bonds	**225**	**143**	**225**	**143**	**4,045**	**3,158**	**4,014**	**3,158**
060	of which: securitisations	**6,424**	**1,607**	**6,424**	**1,607**	**6,251**	**4,920**	**6,254**	**4,920**
070	of which: issued by general governments	**20,050**	**17,677**	**20,050**	**17,677**	**23,188**	**18,760**	**23,188**	**18,760**
080	of which: issued by financial corporations	**9,587**	**3,506**	**9,587**	**3,506**	**21,664**	**16,756**	**21,635**	**16,756**
090	of which: issued by non-financial corporations	**1,035**	**408**	**1,090**	**408**	**218**	**-**	**218**	**-**
120	Other assets	**46,119**	**5,016**			**580,895**	**105,776**		

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
		£m	£m	£m	£m	£m	£m	£m	£m
	31 December 2023	010	030	040	050	060	080	090	100
010	Assets of the reporting institution	73,545	24,275			635,920	135,593		
030	Equity instruments	-	-	-	-	687	-	687	-
040	Debt securities	25,300	19,084	25,300	19,084	28,162	21,411	27,947	21,411
050	of which: covered bonds	74	36	74	36	5,035	3,910	4,962	3,910
060	of which: securitisations	2,297	766	2,297	766	4,769	3,793	4,797	3,793
070	of which: issued by general governments	17,685	15,742	17,685	15,742	12,439	9,889	12,269	9,889
080	of which: issued by financial corporations	5,834	2,651	5,834	2,651	14,156	9,743	14,111	9,743
090	of which: issued by non-financial corporations	507	185	507	185	322	-	322	-
120	Other assets	45,750	5,191			605,996	116,303		

(1) The values in row 010 reflect the median of the sums of four quarterly end-of-period values over the previous twelve months for rows 030, 040 and 120.

UK AE2: Collateral received and own debt securities issued

The table below provides a view of encumbered collateral received and own debt securities issued.

Collateral received

	31 December 2024				31 December 2023			
			Unencumbered				Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA
	£m	£m	£m	£m	£m	£m	£m	£m
	010	030	040	060	010	030	040	060
130 Collateral received by the reporting institution	**42,424**	**35,325**	**27,225**	**23,558**	43,499	38,109	22,801	18,074
140 Loans on demand	**-**	**-**	**-**	**-**	-	-	-	-
150 Equity instruments	**-**	**-**	**-**	**-**	-	-	-	-
160 Debt securities	**42,424**	**35,325**	**27,225**	**23,558**	43,499	38,109	22,801	18,074
170 of which: covered bonds	**280**	**157**	**2,524**	**2,512**	92	75	-	-
180 of which: securitisation	**3,034**	**-**	**1,978**	**-**	1,020	-	2,291	-
190 of which: issued by general governments	**33,725**	**33,624**	**20,592**	**20,349**	38,273	36,555	17,603	18,074
200 of which: issued by financial corporations	**5,865**	**1,002**	**5,811**	**3,293**	3,370	449	4,789	-
210 of which: issued by non-financial corporations	**1,721**	**350**	**686**	**29**	1,349	336	802	-
220 Loans and advances other than loans on demand	**-**	**-**	**-**	**-**	-	-		-
230 Other collateral received	**-**	**-**	**-**	**-**	-	-		-
240 Own debt securities issued other than own covered bonds or securitisations	**-**	**-**	**-**	**-**	-	-		-
241 Own covered bonds and securitisations issued and not yet pledged			**-**	**-**				-
250 Total assets, collateral received and own debt securities issued	**122,868**	**60,434**			115,629	63,084		

(1) The total collateral received as shown in row 130 is the median of the sums of four quarterly end of period values over the previous twelve months for rows 140 to 160, 220 and 230.
(2) The total in row 250 is the median of the sums of four quarterly end-of-period values over the previous twelve months for row 010 in Template UK AE1 and rows 130 and 240 in Template UK AE2.

UK AE3: Sources of encumbrance

The table below provides a view of financial liabilities associated with encumbered assets.

Sources of encumbrance

31 December 2024	Matching liabilities, contingent liabilities or securities lent £m 010	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered £m 030
010 Carrying amount of selected financial liabilities	**70,213**	**86,968**

31 December 2023	Matching liabilities, contingent liabilities or securities lent £m 010	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered £m 030
010 Carrying amount of selected financial liabilities	71,324	86,473

UK AE4: Accompanying narrative information

The asset encumbrance disclosures present median values, which are rolling medians over the previous quarter-ends. They cannot be used in direct comparison with the Asset Encumbrance presented in the Group's Annual Accounts as this is a point in time.

NatWest Group evaluates the extent to which assets can be financed in a secured form (encumbrance), with certain asset types lending themselves more readily to encumbrance. The typical characteristics that support encumbrance are i) an ability to pledge those assets to another counterparty or entity through operation of law without necessarily requiring prior notification, ii) homogeneity, iii) predictable and measurable cash flows, iv) a consistent and uniform underwriting and collection process. Retail assets including residential mortgages, credit card receivables and personal loans display many of these features.

Following the implementation of ring-fencing legislation, liquidity is no longer considered fully fungible across NatWest Group and principal liquidity portfolios are maintained in the UK DoLSub (primarily in NWB Plc), NWM Plc, RBSI and NWM N.V. All NatWest Group legal entities are managed within relevant local regulatory requirements, internally defined risk appetites and are subject to the Group Liquidity and Funding Policies.

NatWest Group has a regulated covered bond programme comprising residential mortgages. The covered bond pool has sufficient headroom over the four bonds it has in issue. These mature from June 2026 to March 2029.

NatWest Group predominately operates its encumbrance through GBP, USD and EUR currencies.

NatWest Group would not consider it normal business to encumber the assets held in 030 Equity instruments and 120 Other assets.

The cover pool total was £8.2 billion as at year end 2024 based on the latest investor report.

Row 120 "Other assets" of Template UK AE1 is predominately made up of loans and advances containing mortgages, credit cards and personal loans, of which some are ring fenced for the central bank secured borrowing scheme or liquidity portfolio. Other assets include derivative assets and intangible 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*
31 December 2024		Performing forborne £m	Non-performing forborne £m	*Of which: defaulted* £m	*Of which: impaired* £m	On performing forborne exposures £m	On non-performing forborne exposures £m	£m	*£m*
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	3,639	2,522	2,403	2,423	(106)	(727)	4,250	1,544
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	18	18	18	-	(5)	13	13
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	72	51	51	51	(2)	(37)	20	12
060	*Non-financial corporations*	2,720	1,143	1,101	1,102	(96)	(403)	2,433	553
070	*Households*	847	1,310	1,233	1,252	(8)	(282)	1,784	966
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	519	85	79	80	(1)	-	188	21
100	Total	4,158	2,607	2,482	2,503	(107)	(727)	4,438	1,565

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			
31 December 2023	Performing forborne £m	Non-performing forborne £m	*Of which: defaulted £m*	*Of which: impaired £m*	On performing forborne exposures £m	On non-performing forborne exposures £m	Collateral received and financial guarantees received on forborne exposures £m	*Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures £m*
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	3,644	2,088	1,932	1,951	(122)	(522)	3,903	1,388
020 *Central banks*	-	-	-	-	-	-	-	-
030 *General governments*	*14*	*22*	*22*	*22*	-	*(2)*	*34*	*20*
040 *Credit institutions*	-	-	-	-	-	-	-	-
050 *Other financial corporations*	*133*	*3*	*3*	*3*	*(3)*	*(2)*	*40*	-
060 *Non-financial corporations*	*2,770*	*922*	*859*	*855*	*(109)*	*(288)*	*2,284*	*512*
070 *Households*	*727*	*1,141*	*1,048*	*1,071*	*(10)*	*(230)*	*1,545*	*856*
080 Debt securities	-	-	-	-	-	-	-	-
090 Loan commitments given	633	86	75	76	(2)	-	164	33
100 Total	4,277	2,174	2,007	2,027	(124)	(522)	4,067	1,421

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
31 December 2024		Performing exposures £m	Of which: Not past due or past due ≤ 30 days £m	Of which: Past due > 30 days ≤ 90 days £m	Non-performing exposures £m	Of which: Unlikely to pay that are not past due or are past due ≤ 90 days £m	Of which: Past due > 90 days ≤ 180 days £m	Of which: Past due > 180 days ≤ 1 year £m	Of which: Past due > 1 year ≤ 2 years £m	Of which: Past due > 2 years ≤ 5 years £m	Of which: Past due > 5 years ≤ 7 years £m	Of which: Past due > 7 years £m	Of which: Defaulted £m
005	Cash balances at central banks and other demand deposits	95,275	95,275	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	403,286	402,724	562	6,234	3,312	726	632	730	662	106	66	5,952
020	*Central banks*	*1,147*	*1,147*	-	-	-	-	-	-	-	-	-	-
030	*General governments*	*3,336*	*3,336*	-	*21*	*21*	-	-	-	-	-	-	*21*
040	*Credit institutions*	*1,825*	*1,825*	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	*67,227*	*67,226*	*1*	*59*	*6*	*49*	-	*1*	*1*	*2*	-	*59*
060	*Non-financial corporations*	*102,773*	*102,493*	*280*	*2,118*	*1,322*	*131*	*112*	*215*	*279*	*30*	*29*	*2,065*
070	*Of which: SMEs*	*25,425*	*25,284*	*141*	*1,171*	*591*	*44*	*98*	*167*	*230*	*17*	*24*	*1,140*
080	*Households*	*226,978*	*226,697*	*281*	*4,036*	*1,963*	*546*	*520*	*514*	*382*	*74*	*37*	*3,807*
090	Debt securities	61,823	61,823	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	186	186	-	-	-	-	-	-	-	-	-	-
110	*General governments*	30,441	30,441	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	12,676	12,676	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	18,435	18,435	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	85	85	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	138,726			650								628
160	*Central banks*	-			-								-
170	*General governments*	899			-								-
180	*Credit institutions*	1,619			-								-
190	*Other financial corporations*	*20,415*			*49*								*49*
200	*Non-financial corporations*	*73,065*			*199*								*194*
210	*Households*	*42,728*			*402*								*385*
220	Total	699,110	559,822	562	6,884	3,312	726	632	730	662	106	66	6,580

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											
31 December 2023		Performing exposures £m	*Of which: Not past due or past due ≤ 30 days* £m	*Of which: Past due > 30 days ≤ 90 days* £m	Non-performing exposures £m	*Of which: Unlikely to pay that are not past due or are past due ≤ 90 days* £m	*Of which: Past due > 90 days ≤ 180 days* £m	*Of which: Past due > 180 days ≤ 1 year* £m	*Of which: Past due > 1 year ≤ 2 years* £m	*Of which: Past due > 2 years ≤ 5 years* £m	*Of which: Past due > 5 years ≤ 7 years* £m	*Of which: Past due > 7 years* £m	*Of which: Defaulted* £m
005	Cash balances at central banks and other demand deposits	106,823	106,823	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	390,364	389,657	707	5,866	2,892	691	701	705	682	123	72	5,548
020	*Central banks*	*2,101*	*2,101*	-	-	-	-	-	-	-	-	-	-
030	*General governments*	*3,820*	*3,816*	*4*	*23*	*23*	-	-	-	-	-	-	*23*
040	*Credit institutions*	*1,368*	*1,368*	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	*57,596*	*57,587*	*9*	*16*	*8*	*2*	*1*	*2*	*1*	*2*	-	*15*
060	*Non-financial corporations*	*100,068*	*99,703*	*365*	*1,919*	*1,207*	*98*	*104*	*213*	*209*	*49*	*39*	*1,841*
070	*Of which: SMEs*	*24,661*	*24,480*	*181*	*934*	*375*	*71*	*94*	*160*	*192*	*16*	*26*	*896*
080	*Households*	*225,411*	*225,082*	*329*	*3,908*	*1,654*	*591*	*596*	*490*	*472*	*72*	*33*	*3,669*
090	Debt securities	49,580	49,580	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	*212*	*212*	-	-	-	-	-	-	-	-	-	-
110	*General governments*	*22,247*	*22,247*	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	*9,417*	*9,417*	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	*17,651*	*17,651*	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	*53*	*53*	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	130,515			552								512
160	*Central banks*	-			-								-
170	*General governments*	*959*			17								17
180	*Credit institutions*	*1,263*			-								-
190	*Other financial corporations*	*21,233*			*4*								*4*
200	*Non-financial corporations*	*70,644*			*157*								*135*
210	*Households*	*36,416*			*374*								*356*
220	Total	677,282	546,060	707	6,418	2,892	691	701	705	682	123	72	6,060

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

UK CQ4: Quality of non-performing exposures by geography

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

		a	b	c	d	e	f	g
	31 December 2024	Gross carrying/ nominal amount £m	Of which: Non-performing £m	Of which: defaulted £m	Of which: subject to impairment £m	Accumulated impairment £m	Provisions on off-balance-sheet commitments and financial guarantees given £m	Accumulated negative changes in fair value due to credit risk on non-performing exposures £m
010	On-balance sheet exposures	471,343	6,234	5,952	468,242	(3,359)	-	(4)
020	*UK*	*394,219*	*5,926*	*5,644*	*393,042*	*(3,139)*	-	-
030	*RoI*	*2,407*	*9*	*9*	*2,361*	*(4)*	-	*(4)*
040	*Other Western Europe*	*28,151*	*183*	*183*	*27,175*	*(108)*	-	-
050	*US*	*26,672*	-	-	*25,853*	*(22)*	-	-
070	*Other countries*	*19,894*	*116*	*116*	*19,811*	*(86)*	-	-
080	Off-balance sheet exposures	139,376	650	628	-	-	(55)	-
090	*UK*	*100,684*	*616*	*594*	-	-	*(46)*	-
100	*RoI*	*1,093*	-	-	-	-	*(1)*	-
110	*Other Western Europe*	*20,230*	*21*	*21*	-	-	*(6)*	-
120	*US*	*13,964*	-	-	-	-	*(2)*	-
140	*Other countries*	*3,405*	*13*	*13*	-	-	-	-
150	Total	610,719	6,884	6,580	468,242	(3,359)	(55)	(4)

UK CQ4: Quality of non-performing exposures by geography continued

		a	b	c	d	e	f	g
		Gross carrying/ nominal amount	Of which: Non-performing	Of which: defaulted	Of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
31 December 2023		£m	£m	£m	£m	£m	£m	£m
010	On-balance sheet exposures	445,810	5,866	5,548	437,870	(3,558)	-	(2)
020	*UK*	*384,056*	*5,627*	*5,310*	*378,532*	*(3,311)*	-	*(2)*
030	*RoI*	*1,901*	*23*	*22*	*1,628*	*(22)*	-	-
040	*Other Western Europe*	*23,301*	*153*	*153*	*22,405*	*(158)*	-	-
050	*US*	*22,177*	-	-	*21,982*	*(17)*	-	-
070	*Other countries*	*14,375*	*63*	*63*	*13,323*	*(50)*	-	-
070	Off-balance sheet exposures	131,067	552	512	-	-	(78)	-
090	*UK*	*94,207*	*466*	*441*	-	-	*(62)*	-
100	*RoI*	*928*	*6*	*6*	-	-	*(1)*	-
110	*Other Western Europe*	*20,700*	*42*	*27*	-	-	*(7)*	-
120	*US*	*12,376*	-	-	-	-	*(5)*	-
140	*Other countries*	*2,856*	*38*	*38*	-	-	*(3)*	-
150	Total	576,877	6,418	6,060	437,870	(3,558)	(78)	(2)

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent 96% (2023 – 97%) of total exposure.
(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

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
	31 December 2024	£m	£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	3,795	84	80	3,795	(52)	-
020	Mining and quarrying	577	55	55	448	(53)	-
030	Manufacturing	8,599	135	126	8,576	(107)	-
040	Electricity, gas, steam and air conditioning supply	7,258	80	80	7,177	(61)	-
050	Water supply	3,977	25	25	3,977	(12)	-
060	Construction	5,132	182	175	5,132	(129)	-
070	Wholesale and retail trade	13,952	199	198	13,913	(151)	-
080	Transport and storage	6,046	94	94	6,045	(67)	-
090	Accommodation and food service activities	4,883	215	191	4,883	(133)	-
100	Information and communication	6,273	108	108	6,131	(79)	-
110	Financial and insurance activities	13	-	-	13	-	-
120	Real estate activities	26,332	379	374	26,286	(212)	-
130	Professional, scientific and technical activities	3,196	61	60	3,152	(55)	-
140	Administrative and support service activities	7,930	239	238	7,871	(73)	-
150	Public administration and defence, compulsory social security	37	1	1	37	-	-
160	Education	489	21	21	489	(7)	-
170	Human health services and social work activities	4,434	94	94	4,432	(63)	-
180	Arts, entertainment and recreation	1,166	33	33	1,158	(23)	-
190	Other services	802	113	112	802	(37)	-
200	Total	104,891	2,118	2,065	104,317	(1,314)	-

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

		a	b	c	d	e	f
31 December 2023		Gross carrying amount £m	Of which: non-performing £m	Of which: defaulted £m	Of which: loans and advances subject to impairment £m	Accumulated impairment £m	Accumulated negative changes in fair value due to credit risk on non-performing exposures £m
010	Agriculture, forestry and fishing	3,864	73	68	3,864	(59)	-
020	Mining and quarrying	585	26	26	585	(28)	-
030	Manufacturing	8,382	146	133	8,357	(121)	-
040	Electricity, gas, steam and air conditioning supply	6,068	40	39	6,068	(48)	-
050	Water supply	3,693	12	12	3,693	(12)	-
060	Construction	5,110	263	255	5,108	(139)	-
070	Wholesale and retail trade	14,659	264	262	14,342	(221)	-
080	Transport and storage	5,814	66	66	5,814	(51)	-
090	Accommodation and food service activities	5,077	238	211	5,077	(139)	-
100	Information and communication	5,405	36	36	5,379	(55)	-
110	Financial and insurance activities	13	1	1	13	-	-
120	Real estate activities	24,444	315	303	24,401	(221)	-
130	Professional, scientific and technical activities	4,246	64	62	3,354	(67)	-
140	Administrative and support service activities	7,611	93	92	7,576	(68)	-
150	Public administration and defence, compulsory social security	90	1	1	90	(1)	-
160	Education	497	13	9	497	(9)	-
170	Human health services and social work activities	4,411	109	106	4,392	(81)	-
180	Arts, entertainment and recreation	1,226	27	27	1,226	(22)	-
190	Other services	792	132	132	792	(30)	-
200	Total	101,987	1,919	1,841	100,628	(1,372)	-

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

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
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collateral and financial guarantees received	
			Of which: Stage 1	*Of which: Stage 2*		*Of which: Stage 2*	*Of which: Stage 3*	Total	*Of which: Stage 1*	*Of which: Stage 2*		*Of which: Stage 2*	*Of which: Stage 3*	Accumulated partial write-off	On performing exposures	On non-performing exposures
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	**95,275**	**95,176**	**99**	**-**	**-**	**-**	**(11)**	**(11)**	**-**	**-**	**-**	**-**	**-**	**3**	**-**
010	Loans and advances	**403,286**	**362,192**	**40,109**	**6,234**	**257**	**5,923**	**(1,285)**	**(546)**	**(739)**	**(2,062)**	**(21)**	**(2,037)**	**(164)**	**321,345**	**3,617**
020	*Central banks*	***1,147***	***1,147***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***399***	***-***
030	*General governments*	***3,336***	***3,122***	***174***	***21***	***-***	***21***	***(2)***	***(1)***	***(1)***	***(5)***	***-***	***(5)***	***-***	***2,764***	***13***
040	*Credit institutions*	***1,825***	***1,824***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***1,531***	***-***
050	*Other financial corporations*	***67,227***	***65,527***	***1,238***	***59***	***-***	***59***	***(35)***	***(24)***	***(11)***	***(40)***	***-***	***(40)***	***-***	***36,998***	***15***
060	*Non-financial corporations*	***102,773***	***88,852***	***13,488***	***2,118***	***67***	***2,045***	***(527)***	***(226)***	***(301)***	***(787)***	***(3)***	***(784)***	***-***	***69,036***	***1,088***
070	*Of which: SMEs*	***25,425***	***21,256***	***4,167***	***1,171***	***35***	***1,129***	***(192)***	***(67)***	***(125)***	***(396)***	***(2)***	***(394)***	***-***	***22,364***	***682***
080	*Households*	***226,978***	***201,720***	***25,209***	***4,036***	***190***	***3,798***	***(721)***	***(295)***	***(426)***	***(1,230)***	***(18)***	***(1,208)***	***(164)***	***210,617***	***2,501***
090	Debt securities	**61,823**	**61,317**	**500**	**-**	**-**	**-**	**(16)**	**(16)**	**-**	**-**	**-**	**-**	**-**	**84**	**-**
100	*Central banks*	***186***	***186***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
110	*General governments*	***30,441***	***29,941***	***498***	***-***	***-***	***-***	***(3)***	***(3)***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
120	*Credit institutions*	***12,676***	***12,673***	***-***	***-***	***-***	***-***	***(3)***	***(3)***	***-***	***-***	***-***	***-***	***-***	***84***	***-***
130	*Other financial corporations*	***18,435***	***18,434***	***-***	***-***	***-***	***-***	***(10)***	***(10)***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
140	*Non-financial corporations*	***85***	***83***	***2***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
150	Off-balance sheet exposures	**138,726**	**129,341**	**9,385**	**650**	**11**	**627**	**(52)**	**(25)**	**(27)**	**(3)**	**-**	**(3)**		**21,331**	**56**
160	*Central banks*	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***		***-***	***-***
170	*General governments*	***899***	***836***	***63***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***		***129***	***-***
180	*Credit institutions*	***1,619***	***1,619***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***		***647***	***-***
190	*Other financial corporations*	***20,415***	***20,137***	***278***	***49***	***-***	***49***	***(1)***	***(1)***	***-***	***-***	***-***	***-***		***676***	***3***
200	*Non-financial corporations*	***73,065***	***67,366***	***5,699***	***199***	***4***	***195***	***(28)***	***(16)***	***(12)***	***(3)***	***-***	***(3)***		***15,040***	***32***
210	*Households*	***42,728***	***39,383***	***3,345***	***402***	***7***	***383***	***(23)***	***(8)***	***(15)***	***-***	***-***	***-***		***4,839***	***21***
220	Total	**699,110**	**648,026**	**50,093**	**6,884**	**268**	**6,550**	**(1,364)**	**(598)**	**(766)**	**(2,065)**	**(21)**	**(2,040)**	**(164)**	**342,763**	**3,673**

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			Accumulated partial write-off	Collateral and financial guarantees received	
31 December 2023		0 0	Of which: Stage 1 £m	Of which: Stage 2 £m	Total £m	Of which: Stage 2 £m	Of which: Stage 3 £m		Of which: Stage 1 £m	Of which: Stage 2 £m		Of which: Stage 2 £m	Of which: Stage 3 £m	£m	On performing exposures £m	On non-performing exposures £m
005	Cash balances at central banks and other demand deposits	106,823	106,822	1	-	-	-	(11)	(11)	-	-	-	-	-	5	-
010	Loans and advances	390,364	352,052	37,624	5,866	257	5,559	(1,551)	(648)	(903)	(1,980)	(21)	(1,956)	(203)	304,599	3,406
020	*Central banks*	*2,101*	*2,101*	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	*3,820*	*3,700*	*72*	*23*	-	*23*	*(1)*	-	*(1)*	*(2)*	-	*(2)*	-	*2,816*	*20*
040	*Credit institutions*	*1,368*	*1,366*	*2*	-	-	-	*(3)*	*(3)*	-	-	-	-	-	*769*	-
050	*Other financial corporations*	*57,596*	*56,637*	*959*	*16*	-	*16*	*(29)*	*(22)*	*(7)*	*(6)*	-	*(6)*	-	*29,664*	*5*
060	*Non-financial corporations*	*100,068*	*85,777*	*13,962*	*1,919*	*86*	*1,830*	*(672)*	*(292)*	*(380)*	*(700)*	*(6)*	*(694)*	*(24)*	*61,274*	*1,041*
070	*Of which: SMEs*	*24,661*	*19,677*	*4,984*	*934*	*43*	*889*	*(256)*	*(89)*	*(167)*	*(362)*	*(3)*	*(359)*	-	*20,214*	*498*
080	*Households*	*225,411*	*202,471*	*22,629*	*3,908*	*171*	*3,690*	*(846)*	*(331)*	*(515)*	*(1,272)*	*(15)*	*(1,254)*	*(179)*	*210,076*	*2,340*
090	Debt securities	49,580	48,728	845	-	-	-	(29)	(22)	(7)	-	-	-	-	-	-
100	*Central banks*	*212*	*212*	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	*22,247*	*21,760*	*482*	-	-	-	*(3)*	*(3)*	-	-	-	-	-	-	-
120	*Credit institutions*	*9,417*	*9,210*	*206*	-	-	-	*(7)*	*(6)*	*(1)*	-	-	-	-	-	-
130	*Other financial corporations*	*17,651*	*17,493*	*157*	-	-	-	*(19)*	*(13)*	*(6)*	-	-	-	-	-	-
140	*Non-financial corporations*	*53*	*53*	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	130,515	119,898	10,617	552	34	508	(74)	(31)	(43)	(4)	-	(4)		18,799	95
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	*959*	*959*	-	*17*	-	*17*	-	-	-	-	-	-		*118*	*8*
180	*Credit institutions*	*1,263*	*1,216*	*47*	-	-	-	-	-	-	-	-	-		*528*	-
190	*Other financial corporations*	*21,233*	*20,651*	*582*	*4*	-	*4*	*(3)*	*(2)*	*(1)*	-	-	-		*851*	*1*
200	*Non-financial corporations*	*70,644*	*64,593*	*6,051*	*157*	*27*	*130*	*(40)*	*(18)*	*(22)*	*(3)*	-	*(3)*		*12,175*	*64*
210	*Households*	*36,416*	*32,479*	*3,937*	*374*	*7*	*357*	*(31)*	*(11)*	*(20)*	*(1)*	-	*(1)*		*5,127*	*22*
220	Total	677,282	627,500	49,087	6,418	291	6,067	(1,665)	(712)	(953)	(1,984)	(21)	(1,960)	(203)	323,403	3,501

(1) The gross NPL ratio for NatWest Group is 1.52% (2023 – 1.48%). Loans and advances classified as held-for-sale, cash balances at central banks and other demand deposits were excluded from the ratio calculation.
(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

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
31 December 2024		**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1	Loans and advances	**23,066**	**35,579**	**112,237**	**235,291**	**-**	**406,173**
2	Debt securities	**-**	**13,648**	**27,894**	**20,265**	**-**	**61,807**
3	Total	**23,066**	**49,227**	**140,131**	**255,556**	**-**	**467,980**

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
31 December 2023		£m	£m	£m	£m	£m	£m
1	Loans and advances	28,319	30,930	100,883	232,567	-	392,699
2	Debt securities	-	8,626	21,847	19,078	-	49,551
3	Total	28,319	39,556	122,730	251,645	-	442,250

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also 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	**5,866**
020	Inflows to non-performing portfolios	**3,621**
030	Outflows from non-performing portfolios	**(3,253)**
040	Outflows due to write-offs	**(654)**
050	Outflow due to other situations	**(2,599)**
060	Final stock of non-performing loans and advances at 31 December 2024	**6,234**

(1) Outflow due to other situations primarily includes outflow due to loan repayment, transfer to performing portfolio and reclassification as held-for-sale.
(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CRA: General qualitative information about credit risk

Definition

Credit risk is the risk that customers, counterparties or issuers fail to meet a contractual obligation to settle outstanding amounts.

Sources of risk

The principal sources of credit risk for NatWest Group are lending, off-balance sheet products, derivatives and securities financing, and debt securities. NatWest Group is also exposed to settlement risk through foreign exchange, trade finance and payments activities.

Governance

The Credit Risk function provides oversight and challenge of frontline credit risk management activities. Governance activities include:

- Defining and proposing credit risk appetite measures for Board approval.
- Establishing credit risk policy, standards and toolkits which set out the mandatory limits and parameters required to ensure that credit risk is managed within risk appetite and which provide the minimum standards for the identification, assessment, management, monitoring and reporting of credit risk.
- Oversight of the first line of defence to ensure that credit risk remains within the appetite set by the Board and that it is being managed adequately and effectively.
- Assessing the adequacy of expected credit loss (ECL) provisions including approving key IFRS 9 inputs (such as significant increase in credit risk (SICR) thresholds) and any necessary in-model and post model adjustments through NatWest Group and business unit provisions and model committees.
- Development and approval of credit grading models.
- Providing regular reporting on credit risk to the Board Risk Committee and Board.

Risk appetite

Risk appetite defines the type and aggregate level of risk NatWest Group is willing to accept in pursuit of its strategic objectives and business plans. Risk appetite supports sound risk-taking, the promotion of robust risk practices and risk behaviours, and is calibrated at least annually.

For certain principal risks, risk capacity defines the maximum level of risk NatWest Group can assume before breaching constraints determined by regulatory capital and liquidity requirements, the operational environment, and from a conduct perspective. Establishing risk capacity helps determine where risk appetite should be set, ensuring there is a buffer between internal risk appetite and NatWest Group's ultimate capacity to absorb losses.

Risk appetite framework

The risk appetite framework supports effective risk management by promoting sound risk-taking through a structured approach, within agreed boundaries. It also ensures emerging risks and risk-taking activities that might be out of appetite are identified, assessed, escalated and addressed in a timely manner.

To facilitate this, a detailed review of the framework is carried out annually. The review includes:

- Assessing the adequacy of the framework compared to internal and external expectations.
- Ensuring the framework remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation.

Establishing risk appetite

In line with the risk appetite framework, risk appetite is maintained across NatWest Group through risk appetite statements. These are in place for all principal risks, including credit risk, and describe the extent and type of activities that can be undertaken.

Risk appetite statements consist of qualitative statements of appetite supported by risk limits and triggers that operate as a defence against excessive risk-taking. Risk measures and their associated limits are an integral part of the risk appetite approach and a key part of embedding risk appetite in day-to-day risk management decisions. A clear tolerance for each principal risk is set in alignment with business activities.

The process of reviewing and updating risk appetite statements is completed alongside the business and financial planning process. This ensures that plans and risk appetite are appropriately aligned.

The Board sets risk appetite for all principal risks to help ensure NatWest Group is well placed to meet its priorities and long-term targets even in challenging economic environments. This supports NatWest Group in remaining resilient and secure as it pursues its strategic business objectives.

Risk appetite statements and associated measures are reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure they remain appropriate and aligned to strategy.

NatWest Group's risk profile is continually monitored and frequently reviewed. Management focus is concentrated on all principal risks as well as the top and emerging risks that may correlate to them. Risk profile relative to risk appetite is reported regularly to senior management and the Board.

NatWest Group policies directly support the qualitative aspects of risk appetite. They define the qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk-taking and are consistently applied across NatWest Group and its subsidiaries.

Credit risk appetite is approved by the Board and is set and monitored through risk appetite frameworks tailored to NatWest Group's Personal and Non-Personal segments. Risk appetite statements and associated measures are reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure they remain appropriate and aligned to strategy.

Personal

The Personal credit risk appetite framework sets limits that control the quality and concentration of both existing and new business for each relevant business segment. These risk appetite measures consider the segments' ability to grow sustainably and the level of losses expected under stress. Credit risk is further controlled through operational limits specific to customer or product characteristics.

Non-Personal

For Non-Personal credit, the framework has been designed to reflect factors that influence the ability to operate within risk appetite. Tools such as stress testing and economic capital are used to measure credit risk volatility and develop links between the framework and risk appetite limits.

The framework is used to manage concentrations of risk which may arise across four lenses – single name, sector, country and product and asset classes.

The framework is supported by a suite of transactional acceptance standards that set out the risk parameters within which businesses should operate.

UK CRA: General qualitative information about credit risk continued

Identification and measurement

Identification and measurement within the risk management process comprises:

- Regular assessment of the overall risk profile, incorporating market developments and trends, as well as external and internal factors.
- Monitoring of the risks associated with lending and credit exposures.
- Assessment of trading and non-trading portfolios.
- Review of potential risks in new business activities and processes.
- Analysis of potential risks in any complex and unusual business transactions.

The financial and non-financial risks that NatWest Group faces are detailed in its risk directory. This provides a common risk language to ensure consistent terminology is used across NatWest Group. The risk directory is subject to annual review to ensure it continues to fully reflect the risks that NatWest Group faces.

For credit risk, risks are identified through relationship management and credit stewardship of customers and portfolios. Credit stewardship takes place throughout the customer relationship, beginning with the initial approval. It includes the application of credit assessment standards, credit risk mitigation and collateral, ensuring that credit documentation is complete and appropriate, carrying out regular portfolio or customer reviews and problem debt identification and management.

Three lines of defence

NatWest Group uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk, including credit risk. This supports the embedding of effective risk management throughout the organisation.

First line of defence

The first line of defence incorporates most roles in NatWest Group, including those in the customer-facing businesses. The first line of defence is empowered to take credit risk within the constraints of the risk management framework, policies, risk appetite statements and measures set by the Board. The first line of defence is responsible for managing its direct risks, and with the support of specialist functions, it is also responsible for managing its consequential risks, by identifying, assessing, mitigating, monitoring and reporting risks.

Second line of defence

The second line of defence comprises the Risk function and is independent of the first line. The credit risk function, as a second line of defence function, is empowered to design and maintain the credit risk management framework and its components. It undertakes proactive credit risk oversight and continuous monitoring activities to confirm that NatWest Group engages in permissible and sustainable credit risk-taking activities.

The second line of defence advises on, monitors, challenges, approves and escalates where required and reports on the risk-taking activities of the first line, ensuring that these are within the constraints of the risk management framework, policies, risk appetite statements and measures set by the Board.

Third line of defence

The third line of defence is the Internal Audit function and is independent of the first and second lines. The third line of defence is responsible for providing independent assurance to the Board, its subsidiary legal entity boards and executive management on the overall design and operating effectiveness of the risk management framework and its components. This includes the adequacy and effectiveness of key internal controls, governance and the risk management in place to monitor, manage and mitigate the principal risks, including credit risk, to NatWest Group and its subsidiary companies. The third line of defence executes its duties freely and objectively in accordance with the Chartered Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity.

Assessment and monitoring

Practices for credit stewardship – including credit assessment, approval and monitoring as well as the identification and management of problem debts – differ between the Personal and Non-Personal portfolios.

Personal

Personal customers are served through a lending approach that entails offering a large number of small-value loans. To ensure that these lending decisions are made consistently, NatWest Group analyses internal credit information as well as external data supplied by credit reference agencies (including historical debt servicing behaviour of customers with respect to both NatWest Group and other lenders). NatWest Group then sets its lending rules accordingly, developing different rules for different products.

The process is then largely automated, with each customer receiving an individual credit score that reflects both internal and external behaviours and this score is compared with the lending rules set. For relatively high-value, complex personal loans, including some residential mortgage lending, specialist credit managers make the final lending decisions. These decisions are made within specified delegated authority limits that are issued dependent on the experience of the individual.

Underwriting standards and portfolio performance are monitored on an ongoing basis to ensure they remain adequate in the current market environment and are not weakened materially to sustain growth. The actual performance of each portfolio is tracked relative to operational limits. The limits apply to a range of credit risk-related measures including projected credit default rates across products and the loan-to-value (LTV) ratio of the mortgage portfolios. Where operational limits identify areas of concern management action is taken to adjust credit or business strategy.

UK CRA: General qualitative information about credit risk continued

Non-Personal

Non-Personal customers, including corporates, banks and other financial institutions, are typically managed on an individual basis. Customers are aggregated as a single risk when sufficiently interconnected to the extent that a failure of one could lead to the failure of another.

A credit assessment is carried out before credit facilities are made available to customers. The assessment process is dependent on the complexity of the transaction. Credit approvals are subject to environmental, social and governance risk policies which restrict exposure to certain highly carbon-intensive industries as well as those with potentially heightened reputational impacts. Customer-specific climate risk commentary is now mandatory.

For lower-risk transactions below specific thresholds, credit decisions can be approved through a combination of fully automated or relationship manager self-sanctioning within the business. This process is facilitated through an auto-decision making system, which utilises scorecards, strategies and policy rules.

For other transactions, both business approval and credit approval are required.

The joint business and credit approvers act within a delegated approval authority under the Wholesale Credit Authorities Policy. The level of delegated authority held by approvers is dependent on their experience and expertise with only a small number of senior executives holding the highest approval authority.

Transactional acceptance standards provide detailed transactional lending and risk acceptance metrics and structuring guidance. As such, these standards provide a mechanism to manage risk appetite at the customer/transaction level and are supplementary to the established credit risk appetite.

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

All credit grades map to an asset quality (AQ) scale, used for financial reporting. This AQ scale is based on Basel probability of defaults (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. NatWest Group'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.
- **Lifetime measurement** – IFRS 9 PD, LGD and EAD are provided as multi-period term structures up to exposure lifetimes instead of over a fixed one-year horizon.

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

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

PD estimates

Personal models

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

Non-Personal models

Non-Personal 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.

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

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.

Personal

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 Personal portfolios.

Non-Personal

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

Personal

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

- Revolving products use the existing IRB models as a basis, with appropriate adjustments incorporating a term structure based on time to default.
- Amortising products use an amortising schedule, where a formula is used to calculate the expected balance based on remaining terms and interest rates.

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

Non-Personal

For Non-Personal, 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 NatWest Group's ongoing ECL adequacy assessment process. A holistic framework has been established including reviewing a range of economic data, external benchmark information and portfolio performance trends with a particular focus on segments of the portfolio (both Personal and Non-Personal) 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). NatWest Group 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 NatWest Group and align to credit risk management practices, where appropriate.

The framework comprises the following elements:

- IFRS 9 lifetime PD assessment (the primary driver) – on modelled portfolios, the assessment is based on the relative deterioration in forward-looking lifetime PD and is assessed monthly. To assess whether credit deterioration has occurred, the residual lifetime PD at balance sheet date (which PD is established at date of initial recognition (DOIR)) is compared to the current PD. If the current lifetime PD exceeds the residual origination PD by more than a threshold amount, deterioration is assumed to have occurred and the exposure transferred into Stage 2 for a lifetime loss assessment. For Non-Personal, a doubling of PD would indicate a SICR subject to a minimum PD uplift of 0.1%. For Personal portfolios, the criteria vary by risk band, with lower-risk exposures needing to deteriorate more than higher-risk exposures.
- Qualitative high-risk backstops – the PD assessment is complemented with the use of qualitative high-risk backstops to further inform whether significant deterioration in lifetime risk of default has occurred. The qualitative high-risk backstop assessment includes the use of the mandatory 30+ days past due backstop, as prescribed by IFRS 9 guidance, and other features such as forbearance support, Non-Personal exposures managed within the Wholesale Problem Debt Management framework, and adverse credit bureau results for Personal customers.
- Persistence (Personal and business banking customers only) – the persistence rule ensures that accounts which have met the criteria for PD-driven deterioration are still considered to be significantly deteriorated for three months thereafter. This additional rule enhances the timeliness of capture in Stage 2. The persistence rule is applied to PD-driven deterioration only.

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

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

Annex XVII: Credit risk mitigation

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
31 December 2024		**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**
1	Loans and advances	**165,681**	**335,756**	**316,293**	**8,672**	**-**
2	Debt securities	**61,723**	**84**	**-**	**84**	**-**
3	Total	**227,404**	**335,840**	**316,293**	**8,756**	**-**
4	*Of which: non-performing exposures*	**440**	**3,732**	**3,372**	**245**	**-**
5	*Of which: defaulted*	***400***	***3,523***	***3,172***	***241***	**-**

		a	b	c	d	e
31 December 2023		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
1	Loans and advances	181,263	318,248	299,542	8,468	-
2	Debt securities	49,551	-	-	-	-
3	Total	230,814	318,248	299,542	8,468	-
4	*Of which: non-performing exposures*	395	3,491	3,083	323	-
5	*Of which: defaulted*	*363*	*3,238*	*2,845*	*316*	-

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

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 customer fails to settle all or part of its obligations to NatWest Group. 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.

NatWest Group uses a number of credit risk mitigation approaches. These differ for Non-Personal and Personal customers.

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

Non-Personal

NatWest Group mitigates credit risk relating to Non-Personal customers through the use of netting, collateral and market standard documentation, depending on the nature of the counterparty and its assets. The most common types of mitigation are:

- **Commercial real estate.**
- **Other physical assets** – Including stock, plant, equipment, machinery, vehicles, ships and aircraft. Such assets are suitable collateral only if NatWest Group can identify, locate, and segregate them from other assets on which it does not have a claim. NatWest Group 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 NatWest Group's counterparties by their own customers. Valuation takes into account the quality of the counterparty's receivable management processes and excludes any that are past due.

All collateral is assessed, case by case, independently of the provider to ensure that it is suitable security for the proposed loan. NatWest Group 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, NatWest Group has an actively managed panel of chartered surveying firms that cover the spectrum of geography and property sectors in which NatWest Group 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. In the UK, an independent third-party market indexation is applied to update external valuations for commercial property once they are more than a year old and every three years, a formal independent valuation review is commissioned.

Personal

NatWest Group takes collateral in the form of residential property to mitigate the credit risk arising from mortgages. NatWest Group 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. NatWest Group updates Retail Banking UK residential property values quarterly using country (Scotland, Wales and Northern Ireland) or English regional specific 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.

		a	b	c	d	e	f
		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	Exposure Classes	On-balance sheet £m	Off-balance sheet £m	On-balance sheet £m	Off-balance sheet £m	RWA £m	RWA density %
	31 December 2024						
1	Central governments or central banks	**89,281**	**625**	**90,227**	**375**	**1,028**	**1**
2	Regional governments or local authorities	**217**	**31**	**206**	**-**	**4**	**2**
3	Public sector entities	**-**	**-**	**-**	**-**	**-**	**-**
4	Multilateral development banks	**7,179**	**-**	**7,179**	**-**	**-**	**-**
5	International organisations	**-**	**-**	**-**	**-**	**-**	**-**
6	Institutions	**749**	**465**	**613**	**-**	**123**	**20**
7	Corporates	**6,082**	**2,974**	**4,824**	**955**	**4,698**	**81**
8	Retail	**3,392**	**4,320**	**3,254**	**49**	**1,722**	**52**
9	Secured by mortgages on immovable property	**20,672**	**1,898**	**20,509**	**348**	**9,590**	**46**
10	Exposures in default	**500**	**27**	**459**	**2**	**508**	**110**
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	**416**	**-**	**416**	**-**	**966**	**232**
16	Other items	**726**	**-**	**726**	**-**	**696**	**96**
17	Total	**129,214**	**10,340**	**128,413**	**1,729**	**19,335**	**15**

		a	b	c	d	e	f
		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	Exposure classes	On-balance sheet £m	Off-balance sheet £m	On-balance sheet £m	Off-balance sheet £m	RWA £m	RWA density %
	31 December 2023						
1	Central governments or central banks	90,971	659	91,782	232	873	1
2	Regional governments or local authorities	202	43	201	-	4	2
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	3,136	-	3,136	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	435	195	450	-	88	19
7	Corporates	5,095	2,722	3,754	775	4,190	93
8	Retail	3,813	4,152	3,667	35	1,838	50
9	Secured by mortgages on immovable property	19,494	1,705	19,367	351	9,110	46
10	Exposures in default	622	50	577	4	640	110
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	465	-	465	-	1,135	244
16	Other items	536	-	536	-	497	93
17	Total	124,769	9,526	123,935	1,397	18,375	15

- The increase in RWAs in Secured by mortgages on immovable property was primarily driven by the £0.9 billion Metro Bank mortgage portfolio acquisition, offset by a reduction in the mortgage portfolio within Ulster RoI relating to the phased withdrawal from the Republic of Ireland.
- The increased exposures in Multilateral Development Bank is primarily attributed to increase in Bonds during the period.

UK CR5: Standardised approach

The table below shows credit risk EAD post CRM under the standardised approach by risk-weight, split by exposure class. It excludes counterparty credit risk and securitisations.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk-weight																*Of which:*
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Total	*unrated*
Exposure classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	*£m*
31 December 2024																		
1	Central governments or central banks	90,191	-	-	-	-	-	-	-	-	-	-	411	-	-	-	90,602	8,026
2	Regional governments or local authorities	188	-	-	-	18	-	-	-	-	-	-	-	-	-	-	206	18
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	7,179	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,179	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	613	-	-	-	-	-	-	-	-	-	-	613	8
7	Corporates	103	-	-	-	496	-	753	-	-	4,406	-	-	-	-	-	5,758	1,348
8	Retail exposures	-	-	-	-	293	1,016	-	-	1,994	-	-	-	-	-	-	3,303	-
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	16,858	-	-	14	3,870	-	-	-	-	-	20,742	20,742
10	Exposures in default	-	-	-	-	-	-	-	-	-	365	96	-	-	-	-	461	460
11	Exposure associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	136	-	-	-	-	136	116
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	50	-	366	-	-	-	416	367
16	Other items	3	-	-	-	6	-	11	-	-	683	-	-	-	-	23	726	726
17	Total	97,664	-	-	-	1,426	17,874	764	-	2,008	9,374	232	777	-	-	23	130,142	31,811

UK CR5: standardised approach continued

	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk-weight																*Of which:*
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Total	*unrated*
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	*£m*
	31 December 2023																	
1	Central governments or central banks	91,331	-	-	-	364	-	-	-	-	-	-	319	-	-	-	92,014	5,390
2	Regional governments or local authorities	182	-	-	-	19	-	-	-	-	-	-	-	-	-	-	201	19
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	3,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,136	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	14	-	-	-	435	-	1	-	-	-	-	-	-	-	-	450	15
7	Corporates	62	-	-	-	158	-	48	-	-	4,236	25	-	-	-	-	4,529	1,214
8	Retail exposures	-	-	-	-	349	1,362	-	-	1,990	-	1	-	-	-	-	3,702	-
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	16,026	-	-	84	3,563	45	-	-	-	-	19,718	19,718
10	Exposures in default	-	-	-	-	-	-	-	-	-	461	120	-	-	-	-	581	578
11	Exposure associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	18	-	447	-	-	-	465	447
15	Other items	3	-	-	-	-	-	14	-	-	484	-	-	-	-	35	536	536
17	Total	94,728	-	-	-	1,325	17,388	63	-	2,074	8,762	191	766	-	-	35	125,332	27,917

UK CRD: Qualitative disclosure requirements related to standardised model

Under the standardised approach, risk-weights are assigned to exposures in accordance with the CRR. For corporates, sovereigns and financial institutions, NatWest Group uses risk-weights based on credit quality steps that are mapped from issuer-level credit ratings issued by external rating agencies, namely Standard & Poor's (S&P), Moody's, Fitch and ARC.

NatWest Group uses credit quality steps (CQS) to calculate the RWAs associated with credit risk exposures. Each rated exposure in the STD portfolio is assigned to one of six CQS. The CQS map to the rating of the four external rating agencies, as shown in the table below. Each CQS is associated with a particular risk-weighting. Each exposure is multiplied by the appropriate risk-weighting to calculate the relevant RWA amount. If no external rating is available, NatWest Group assigns the exposure a risk-weighting in line with the CRR.

Credit quality step	Standard & Poor's	Moody's	Fitch	ARC
Step 1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-
Step 2	A+ to A-	A1 to A3	A+ to A-	A+ to A-
Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-
Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-
Step 5	B+ to B-	B1 to B3	B+ to B-	B+ to B-
Step 6	CCC+ and below	Caa1 and below	CCC and below	CCC+ and below

Annex XXI: Credit risk – IRB approach

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range

The table below shows the key parameters used for the calculation of capital requirements for credit risk exposures under the Advanced IRB approach, split by PD range. The table excludes counterparty credit risk, securitisations, equity and non-credit obligation exposures.

a	b	c	d	e	f	g	h	i	j	k	l	m
	Central governments and central banks											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	**34,819**	**110**	***67***	***35,218***	***0.01***	**50**	**46**	**0.86**	**1,544**	**4**	**2**	**2**
0.00 to <0.10	***34,819***	***110***	***67***	***35,218***	***0.01***	***50***	***46***	**0.86**	***1,544***	***4***	***2***	***2***
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	**249**	-	-	***249***	***0.32***	**2**	**45**	**1.00**	**107**	**43**	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	***2.50***	**1**	**50**	**1.00**	-	**122**	-	-
2.50 to < 5.00	-	-	-	-	***2.50***	***1***	***50***	**1.00**	-	***122***	-	-
5.00 to < 10.00	-	-	-	-	-	-	-	-	-		-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exposure class)	**35,068**	**110**	***67***	***35,467***	***0.01***	**53**	**46**	**0.86**	**1,651**	**5**	**2**	**2**
Total (all exposure classes)	**349,004**	**121,259**	**63**	**414,807**		**22,616,260**		**0.84**	**104,999**	**25**	**2,924**	**2,944**

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
Central governments and central banks												
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	38,287	121	95	38,785	0.01	49	45	1.02	1,385	4	2	1
0.00 to <0.10	*38,287*	*121*	*95*	*38,785*	0.01	*49*	*45*	1.02	*1,385*	*4*	*2*	*1*
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	251	-	-	251	0.32	3	45	1.21	114	46	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to < 5.00	-	-	-	-	-	-	-	-	-	-	-	-
5.00 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exposure class)	38,538	121	95	39,036	0.01	52	45	1.02	1,499	4	2	1
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Institutions											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	6,289	672	85	6,767	0.08	230	42	1.80	1,393	21	2	1
0.00 to <0.10	3,696	161	62	3,701	0.05	124	45	2.57	833	23	1	1
0.10 to <0.15	2,593	511	93	3,066	0.11	106	39	0.88	560	18	1	-
0.15 to <0.25	2,883	657	39	3,140	0.20	127	28	1.74	863	27	2	2
0.25 to <0.50	833	75	50	873	0.33	37	28	2.71	301	35	1	-
0.50 to <0.75	5	2	34	6	0.64	11	53	0.12	5	78	-	-
0.75 to <2.50	149	7	35	155	1.62	21	38	0.82	113	73	1	-
0.75 to <1.75	51	7	35	54	1.27	19	15	2.35	18	33	-	-
1.75 to <2.50	98	-	20	101	1.81	2	50	-	95	94	1	-
2.50 to <10.00	5	2	77	4	3.28	87	69	0.36	8	193	-	-
2.50 to < 5.00	5	2	77	4	3.03	84	70	0.39	7	189	-	-
5.00 to < 10.00	-	-	-	-	6.32	3	64	-	1	242	-	-
10.00 to <100.00	-	-	20	-	15.37	4	75	-	1	361	-	-
10.00 to <20.00	-	-	-	-	10.24	1	75	-	-	293	-	-
20.00 to <30.00	-	-	20	-	20.48	3	75	-	1	429	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	100.00	2	50	1.00	-	-	-	-
Subtotal (exposure class)	10,164	1,415	62	10,945	0.16	519	37	1.84	2,684	25	6	3
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
Institutions												
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	6,597	707	81	7,093	0.07	245	43	2.16	1,710	24	2	3
0.00 to <0.10	*4,215*	*148*	*50*	*4,178*	0.05	*151*	*45*	2.88	*1,122*	*27*	*1*	*3*
0.10 to <0.15	*2,382*	*559*	*90*	*2,915*	0.11	*94*	*39*	1.13	*588*	*20*	*1*	-
0.15 to <0.25	4,816	558	48	5,104	0.19	113	36	2.08	1,960	38	3	6
0.25 to <0.50	727	68	37	754	0.36	53	24	3.32	283	38	1	-
0.50 to <0.75	2	3	43	4	0.64	12	50	0.99	3	77	-	-
0.75 to <2.50	22	14	28	26	1.12	20	48	1.58	30	115	-	-
0.75 to <1.75	*22*	*13*	*27*	*26*	1.11	*16*	*48*	*1.59*	*30*	114	-	-
1.75 to <2.50	-	*1*	*41*	-	1.81	*4*	*67*	*0.76*	-	166	-	-
2.50 to <10.00	28	2	30	26	3.79	88	75	1.00	64	251	1	-
2.50 to < 5.00	*27*	-	*100*	*25*	3.59	*79*	*75*	*0.99*	*60*	248	1	-
5.00 to < 10.00	*1*	*2*	*28*	*1*	7.24	*9*	*75*	*1.05*	*4*	298	-	-
10.00 to <100.00	1	-	20	1	21.10	4	75	1.00	5	436	-	-
10.00 to <20.00	-	-	-	-	10.24	*1*	*75*	*1.00*	*1*	366	-	-
20.00 to <30.00	*1*	-	*20*	*1*	24.13	*3*	*75*	*1.00*	*4*	456	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	5	-	-	-	100.00	2	35	1.00	-	-	-	-
Subtotal (exposure class)	12,198	1,352	65	13,008	0.15	537	39	2.19	4,055	31	7	9
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Exposures to corporates – SME											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	*2,037*	*693*	*54*	*2,420*	*0.08*	*144*	*37*	*4.19*	*765*	*32*	*1*	*1*
0.00 to <0.10	*1,136*	*502*	*58*	*1,436*	*0.07*	*79*	*37*	*4.52*	*476*	*33*	*1*	*-*
0.10 to <0.15	*901*	*191*	*43*	*984*	*0.11*	*65*	*36*	*3.71*	*289*	*29*	*-*	*1*
0.15 to <0.25	*581*	*331*	*53*	*756*	*0.20*	*1,360*	*35*	*3.57*	*321*	*42*	*1*	*1*
0.25 to <0.50	*2,224*	*1,088*	*47*	*2,725*	*0.40*	*5,226*	*24*	*2.87*	*804*	*30*	*3*	*7*
0.50 to <0.75	*2,058*	*818*	*43*	*2,404*	*0.64*	*3,316*	*23*	*2.66*	*819*	*34*	*4*	*9*
0.75 to <2.50	*4,643*	*1,749*	*42*	*5,378*	*1.21*	*6,351*	*23*	*2.44*	*2,328*	*43*	*17*	*32*
0.75 to <1.75	*3,725*	*1,390*	*41*	*4,301*	*1.06*	*4,972*	*23*	*2.42*	*1,784*	*41*	*12*	*21*
1.75 to <2.50	*918*	*359*	*43*	*1,077*	*1.81*	*1,380*	*22*	*2.55*	*544*	*51*	*5*	*11*
2.50 to <10.00	*1,565*	*448*	*42*	*1,764*	*3.54*	*2,207*	*22*	*2.37*	*958*	*54*	*16*	*42*
2.50 to < 5.00	*1,234*	*377*	*42*	*1,401*	*2.89*	*1,745*	*22*	*2.33*	*711*	*51*	*10*	*29*
5.00 to < 10.00	*331*	*71*	*41*	*363*	*6.06*	*463*	*23*	*2.50*	*247*	*68*	*6*	*13*
10.00 to <100.00	*332*	*52*	*38*	*355*	*14.14*	*472*	*24*	*2.40*	*312*	*88*	*13*	*27*
10.00 to <20.00	*288*	*43*	*36*	*306*	*12.60*	*379*	*25*	*2.39*	*274*	*89*	*10*	*23*
20.00 to <30.00	*39*	*9*	*44*	*44*	*21.73*	*78*	*17*	*2.57*	*31*	*70*	*2*	*4*
30.00 to <100.00	*5*	*-*	*76*	*5*	*40.96*	*17*	*31*	*1.64*	*7*	*142*	*1*	*-*
100.00 (default)	*509*	*47*	*22*	*522*	*100.00*	*1,046*	*37*	*1.66*	*807*	*154*	*189*	*181*
Subtotal (exposure class)	*13,949*	*5,226*	*45*	*16,324*	*4.47*	*20,115*	*26*	*2.82*	*7,114*	*44*	*244*	*300*
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Exposures to corporates – SME											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	11	3	74	14	0.11	38	44	3.86	227	1,651	-	-
0.00 to <0.10	*1*	-	*77*	*1*	0.05	*2*	*45*	4.32	*176*	*17,643*	-	-
0.10 to <0.15	*10*	*3*	*74*	*13*	0.11	*36*	*44*	3.83	*51*	*398*	-	-
0.15 to <0.25	554	348	49	729	0.21	1,533	28	2.91	238	33	1	1
0.25 to <0.50	3,212	1,119	48	3,757	0.40	5,905	23	3.07	1,059	28	4	10
0.50 to <0.75	2,391	874	44	2,790	0.64	3,462	21	2.78	850	30	4	11
0.75 to <2.50	5,885	1,773	42	6,660	1.22	6,872	23	2.61	2,937	44	21	58
0.75 to <1.75	*4,676*	*1,408*	*42*	*5,295*	*1.07*	*5,358*	*23*	*2.63*	*2,215*	42	14	39
1.75 to <2.50	*1,209*	*365*	*40*	*1,365*	*1.81*	*1,514*	*23*	*2.50*	*722*	53	7	19
2.50 to <10.00	1,790	480	46	2,028	3.26	2,379	23	2.54	1,150	57	17	62
2.50 to < 5.00	*1,552*	*430*	*46*	*1,763*	*2.83*	*1,949*	*23*	*2.51*	*954*	54	13	46
5.00 to < 10.00	*238*	*50*	*50*	*265*	*6.08*	*430*	*24*	*2.69*	*196*	74	4	16
10.00 to <100.00	314	48	39	335	14.62	441	22	2.36	258	77	12	29
10.00 to <20.00	*248*	*41*	*39*	*266*	*12.04*	*321*	*19*	*2.49*	*175*	66	7	21
20.00 to <30.00	*55*	*4*	*53*	*57*	*21.18*	*97*	*32*	*1.72*	*72*	126	4	7
30.00 to <100.00	*11*	*3*	*19*	*12*	*40.96*	*23*	*22*	*2.38*	*11*	93	1	1
100.00 (default)	422	44	13	430	100.00	931	37	1.98	492	115	168	163
Subtotal (exposure class)	14,579	4,689	44	16,743	3.95	21,560	23	2.72	7,211	43	227	334
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Exposures to corporates – other											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	37,660	47,277	45	59,173	0.06	2,728	42	2.30	11,495	19	14	12
0.00 to <0.10	32,478	40,970	46	51,381	0.05	2,119	42	2.22	9,053	18	10	8
0.10 to <0.15	5,182	6,307	42	7,792	0.11	610	41	2.81	2,442	31	4	4
0.15 to <0.25	8,003	9,287	43	11,929	0.19	1,164	38	2.78	4,694	39	9	15
0.25 to <0.50	6,369	6,118	43	8,962	0.40	1,947	36	2.53	4,771	53	13	15
0.50 to <0.75	3,820	2,866	47	5,135	0.64	1,301	32	2.30	3,066	60	11	14
0.75 to <2.50	11,639	7,027	44	14,628	1.33	4,824	28	2.46	9,886	68	53	86
0.75 to <1.75	8,023	4,562	45	10,044	1.11	3,214	29	2.54	6,782	68	32	51
1.75 to <2.50	3,616	2,465	42	4,584	1.81	1,611	25	2.29	3,104	68	21	35
2.50 to <10.00	4,061	2,544	41	5,052	3.56	2,832	24	2.19	3,826	76	42	86
2.50 to < 5.00	3,136	2,116	39	3,921	2.85	2,358	25	2.20	3,001	77	29	60
5.00 to < 10.00	925	428	48	1,131	6.00	475	20	2.19	825	73	13	26
10.00 to <100.00	466	102	36	503	13.40	348	22	1.72	536	107	16	22
10.00 to <20.00	398	98	35	432	11.71	267	20	1.70	407	94	10	17
20.00 to <30.00	60	1	70	60	20.51	47	32	1.63	107	178	4	4
30.00 to <100.00	8	3	68	11	41.55	34	37	3.20	22	204	2	1
100.00 (default)	555	194	49	651	100.00	598	42	1.61	156	24	268	251
Subtotal (exposure class)	72,573	75,415	44	106,033	1.15	15,735	38	2.38	38,430	36	426	501
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

– The reduction in overall RWAs in Corporate other is mainly driven by active RWA management.

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
						Exposures to corporates – other						
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	37,850	48,985	49	61,855	0.06	2,643	42	2.60	13,089	21	15	16
0.00 to <0.10	*33,093*	*41,574*	*49*	53,772	0.05	*2,136*	*42*	2.51	*10,267*	*19*	*11*	*12*
0.10 to <0.15	*4,757*	*7,411*	*46*	8,083	0.11	*507*	*41*	3.14	*2,822*	*35*	*4*	*4*
0.15 to <0.25	8,441	10,097	44	12,753	0.18	1,180	41	2.54	5,159	40	10	13
0.25 to <0.50	6,251	6,727	45	9,253	0.38	1,952	38	2.63	5,302	57	13	22
0.50 to <0.75	3,715	2,750	45	4,938	0.64	1,110	31	2.38	2,836	57	10	26
0.75 to <2.50	12,636	6,990	46	15,828	1.32	4,904	29	2.39	11,205	71	61	136
0.75 to <1.75	*9,052*	*4,786*	*48*	11,372	*1.13*	*3,364*	*29*	*2.38*	*7,725*	68	38	88
1.75 to <2.50	*3,584*	*2,204*	*43*	4,456	*1.81*	*1,540*	*29*	*2.42*	*3,480*	78	23	48
2.50 to <10.00	3,986	2,251	42	4,865	3.50	2,854	25	2.28	3,844	79	42	94
2.50 to < 5.00	*3,145*	*1,883*	*41*	3,842	*2.87*	*2,471*	*26*	*2.31*	*2,966*	77	28	65
5.00 to < 10.00	*841*	*368*	*50*	1,023	*5.88*	*383*	*23*	*2.15*	*878*	86	14	29
10.00 to <100.00	304	53	38	326	13.12	287	24	1.86	380	117	12	16
10.00 to <20.00	*245*	*50*	*35*	263	*11.07*	*215*	*22*	*1.95*	*266*	101	7	12
20.00 to <30.00	*55*	*3*	*75*	59	*20.69*	*57*	*31*	*1.32*	*102*	174	4	4
30.00 to <100.00	*4*	-	*59*	4	*37.50*	*15*	*50*	*3.58*	*12*	305	1	-
100.00 (default)	511	91	34	528	100.00	551	34	2.07	157	30	170	213
Subtotal (exposure class)	73,694	77,944	47	110,346	0.98	15,481	38	2.54	41,972	38	333	536
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – SME secured by immovable property collateral											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	-
0.00 to <0.10	-	-	-	-	-	-	-		-	-	-	-
0.10 to <0.15	-	-	-	-	-	-	-		-	-	-	-
0.15 to <0.25	-	1	100	-	0.17	54	60		-	17	-	-
0.25 to <0.50	-	60	100	40	0.30	4,019	62		11	27	-	-
0.50 to <0.75	53	1	100	53	0.63	963	34		13	25	-	-
0.75 to <2.50	528	32	100	549	1.21	6,925	30		197	36	2	3
0.75 to <1.75	445	9	100	452	1.03	4,942	26		123	27	1	2
1.75 to <2.50	83	23	100	97	2.02	1,984	48		74	76	1	1
2.50 to <10.00	150	2	100	151	4.62	1,730	31		116	77	2	1
2.50 to < 5.00	97	1	100	97	3.57	1,142	31		68	70	1	1
5.00 to < 10.00	53	1	100	54	6.53	588	29		48	89	1	-
10.00 to <100.00	27	-	100	28	23.75	332	26		32	115	2	1
10.00 to <20.00	14	-	100	15	14.04	201	29		18	122	1	-
20.00 to <30.00	1	-	-	1	29.68	6	46		2	218	-	-
30.00 to <100.00	12	-	100	12	35.03	125	21		12	99	1	1
100.00 (default)	40	-	100	43	100.00	686	17		7	17	7	15
Subtotal (exposure class)	798	96	100	864	7.40	14,706	31		376	44	13	20
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – SME secured by immovable property collateral											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	-	-	-	-	-	-	-		-		-	-
0.00 to <0.10	-	-	-	-	-	-	-		-		-	-
0.10 to <0.15	-	-	-	-	-	-	-		-		-	-
0.15 to <0.25	-	1	100	-	0.17	*70*	60		-	17	-	-
0.25 to <0.50	-	65	100	43	0.31	*4,372*	62		12	27	-	-
0.50 to <0.75	56	1	100	58	0.63	*1,066*	31		13	23	-	-
0.75 to <2.50	581	37	100	604	1.19	*7,835*	26		192	32	2	5
0.75 to <1.75	496	9	100	502	1.03	*5,592*	23		118	23	1	3
1.75 to <2.50	85	28	100	102	2.01	*2,243*	46		74	73	1	2
2.50 to <10.00	184	2	100	186	4.76	*2,062*	28		132	71	2	2
2.50 to < 5.00	112	1	100	113	3.57	*1,320*	28		71	*63*	1	*1*
5.00 to < 10.00	72	1	100	73	6.62	*742*	27		61	*84*	1	*1*
10.00 to <100.00	39	-	100	39	22.84	*428*	23		40	100	2	2
10.00 to <20.00	23	-	100	23	14.23	*263*	26		25	*109*	1	*1*
20.00 to <30.00	-	-	-	-	-	-	-		-	-	-	-
30.00 to <100.00	16	-	100	16	35.39	*165*	19		15	*89*	1	*1*
100.00 (default)	39	-	100	42	100.00	*660*	16		7	17	7	13
Subtotal (exposure class)	899	106	100	972	6.69	16,489	28		396	41	13	22
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – non-SME secured by immovable property collateral											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	*2,465*	*1,857*	*100*	*4,354*	*0.08*	*33,359*	*10*		*176*	*4*	*-*	*-*
0.00 to <0.10	*1,913*	*807*	*100*	*2,738*	*0.05*	*16,416*	*11*		*112*	*4*	*-*	*-*
0.10 to <0.15	*552*	*1,050*	*100*	*1,616*	*0.13*	*16,943*	*8*		*64*	*4*	*-*	*-*
0.15 to <0.25	*31,744*	*47*	*100*	*31,824*	*0.15*	*284,312*	*9*		*2,293*	*7*	*7*	*8*
0.25 to <0.50	*124,242*	*10,313*	*100*	*132,175*	*0.34*	*794,007*	*9*		*17,753*	*13*	*59*	*76*
0.50 to <0.75	*20,795*	*67*	*100*	*20,884*	*0.66*	*105,542*	*17*		*8,052*	*39*	*31*	*22*
0.75 to <2.50	*7,118*	*63*	*100*	*7,191*	*1.18*	*42,449*	*12*		*2,800*	*39*	*14*	*11*
0.75 to <1.75	*6,394*	*54*	*100*	*6,457*	*1.08*	*37,773*	*12*		*2,428*	*38*	*12*	*10*
1.75 to <2.50	*724*	*9*	*100*	*734*	*2.06*	*4,676*	*10*		*372*	*51*	*2*	*1*
2.50 to <10.00	*1,457*	*5*	*100*	*1,464*	*5.45*	*10,083*	*11*		*1,034*	*71*	*10*	*4*
2.50 to < 5.00	*697*	*4*	*100*	*702*	*3.54*	*4,664*	*12*		*433*	*62*	*4*	*1*
5.00 to < 10.00	*760*	*1*	*100*	*762*	*7.21*	*5,419*	*9*		*601*	*79*	*6*	*3*
10.00 to <100.00	*1,380*	*1*	*100*	*1,383*	*30.78*	*10,281*	*9*		*1,910*	*138*	*54*	*8*
10.00 to <20.00	*482*	*1*	*100*	*484*	*14.87*	*4,180*	*9*		*778*	*161*	*10*	*2*
20.00 to <30.00	*10*	*-*	*100*	*10*	*22.75*	*92*	*11*		*20*	*202*	*-*	*-*
30.00 to <100.00	*888*	*-*	*100*	*889*	*39.54*	*6,009*	*9*		*1,112*	*125*	*44*	*6*
100.00 (default)	*2,354*	*15*	*100*	*2,474*	*100.00*	*19,354*	*12*		*1,279*	*52*	*344*	*294*
Subtotal (exposure class)	*191,555*	*12,368*	*100*	*201,749*	*1.84*	*1,299,387*	*10*		*35,297*	*18*	*519*	*423*
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
					Retail exposures – non-SME secured by immovable property							
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	100 Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	2,597	2,128	100	4,764	0.08	37,532	11		216	5	1	1
0.00 to <0.10	*1,925*	*952*	100	*2,899*	0.05	*18,248*	*12*		*125*	4	*1*	1
0.10 to <0.15	*672*	*1,176*	100	*1,865*	0.13	*19,284*	*10*		*91*	*5*	-	-
0.15 to <0.25	34,223	124	100	34,383	0.16	299,187	9		2,738	8	8	16
0.25 to <0.50	104,944	6,175	100	110,621	0.32	696,830	9		16,898	15	52	76
0.50 to <0.75	38,106	83	100	38,229	0.57	195,954	13		7,701	20	36	31
0.75 to <2.50	6,910	73	100	6,994	1.18	44,349	11		2,538	36	13	13
0.75 to <1.75	*6,200*	*63*	*100*	*6,272*	*1.08*	*38,788*	*11*		*2,181*	35	11	11
1.75 to <2.50	*710*	*10*	*100*	*722*	*2.10*	*5,561*	*10*		*357*	50	2	2
2.50 to <10.00	1,259	6	100	1,268	5.36	9,279	10		1,061	84	10	4
2.50 to < 5.00	*545*	*5*	*100*	*552*	*3.48*	*4,195*	*11*		*350*	*64*	3	*2*
5.00 to < 10.00	*714*	*1*	*100*	*716*	*6.81*	*5,084*	*10*		*711*	*99*	7	*2*
10.00 to <100.00	1,254	2	100	1,258	29.39	9,779	9		1,559	124	48	7
10.00 to <20.00	*497*	*2*	*100*	*499*	*14.45*	*4,157*	*9*		*609*	*122*	10	*2*
20.00 to <30.00	*14*	-	*100*	*15*	*24.11*	*141*	*11*		*30*	*202*	1	-
30.00 to <100.00	*743*	-	*100*	*744*	*39.52*	*5,481*	*9*		*920*	*124*	37	*5*
100.00 (default)	2,138	16	100	2,257	100.00	18,712	12		983	44	323	243
Subtotal (exposure class)	191,431	8,607	100	199,774	1.71	1,311,622	10		33,694	17	491	391
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – qualifying revolving											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	75	5,522	100	10,944	0.04	10,312,621	52		174	2	3	8
0.00 to <0.10	5	4,712	100	9,526	0.03	8,692,680	52		116	1	2	4
0.10 to <0.15	70	810	100	1,418	0.12	1,619,941	57		58	4	1	4
0.15 to <0.25	164	213	100	478	0.17	159,621	64		30	6	1	5
0.25 to <0.50	299	1,271	100	1,502	0.36	1,549,004	60		163	11	3	10
0.50 to <0.75	927	7,244	100	1,895	0.60	1,684,388	68		366	19	8	17
0.75 to <2.50	2,424	9,618	100	4,960	1.49	3,370,009	71		2,007	40	56	80
0.75 to <1.75	1,129	6,104	100	2,541	1.08	2,132,672	70		795	31	20	32
1.75 to <2.50	1,295	3,514	100	2,419	1.91	1,237,337	73		1,212	50	36	48
2.50 to <10.00	3,158	1,196	100	3,871	4.60	1,368,915	75		3,642	94	141	162
2.50 to < 5.00	2,027	985	100	2,583	3.57	1,012,550	74		2,011	78	70	77
5.00 to < 10.00	1,131	211	100	1,288	6.66	356,366	77		1,631	127	71	85
10.00 to <100.00	343	51	100	408	21.30	184,576	72		796	195	66	47
10.00 to <20.00	218	39	100	267	13.41	114,916	74		473	177	28	25
20.00 to <30.00	20	2	100	25	27.33	17,155	44		34	137	3	2
30.00 to <100.00	105	10	100	116	38.02	52,506	74		289	248	35	20
100.00 (default)	389	351	100	401	100.00	367,627	83		511	127	306	278
Subtotal (exposure class)	7,779	25,466	100	24,459	3.11	18,996,756	63		7,689	31	584	607
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – qualifying revolving											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	69	6,021	100	11,018	0.04	10,194,312	53		185	2	3	13
0.00 to <0.10	*5*	*5,162*	*100*	*9,570*	*0.03*	*8,572,052*	*52*		*123*	1	*2*	7
0.10 to <0.15	*64*	*859*	*100*	*1,448*	*0.12*	*1,622,260*	*57*		*62*	*4*	*1*	*6*
0.15 to <0.25	172	232	100	486	0.17	160,944	64		32	7	1	9
0.25 to <0.50	294	1,268	100	1,474	0.35	1,517,599	60		168	11	3	15
0.50 to <0.75	887	6,494	100	1,794	0.60	1,580,968	68		350	20	8	23
0.75 to <2.50	2,118	7,905	100	4,034	1.44	3,091,325	70		1,597	40	44	87
0.75 to <1.75	*1,004*	*5,262*	*100*	*2,307*	*1.08*	*2,034,221*	*70*		*728*	32	19	40
1.75 to <2.50	*1,114*	*2,643*	*100*	*1,727*	*1.93*	*1,057,105*	*72*		*869*	50	25	47
2.50 to <10.00	2,589	1,001	100	3,212	4.54	1,232,769	75		2,998	93	115	183
2.50 to < 5.00	*1,701*	*817*	*100*	*2,193*	*3.56*	*921,414*	*74*		*1,707*	*78*	59	*94*
5.00 to < 10.00	*888*	*184*	*100*	*1,019*	*6.64*	*311,356*	*76*		*1,291*	*127*	56	*89*
10.00 to <100.00	257	38	100	314	21.55	160,913	72		621	198	50	45
10.00 to <20.00	*164*	*29*	*100*	*205*	*13.40*	*100,602*	*74*		*371*	*180*	21	*24*
20.00 to <30.00	*14*	*2*	*100*	*18*	*26.96*	*13,349*	*44*		*25*	*142*	2	*2*
30.00 to <100.00	*79*	*7*	*100*	*91*	*38.98*	*46,963*	*73*		*225*	*249*	27	*19*
100.00 (default)	380	327	100	392	10.00	365,731	78		506	129	281	283
Subtotal (exposure class)	6,766	23,286	100	22,724	3.01	18,304,556	62		6,457	28	505	658
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – SME other											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	*-*	*-*	*-*	*-*	*-*	*-*	*-*		*-*	*-*	*-*	*-*
0.00 to <0.10	*-*	*-*	*-*	*-*	*-*	*-*	*-*		*-*	*-*	*-*	*-*
0.10 to <0.15	*-*	*-*	*-*	*-*	*-*	*-*	*-*		*-*	*-*	*-*	*-*
0.15 to <0.25	*-*	*11*	*100*	*9*	*0.17*	*4,338*	*60*		*2*	*18*	*-*	*-*
0.25 to <0.50	*-*	*706*	*100*	*774*	*0.32*	*374,836*	*63*		*214*	*28*	*2*	*3*
0.50 to <0.75	*639*	*32*	*100*	*736*	*0.63*	*90,113*	*37*		*177*	*24*	*2*	*2*
0.75 to <2.50	*4,994*	*358*	*100*	*5,490*	*1.27*	*487,179*	*34*		*1,675*	*31*	*25*	*35*
0.75 to <1.75	*4,025*	*131*	*100*	*4,257*	*1.05*	*315,387*	*30*		*1,078*	*25*	*13*	*18*
1.75 to <2.50	*969*	*227*	*100*	*1,233*	*2.02*	*171,794*	*47*		*597*	*48*	*12*	*17*
2.50 to <10.00	*1,889*	*43*	*100*	*2,073*	*4.43*	*260,141*	*35*		*850*	*41*	*32*	*19*
2.50 to < 5.00	*1,251*	*24*	*100*	*1,396*	*3.38*	*204,201*	*35*		*553*	*40*	*16*	*7*
5.00 to < 10.00	*638*	*19*	*100*	*677*	*6.59*	*55,940*	*35*		*297*	*44*	*16*	*12*
10.00 to <100.00	*371*	*10*	*100*	*387*	*22.22*	*37,073*	*35*		*238*	*61*	*28*	*16*
10.00 to <20.00	*216*	*7*	*100*	*227*	*13.47*	*21,283*	*39*		*136*	*60*	*11*	*8*
20.00 to <30.00	*9*	*-*	*-*	*9*	*24.80*	*320*	*39*		*7*	*76*	*1*	*-*
30.00 to <100.00	*146*	*3*	*100*	*151*	*35.25*	*15,470*	*30*		*95*	*63*	*16*	*8*
100.00 (default)	*2,134*	*3*	*100*	*2,185*	*100.00*	*98,874*	*13*		*242*	*11*	*259*	*252*
Subtotal (exposure class)	*10,027*	*1,163*	*100*	*11,654*	*20.93*	*1,352,546*	*32*		*3,398*	*29*	*348*	*327*
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – SME other											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	-	-		-	-	-	-		-	-	-	-
0.00 to <0.10	-	-		-	-	-	-		-	-	-	-
0.10 to <0.15	-	-		-	-	-	-		-	-	-	-
0.15 to <0.25	-	10	100	8	0.17	4,133	59		1	17	-	-
0.25 to <0.50	-	725	100	773	0.32	370,579	63		214	28	2	5
0.50 to <0.75	705	37	100	806	0.63	89,685	34		182	23	2	3
0.75 to <2.50	5,791	357	100	6,288	1.26	498,719	29		1,638	26	24	43
0.75 to <1.75	*4,661*	*132*	100	*4,893*	*1.04*	*318,148*	*25*		*1,046*	21	13	20
1.75 to <2.50	*1,130*	*225*	100	*1,395*	*2.02*	*180,572*	*41*		*592*	42	11	23
2.50 to <10.00	2,220	40	100	2,407	4.50	276,441	31		872	36	34	25
2.50 to < 5.00	*1,425*	*21*	100	*1,572*	*3.36*	*215,961*	*30*		*546*	*35*	16	*9*
5.00 to < 10.00	*795*	*19*	100	*835*	*6.64*	*60,480*	*32*		*326*	*39*	18	*16*
10.00 to <100.00	471	9	100	488	23.20	39,899	30		252	52	30	20
10.00 to <20.00	*265*	*6*	100	*276*	*13.70*	*22,553*	*34*		*144*	*52*	13	*9*
20.00 to <30.00	*8*	-	-	*8*	*23.54*	*350*	*34*		*5*	*64*	1	-
30.00 to <100.00	*198*	*3*	100	*204*	*36.07*	*16,996*	*24*		*103*	*51*	16	*11*
100.00 (default)	1,874	2	100	1,907	100.00	84,488	14		238	12	244	235
Subtotal (exposure class)	11,061	1,180	100	12,677	17.48	1,363,939	29		3,397	27	336	331
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – non-SME other											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2024												
0.00 to <0.15	-	-	100	-	0.08	2	72		-	16	-	-
0.00 to <0.10	-	-	100	-	0.06	1	78		-	14	-	-
0.10 to <0.15	-	-	100	-	0.10	1	66		-	17	-	-
0.15 to <0.25	-	-	-	-	-	-	-		-	-	-	-
0.25 to <0.50	-	-	-	-	0.45	54	60		21	6,428	-	-
0.50 to <0.75	76	-	-	77	0.69	15,915	69		63	82	1	-
0.75 to <2.50	4,410	-	-	4,526	1.50	598,771	74		4,532	100	60	77
0.75 to <1.75	2,752	-	-	2,824	1.15	455,759	71		2,540	90	28	36
1.75 to <2.50	1,658	-	-	1,702	2.09	143,012	77		1,992	117	32	41
2.50 to <10.00	1,573	-	-	1,611	5.09	161,593	79		2,179	135	76	101
2.50 to < 5.00	965	-	-	989	3.77	97,007	78		1,258	127	32	56
5.00 to < 10.00	608	-	-	622	7.20	64,586	79		921	148	44	45
10.00 to <100.00	389	-	-	396	20.18	42,517	80		784	198	77	62
10.00 to <20.00	280	-	-	286	13.64	29,469	80		510	178	37	36
20.00 to <30.00	-	-	-	-	28.01	7	68		4	6,165	1	-
30.00 to <100.00	109	-	-	110	37.26	13,042	80		270	246	39	26
100.00 (default)	643	-	-	702	100.00	97,607	76		781	111	568	521
Subtotal (exposure class)	7,091	-	100	7,312	12.75	916,458	75		8,360	114	782	761
Total (all exposure classes)	349,004	121,259	63	414,807		22,616,260		0.84	104,999	25	2,924	2,944

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Retail exposures – non-SME other											
PD range	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors £m	Density of risk-weighted exposure amount %	Expected loss amount £m	Value adjustments and provisions £m
31 December 2023												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	-
0.00 to <0.10	-	-	-	-	-	-	-		-	-	-	-
0.10 to <0.15	-	-	-	-	-	-	-		-	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-		-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-		-	-	-	-
0.50 to <0.75	73	-	-	74	0.69	15,287	68		63	85	1	1
0.75 to <2.50	4,267	-	-	4,376	1.50	592,778	74		4,436	101	56	99
0.75 to <1.75	*2,690*	-	-	*2,758*	*1.15*	*453,870*	*71*		*2,515*	91	26	47
1.75 to <2.50	*1,577*	-	-	*1,618*	*2.09*	*138,908*	*77*		*1,921*	119	30	52
2.50 to <10.00	1,565	-	-	1,600	5.12	159,369	77		2,155	135	72	117
2.50 to < 5.00	*942*	-	-	*963*	*3.77*	*95,113*	*78*		*1,229*	*128*	31	*65*
5.00 to < 10.00	*623*	-	-	*637*	*7.16*	*64,257*	*76*		926	*146*	41	*52*
10.00 to <100.00	380	-	-	386	20.74	43,155	79		779	202	74	73
10.00 to <20.00	*267*	-	-	*273*	*13.65*	*29,314*	*79*		*495*	*181*	35	*42*
20.00 to <30.00	*1*	-	-	*1*	*27.70*	*30*	*48*		*6*	*619*	1	-
30.00 to <100.00	*112*	-	-	*112*	*37.97*	*13,811*	*80*		*278*	*249*	38	*31*
100.00 (default)	735	-	-	795	100.00	113,629	77		849	107	631	596
Subtotal (exposure class)	7,020	-	100	7,231	14.14	924,261	75		8,304	115	834	886
Total (all exposure classes)	356,186	117,285	62	422,511		21,958,491		0.93	106,985	25	2,748	3,168

UK CR6-A: Scope of the use of IRB and SA approaches

The table below shows the following for each AIRB exposure class: a. the percentage of the total exposure value subject to the permanent partial use of standardised approach (column c), b. the percentage of total exposure subject to the IRB approach (column d), and c. the percentage of total exposures subject to a roll-out plan (column e). The aggregate exposure value of IRB and SA exposures (as shown in column b) uses the leverage ratio exposure methodology. This template excludes counterparty credit risk (CCR) exposures and securitisation exposures.

	31 December 2024	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach £m	Total exposure value for exposures subject to the Standardised approach and to the IRB approach £m	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan(1) (%)
		a	b	c	d	e
1	Central governments or central banks	35,609	131,278	73.35	26.65	-
1.1	*Of which Regional governments or local authorities*	3,614	3,608	6.02	93.98	-
1.2	*Of which Public sector entities*	-	-	-	-	-
2	Institutions	12,659	13,348	8.78	91.22	-
3	Corporates	151,303	173,944	14.03	85.97	-
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*	-	-	-	-	-
3.2	*Of which Corporates - Specialised lending under slotting approach*	20,900	20,393	-	100.00	-
3.3	*Of which Corporates: SME*	-	-	-	-	-
4	Retail	246,038	233,930	3.15	96.85	-
4.1	*Of which Retail – Secured by real estate SMEs*	864	808	1.38	98.62	-
4.2	*Of which Retail – Secured by real estate non-SMEs*	201,749	202,694	2.70	97.30	-
4.3	*Of which Retail – Qualifying revolving*	24,459	12,573	2.45	97.55	-
4.4	*Of which Retail – Other SMEs*	11,654	11,183	11.17	88.83	-
4.5	*Of which Retail – Other non-SMEs*	7,312	6,672	5.13	94.87	-
5	Equity	778	1,194	34.86	65.14	-
6	Other non-credit obligation assets	5,605	5,456	11.95	88.05	-
7	Total	451,992	559,150	23.31	76.69	-

UK CR6-A: Scope of the use of IRB and SA approaches continued

31 December 2023		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach £m	Total exposure value for exposures subject to the Standardised approach and to the IRB approach £m	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan(1) (%)
		a	b	c	d	e
1	Central governments or central banks	39,166	132,153	70.98	29.02	-
1.1	*Of which Regional governments or local authorities*	3,330	3,307	6.17	93.83	-
1.2	*Of which Public sector entities*	-	-	-	100	-
2	Institutions	14,762	15,180	5.92	94.08	-
3	Corporates	154,728	172,099	14.17	85.83	-
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*	-	-	-	-	-
3.2	*Of which Corporates - Specialised lending under slotting approach*	19,659	19,361	-	100.00	-
3.3	*Of which Corporates: SME*	-	-	-	-	-
4	Retail	243,379	230,469	2.81	97.19	-
4.1	*Of which Retail – Secured by real estate SMEs*	972	911	1.45	98.55	-
4.2	*Of which Retail – Secured by real estate non-SMEs*	199,775	199,987	2.37	97.63	-
4.3	*Of which Retail – Qualifying revolving*	22,724	11,082	2.85	97.15	-
4.4	*Of which Retail – Other SMEs*	12,677	12,123	9.55	90.45	-
4.5	*Of which Retail – Other non-SMEs*	7,231	6,367	3.65	96.35	-
5	Equity	794	1,259	36.90	63.10	-
6	Other non-credit obligation assets	6,220	5,783	7.62	92.38	-
7	Total	459,049	556,943	22.71	77.29	-

(1) Exposures subject to the phased withdrawal from the Republic of Ireland are excluded.

UK CR7: IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques

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

		31 December 2024		31 December 2023	
		a	b	a	b
		Pre-credit derivatives RWAs £m	Actual RWAs £m	Pre-credit derivatives RWAs £m	Actual RWAs £m
5	Exposures under AIRB	**104,999**	**104,999**	106,985	106,985
6	Central governments and central banks	**1,651**	**1,651**	1,499	1,499
7	Institutions	**2,684**	**2,684**	4,055	4,055
8	Corporates	**45,544**	**45,544**	49,183	49,183
8.1	*Of which: SME*	***7,114***	***7,114***	*7,211*	*7,211*
8.2	*Of which: Specialised lending (2)*	-	-	-	-
8.3	*Of which: Other*	***38,430***	***38,430***	*41,972*	*41,972*
9	Retail	**55,120**	**55,120**	52,248	52,248
9.1	*Of which: Secured by real estate SME - Secured by immovable property collateral*	***376***	***376***	*396*	*396*
9.2	*Of which: Secured by real estate non-SME - Secured by immovable property collateral*	***35,297***	***35,297***	*33,694*	*33,694*
9.3	*Of which: Qualifying revolving*	***7,689***	***7,689***	*6,457*	*6,457*
9.4	*Of which: Other SME*	***3,398***	***3,398***	*3,397*	*3,397*
9.5	*Of which: Other non-SME*	***8,360***	***8,360***	*8,304*	*8,304*
10	Total	**104,999**	**104,999**	106,985	106,985

(1) Rows 1-4.2 are not presented as NatWest Group does not use FIRB to calculate capital requirements for IRB exposures.
(2) Specialised lending exposures under the slotting approach are excluded.

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

The table below provides a view of the CRR credit risk mitigation techniques used in the capital requirements calculation for IRB exposures. These are presented by AIRB exposure class only as NatWest Group does not apply the FIRB method. The table excludes counterparty credit risk, securitisations and non-credit obligation assets.

			Credit risk mitigation techniques												
			Funded credit protection (FCP)									Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs	
		Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWA post all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m
	31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	35,467	0.40	0.06	0.06	-	-	-	-	-	-	-	-	1,651	1,651
2	Institutions	10,945	15.75	1.83	1.79	-	0.04	-	-	-	-	6.28	-	2,684	2,684
3	Corporates	122,357	1.17	32.33	21.25	3.02	8.06	-	-	-	-	2.12	-	45,544	45,544
3.1	*Of which: SME*	*16,324*	*1.52*	*83.16*	*63.09*	*9.30*	*10.77*	*0.01*	-	-	*0.01*	*2.79*	-	*7,114*	*7,114*
3.3	*Of which: Other*	*106,033*	*1.12*	*24.50*	*14.81*	*2.05*	*7.64*	-	-	-	-	*2.01*	-	*38,430*	*38,430*
4	Retail	246,038	-	179.05	179.05	-	-	-	-	-	-	1.61	-	55,120	55,120
4.1	*Of which: Immovable property SME*	*864*	-	-	-	-	-	-	-	-	-	*0.77*	-	*376*	*376*
4.2	*Of which: Immovable property non-SME*	*201,749*	-	*218.36*	*218.36*	-	-	-	-	-	-	-	-	*35,297*	*35,297*
4.3	*Of which: Qualifying revolving*	*24,459*	-	-	-	-	-	-	-	-	-	-	-	*7,689*	*7,689*
4.4	*Of which: Other SMEs*	*11,654*	-	-	-	-	-	-	-	-	-	*33.91*	-	*3,398*	*3,398*
4.5	*Of which: Other non-SME*	*7,312*	-	-	-	-	-	-	-	-	-	-	-	*8,360*	*8,360*
5	Total	*414,807*	*0.80*	*115.79*	*112.53*	*0.89*	*2.38*	-	-	-	-	*1.74*	-	*104,999*	*104,999*

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

		Credit risk mitigation techniques												
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs	
	Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWA post all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m
31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n
6 Specialised lending under the slotting approach	***20,877***												***13,104***	***13,104***
7 Equity Exposures	***778***												***1,571***	***1,571***
8 Total	**21,655**												**14,675**	**14,675**

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

		Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of RWAs	
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)			
	Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWA post all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m
31 December 2023	a	b	c	d	e	f	g	h	i	j	k	l	m	n
1 Central governments and central banks	39,036	0.33	0.08	0.08	-	-	-	-	-	-	-	-	1,499	1,499
2 Institutions	13,008	13.78	0.87	0.84	-	0.03	-	-	-	-	3.72	-	4,055	4,055
3 Corporates	127,089	10.02	84.49	41.61	5.88	37.00	-	-	-	-	1.61	0.57	49,183	49,183
3.1 *Of which: SME*	*16,743*	*6.52*	*114.88*	*45.92*	*19.62*	*49.34*	*0.01*	-	-	*0.01*	*5.01*	-	*7,211*	*7,211*
3.3 *Of which: Other*	*110,346*	*10.55*	*79.87*	*40.95*	*3.79*	*35.13*	-	-	-	-	*1.09*	*0.65*	*41,972*	*41,972*
4 Retail	243,378	-	185.46	185.46	-	-	-	-	-	-	2.07	-	52,248	52,248
4.1 *Of which: Immovable property SME*	*972*	-	-	-	-	-	-	-	-	-	*1.09*	-	*396*	*396*
4.2 *Of which: Immovable property non-SME*	*199,774*	-	*225.93*	*225.93*	-	-	-	-	-	-	-	-	*33,694*	*33,694*
4.3 *Of which: Qualifying revolving*	*22,724*	-	-	-	-	-	-	-	-	-	-	-	*6,457*	*6,457*
4.4 *Of which: Other SMEs*	*12,677*	-	-	-	-	-	-	-	-	-	*39.72*	-	*3,397*	*3,397*
4.5 *Of which: Other non-SME*	*7,231*	-	-	-	-	-	-	-	-	-	-	-	*8,304*	*8,304*
5 Total	422,511	3.47	132.28	119.38	1.77	11.13	-	-	-	-	1.79	0.17	106,985	106,985

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

		Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of RWAs	
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)			
31 December 2023	Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWA post all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m
	a	b	c	d	e	f	g	h	i	j	k	l	m	n
6 Specialised lending under the slotting approach	19,637												12,747	12,747
7 Equity Exposures	794												1,742	1,742
8 Total	20,431												14,489	14,489

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale)

The tables below provide an overview of credit risk model performance, demonstrated by the analysis of average PDs.

All tables follow the same format and adopt the following definitions:

- **PD Range**: A fixed PD range is used as prescribed in the disclosure instructions. Exposures are allocated based on the PD estimated at the end of the previous year for each obligor/account. Obligor/account – retail exposure classes are reported at account level while non-retail exposure classes are reported at obligor level.
- **Number of obligors at the end of the previous year:** For 2024, these are the number of obligors as at 31 December 2023.
- **Of which number of obligors that defaulted in the year**: The subset of the number of obligors at the end of the previous year in each PD category which defaulted during the year.
- **Observed average default rate**: Volume weighted one-year default rate for each PD category (the ratio of previous two columns) expressed as a percentage.
- **Exposure weighted average PD (%)**: Exposure weighted average one-year PD for each PD category.
- **Average PD (%)**: Volume weighted average one-year PD for each PD category.
- **Average historical annual default rate (%)**: Volume weighted five-year default rate for each PD category, calculated as a simple average of the one-year default rates of the five most recent years.

Other notes relevant to these tables:

- The tables exclude counterparty credit risk, securitisation positions, other non-credit obligation assets and equity exposures.
- A total row has been added into each exposure class table. The numbers reported in total row exclude the numbers in the PD range 100.00 (Default).
- Specialised lending exposures are not reported as NatWest Group uses the supervisory slotting approaches for these portfolios.
- The total number of obligors with short-term contracts (where residual maturity is less than 12 months) as at 31 December 2024 was approximately 20.2 million, representing 89% of total obligors. The overall numbers include 15,858 obligors with short-term contracts residing in the Corporate - SME and Corporate – Others exposure classes. Of the total short-term contracts, the majority (94%) were in the Retail QRRE class.
- NWH Group uses an approach with no overlapping windows in the calculation of long-run average PD rates.
- NatWest Group has an established temporary model adjustment (TMA) framework in place. TMAs are used to increase RWA and/or EL where IRB model deficiencies or regulatory non-compliance is identified. TMAs are regularly reviewed until underlying model deficiencies have been remediated.
- Due to specific data exclusions used for model back-testing, the values reported in table UK CR9 do not fully reconcile with table UK CR6.

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations across all non-retail exposure classes: Default rates, exposure weighted average PDs and average PDs were stable when compared to 2023. The average historical annual default rate (five-year default rate) remained lower than the average PD.

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Central governments & central banks	0.00 to <0.15	59	-	-	0.01	0.02	-
	0.00 to <0.10	*59*	-	-	*0.01*	*0.02*	-
	0.10 to <0.15	-	-	*n/a*	*n/a*	*n/a*	-
	0.15 to <0.25	2	-	-	0.22	0.19	-
	0.25 to <0.50	3	-	-	0.32	0.32	-
	0.50 to <0.75	-	-	n/a	n/a	n/a	-
	0.75 to <2.50	-	-	n/a	n/a	n/a	-
	0.75 to <1.75	-	-	*n/a*	*n/a*	*n/a*	-
	1.75 to <2.50	-	-	*n/a*	*n/a*	*n/a*	-
	2.50 to <10.00	-	-	n/a	n/a	n/a	-
	2.50 to <5.00	-	-	*n/a*	*n/a*	*n/a*	-
	5.00 to <10.0	-	-	*n/a*	*n/a*	*n/a*	-
	10.00 to <100.00	-	-	n/a	n/a	n/a	-
	10.00 to <20.00	-	-	*n/a*	*n/a*	*n/a*	-
	20.00 to <30.00	-	-	*n/a*	*n/a*	*n/a*	-
	30.00 to <100.00	-	-	*n/a*	*n/a*	*n/a*	-
	100.00 (Default)	-	n/a	n/a	n/a	n/a	n/a
	Total (Non-Default)	64	-	-	0.01	0.04	-

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Central governments & central banks	0.00 to <0.15	54	-	-	0.01	0.02	-
	0.00 to <0.10	*54*	-	-	*0.01*	*0.02*	-
	0.10 to <0.15	-	-	*n/a*	*n/a*	*n/a*	-
	0.15 to <0.25	1	-	-	0.23	0.23	-
	0.25 to <0.50	2	-	-	0.32	0.32	-
	0.50 to <0.75	-	-	n/a	n/a	n/a	-
	0.75 to <2.50	-	-	n/a	n/a	n/a	-
	0.75 to <1.75	-	-	*n/a*	*n/a*	*n/a*	-
	1.75 to <2.50	-	-	*n/a*	*n/a*	*n/a*	-
	2.50 to <10.00	-	-	n/a	n/a	n/a	-
	2.50 to <5.00	-	-	n/a	n/a	n/a	-
	5.00 to <10.0	-	-	n/a	n/a	n/a	-
	10.00 to <100.00	-	-	n/a	n/a	n/a	-
	10.00 to <20.00	-	-	*n/a*	*n/a*	*n/a*	-
	20.00 to <30.00	-	-	*n/a*	*n/a*	*n/a*	-
	30.00 to <100.00	-	-	*n/a*	*n/a*	*n/a*	-
	100.00 (Default)	1	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	57	-	-	0.01	0.03	-

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Institutions	0.00 to <0.15	281	-	-	0.08	0.08	-
	0.00 to <0.10	*177*	-	-	*0.05*	*0.06*	-
	0.10 to <0.15	*104*	-	-	*0.11*	*0.11*	-
	0.15 to <0.25	186	-	-	0.19	0.19	0.11
	0.25 to <0.50	100	-	-	0.35	0.37	0.19
	0.50 to <0.75	28	-	-	0.64	0.64	-
	0.75 to <2.50	38	-	-	1.16	1.26	-
	0.75 to <1.75	*30*	-	-	*1.13*	*1.12*	-
	1.75 to <2.50	*8*	-	-	*1.81*	*1.81*	-
	2.50 to <10.00	24	-	-	3.83	4.39	-
	2.50 to <5.00	*15*	-	-	*3.49*	*2.67*	-
	5.00 to <10.0	*9*	-	-	*7.24*	*7.24*	-
	10.00 to <100.00	4	-	-	21.10	22.16	-
	10.00 to <20.00	*1*	-	-	*10.24*	*10.24*	-
	20.00 to <30.00	*3*	-	-	*24.13*	*26.14*	-
	30.00 to <100.00	-	-	*n/a*	*n/a*	*n/a*	-
	100.00 (Default)	1	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	661	-	-	0.15	0.53	0.06

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Institutions	0.00 to <0.15	285	-	-	0.10	0.07	-
	0.00 to <0.10	*205*	-	-	*0.06*	*0.06*	-
	0.10 to <0.15	*80*	-	-	*0.11*	*0.11*	-
	0.15 to <0.25	176	1	0.57	0.19	0.19	0.11
	0.25 to <0.50	92	-	-	0.35	0.37	0.19
	0.50 to <0.75	28	-	-	0.64	0.64	-
	0.75 to <2.50	38	-	-	1.32	1.35	-
	0.75 to <1.75	*26*	-	-	*1.22*	*1.14*	-
	1.75 to <2.50	*12*	-	-	*1.81*	*1.81*	-
	2.50 to <10.00	24	-	-	3.53	4.50	-
	2.50 to <5.00	*14*	-	-	*2.66*	*2.84*	-
	5.00 to <10.0	*10*	-	-	*6.98*	*6.82*	-
	10.00 to <100.00	5	-	-	26.50	16.88	-
	10.00 to <20.00	*3*	-	-	*11.65*	*11.65*	-
	20.00 to <30.00	*2*	-	-	*27.60*	*24.72*	-
	30.00 to <100.00	-	-	*n/a*	*n/a*	*n/a*	-
	100.00 (Default)	1	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	648	1	0.15	0.16	0.54	0.06

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates	0.00 to <0.15	4,900	2	0.04	0.06	0.05	0.02
	0.00 to <0.10	*4,295*	-	-	*0.05*	*0.04*	*0.01*
	0.10 to <0.15	*605*	*2*	*0.33*	*0.11*	*0.11*	*0.07*
	0.15 to <0.25	2,918	17	0.58	0.19	0.20	0.21
	0.25 to <0.50	8,064	46	0.57	0.39	0.40	0.34
	0.50 to <0.75	4,598	24	0.52	0.64	0.64	0.52
	0.75 to <2.50	11,654	118	1.01	1.29	1.28	0.82
	0.75 to <1.75	*8,646*	*69*	*0.80*	*1.11*	*1.09*	*0.70*
	1.75 to <2.50	*3,008*	*49*	*1.63*	*1.81*	*1.81*	*1.16*
	2.50 to <10.00	5,104	159	3.12	3.44	3.29	2.46
	2.50 to <5.00	*4,331*	*107*	*2.47*	*2.87*	*2.82*	*1.88*
	5.00 to <10.0	*773*	*52*	*6.73*	*5.92*	*5.95*	*5.30*
	10.00 to <100.00	671	105	15.65	14.00	15.76	12.46
	10.00 to <20.00	*489*	*63*	*12.88*	*11.54*	*12.26*	*10.28*
	20.00 to <30.00	*149*	*30*	*20.13*	*21.30*	*21.73*	*17.66*
	30.00 to <100.00	*33*	*12*	*36.36*	*40.15*	*40.58*	*22.81*
	100.00 (Default)	1,417	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	37,909	471	1.24	0.59	1.30	1.05

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates	0.00 to <0.15	4,625	-	-	0.06	0.05	0.01
	0.00 to <0.10	*4,068*	-	-	*0.05*	*0.04*	*0.01*
	0.10 to <0.15	*557*	-	-	*0.11*	*0.11*	-
	0.15 to <0.25	2,845	4	0.14	0.19	0.20	0.12
	0.25 to <0.50	7,910	34	0.43	0.39	0.40	0.27
	0.50 to <0.75	4,782	29	0.61	0.64	0.64	0.47
	0.75 to <2.50	12,669	136	1.07	1.31	1.29	0.76
	0.75 to <1.75	*9,268*	*82*	*0.88*	*1.11*	*1.09*	*0.67*
	1.75 to <2.50	*3,401*	*54*	*1.59*	*1.81*	*1.81*	*0.99*
	2.50 to <10.00	5,856	173	2.95	3.51	3.35	2.15
	2.50 to <5.00	*4,857*	*114*	*2.35*	*2.84*	*2.83*	*1.62*
	5.00 to <10.0	*999*	*59*	*5.91*	*5.65*	*5.84*	*4.63*
	10.00 to <100.00	587	107	18.23	14.71	15.76	11.54
	10.00 to <20.00	*437*	*70*	*16.02*	*12.12*	*12.14*	*9.35*
	20.00 to <30.00	*121*	*31*	*25.62*	*23.79*	*22.86*	*17.44*
	30.00 to <100.00	*29*	*6*	*20.69*	*40.36*	*41.36*	*16.41*
	100.00 (Default)	1,392	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	39,274	483	1.23	0.64	1.33	1.01

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Corporates - SME	0.00 to <0.15	**76**	**-**	**-**	**0.11**	**0.10**	**-**
	0.00 to <0.10	***23***	***-***	***-***	***0.06***	***0.06***	***-***
	0.10 to <0.15	***53***	***-***	***-***	***0.11***	***0.11***	***-***
	0.15 to <0.25	**1,563**	**7**	**0.45**	**0.21**	**0.21**	**0.25**
	0.25 to <0.50	**5,956**	**26**	**0.44**	**0.40**	**0.40**	**0.32**
	0.50 to <0.75	**3,471**	**22**	**0.63**	**0.64**	**0.64**	**0.52**
	0.75 to <2.50	**6,904**	**77**	**1.12**	**1.22**	**1.23**	**0.88**
	0.75 to <1.75	***5,393***	***51***	***0.95***	***1.07***	***1.07***	***0.76***
	1.75 to <2.50	***1,511***	***26***	***1.72***	***1.81***	***1.81***	***1.25***
	2.50 to <10.00	**2,382**	**96**	**4.03**	**3.26**	**3.43**	**2.86**
	2.50 to <5.00	***1,951***	***67***	***3.43***	***2.83***	***2.87***	***2.30***
	5.00 to <10.0	***431***	***29***	***6.73***	***6.09***	***5.95***	***5.11***
	10.00 to <100.00	**442**	**78**	**17.65**	**14.91**	**16.03**	**13.51**
	10.00 to <20.00	***322***	***44***	***13.66***	***12.08***	***12.45***	***10.94***
	20.00 to <30.00	***95***	***24***	***25.26***	***21.73***	***21.73***	***19.49***
	30.00 to <100.00	***25***	***10***	***40.00***	***40.04***	***40.46***	***28.81***
	100.00 (Default)	**918**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**20,794**	**306**	**1.47**	**1.42**	**1.38**	**1.19**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Corporates - SME	0.00 to <0.15	66	-	-	0.06	0.10	-
	0.00 to <0.10	*13*	-	-	*0.04*	*0.05*	-
	0.10 to <0.15	*53*	-	-	*0.11*	*0.11*	-
	0.15 to <0.25	1,524	4	0.26	0.21	0.21	0.21
	0.25 to <0.50	5,775	20	0.35	0.40	0.40	0.27
	0.50 to <0.75	3,580	24	0.67	0.64	0.64	0.46
	0.75 to <2.50	7,576	88	1.16	1.26	1.25	0.79
	0.75 to <1.75	*5,767*	*57*	*0.99*	*1.07*	*1.07*	*0.69*
	1.75 to <2.50	*1,809*	*31*	*1.71*	*1.81*	*1.81*	*1.06*
	2.50 to <10.00	2,791	97	3.48	3.39	3.50	2.42
	2.50 to <5.00	*2,235*	*57*	*2.55*	*2.84*	*2.90*	*1.89*
	5.00 to <10.0	*556*	*40*	*7.19*	*5.92*	*5.91*	*4.43*
	10.00 to <100.00	377	78	20.69	15.36	15.91	11.92
	10.00 to <20.00	*272*	*48*	*17.65*	*12.24*	*12.21*	*9.70*
	20.00 to <30.00	*87*	*27*	*31.03*	*22.71*	*22.14*	*17.72*
	30.00 to <100.00	*18*	*3*	*16.67*	*39.96*	*41.61*	*17.69*
	100.00 (Default)	886	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	21,689	311	1.43	1.40	1.39	1.12

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

		'31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Corporates - Other	0.00 to <0.15	**4,824**	**2**	**0.04**	**0.06**	**0.05**	**0.02**
	0.00 to <0.10	***4,272***	***-***	***-***	***0.05***	***0.04***	***0.01***
	0.10 to <0.15	***552***	***2***	***0.36***	***0.11***	***0.11***	***0.07***
	0.15 to <0.25	**1,355**	**10**	**0.74**	**0.19**	**0.20**	**0.17**
	0.25 to <0.50	**2,108**	**20**	**0.95**	**0.38**	**0.39**	**0.38**
	0.50 to <0.75	**1,127**	**2**	**0.18**	**0.64**	**0.64**	**0.52**
	0.75 to <2.50	**4,751**	**41**	**0.86**	**1.32**	**1.34**	**0.73**
	0.75 to <1.75	***3,254***	***18***	***0.55***	***1.13***	***1.13***	***0.56***
	1.75 to <2.50	***1,497***	***23***	***1.54***	***1.81***	***1.81***	***1.05***
	2.50 to <10.00	**2,722**	**63**	**2.31**	**3.51**	**3.17**	**2.06**
	2.50 to <5.00	***2,380***	***40***	***1.68***	***2.89***	***2.77***	***1.50***
	5.00 to <10.0	***342***	***23***	***6.73***	***5.87***	***5.96***	***5.75***
	10.00 to <100.00	**229**	**27**	**11.79**	**13.01**	**15.23**	**10.58**
	10.00 to <20.00	***167***	***19***	***11.38***	***10.96***	***11.89***	***9.16***
	20.00 to <30.00	***54***	***6***	***11.11***	***20.87***	***21.74***	***14.49***
	30.00 to <100.00	***8***	***2***	***25.00***	***40.96***	***40.96***	***17.25***
	100.00 (Default)	**498**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**17,116**	**165**	**0.96**	**0.47**	**1.20**	**0.87**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Corporates - Other	0.00 to <0.15	4,559	-	-	0.06	0.05	0.01
	0.00 to <0.10	*4,055*	-	-	*0.05*	*0.04*	*0.01*
	0.10 to <0.15	*504*	-	-	*0.11*	*0.11*	-
	0.15 to <0.25	1,323	-	-	0.19	0.19	0.03
	0.25 to <0.50	2,179	14	0.64	0.39	0.40	0.28
	0.50 to <0.75	1,265	5	0.40	0.64	0.64	0.52
	0.75 to <2.50	5,281	48	0.91	1.33	1.34	0.72
	0.75 to <1.75	*3,639*	*25*	*0.69*	*1.14*	*1.13*	*0.62*
	1.75 to <2.50	*1,642*	*23*	*1.40*	*1.81*	*1.81*	*0.90*
	2.50 to <10.00	3,140	76	2.42	3.56	3.21	1.85
	2.50 to <5.00	*2,681*	*57*	*2.13*	*2.84*	*2.77*	*1.36*
	5.00 to <10.0	*459*	*19*	*4.14*	*5.57*	*5.76*	*5.11*
	10.00 to <100.00	216	29	13.43	14.35	15.50	10.98
	10.00 to <20.00	*171*	*22*	*12.87*	*12.06*	*12.03*	*8.79*
	20.00 to <30.00	*34*	*4*	*11.77*	*24.58*	*24.72*	*17.81*
	30.00 to <100.00	*11*	*3*	*27.27*	*40.96*	*40.96*	*14.56*
	100.00 (Default)	512	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	17,963	172	0.96	0.53	1.26	0.86

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

		31 December 2024					
Exposure class	PD range	**Number of obligors at the end of the previous year**	**Of which: number of obligors which defaulted in the year**	**Observed average default rate (%)**	**Exposure weighted average PD (%)**	**Average PD (%)**	**Average historical annual default rate (%)**
a	b	**c**	**d**	**e**	**f**	**g**	**h**
Retail	0.00 to <0.15	**9,154,240**	**12,631**	**0.14**	**0.07**	**0.04**	**0.11**
	0.00 to <0.10	***8,606,859***	***9,784***	***0.11***	***0.05***	***0.03***	***0.10***
	0.10 to <0.15	***547,381***	***2,847***	***0.52***	***0.13***	***0.13***	***0.36***
	0.15 to <0.25	**1,163,339**	**5,098**	**0.44**	**0.20**	**0.19**	**0.33**
	0.25 to <0.50	**2,218,012**	**15,881**	**0.72**	**0.34**	**0.35**	**0.54**
	0.50 to <0.75	**1,890,751**	**13,351**	**0.71**	**0.57**	**0.60**	**0.63**
	0.75 to <2.50	**4,275,567**	**79,327**	**1.86**	**1.32**	**1.33**	**1.58**
	0.75 to <1.75	***3,302,591***	***51,366***	***1.56***	***1.13***	***1.12***	***1.35***
	1.75 to <2.50	***972,976***	***27,961***	***2.87***	***2.11***	***2.06***	***2.44***
	2.50 to <10.00	**1,685,148**	**97,991**	**5.81**	**4.76**	**4.34**	**4.89**
	2.50 to <5.00	***1,243,654***	***56,986***	***4.58***	***3.56***	***3.45***	***3.75***
	5.00 to <10.0	***441,494***	***41,005***	***9.29***	***6.75***	***6.87***	***7.81***
	10.00 to <100.00	**253,888**	**72,270**	**28.47**	**23.02**	**21.58**	**25.20**
	10.00 to <20.00	***156,652***	***29,767***	***19.00***	***13.92***	***13.54***	***16.01***
	20.00 to <30.00	***54,254***	***17,392***	***32.06***	***23.68***	***23.92***	***26.66***
	30.00 to <100.00	***42,982***	***25,111***	***58.42***	***43.47***	***47.93***	***51.26***
	100.00 (Default)	**585,670**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**20,640,945**	**296,549**	**1.44**	**0.81**	**1.02**	**1.25**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Retail	0.00 to <0.15	9,105,224	12,828	0.14	0.08	0.04	0.09
	0.00 to <0.10	*8,546,181*	*9,958*	*0.12*	*0.05*	*0.03*	*0.08*
	0.10 to <0.15	*559,043*	*2,870*	*0.51*	*0.13*	*0.13*	*0.27*
	0.15 to <0.25	1,122,531	5,224	0.47	0.20	0.19	0.27
	0.25 to <0.50	2,274,662	16,256	0.71	0.34	0.35	0.46
	0.50 to <0.75	1,769,914	14,036	0.79	0.56	0.59	0.60
	0.75 to <2.50	4,005,545	77,705	1.94	1.30	1.32	1.48
	0.75 to <1.75	*3,124,215*	*50,873*	*1.63*	*1.13*	*1.11*	*1.26*
	1.75 to <2.50	*881,330*	*26,832*	*3.04*	*2.11*	*2.07*	*2.26*
	2.50 to <10.00	1,500,995	91,361	6.09	4.78	4.35	4.55
	2.50 to <5.00	*1,108,624*	*53,325*	*4.81*	*3.55*	*3.45*	*3.42*
	5.00 to <10.0	*392,371*	*38,036*	*9.69*	*6.73*	*6.88*	*7.30*
	10.00 to <100.00	234,334	68,967	29.43	23.22	21.89	24.25
	10.00 to <20.00	*144,334*	*28,165*	*19.51*	*13.87*	*13.58*	*14.98*
	20.00 to <30.00	*48,595*	*15,925*	*32.77*	*23.67*	*23.97*	*24.74*
	30.00 to <100.00	*41,405*	*24,877*	*60.08*	*44.18*	*48.38*	*49.40*
	100.00 (Default)	514,134	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	20,013,205	286,377	1.43	0.78	0.97	1.21

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail non-SME secured by immoveable property collateral: Default rates remained flat year-on-year (2023 vs. 2024). House prices decreased during 2023, leading to a year-on-year increase in the portfolio loan-to-value, which resulted in higher PDs at 31 December 2023.

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - non-SME secured by immovable property collateral	0.00 to <0.15	**110,808**	**160**	**0.14**	**0.10**	**0.11**	**0.14**
	0.00 to <0.10	***42,611***	***51***	***0.12***	***0.07***	***0.07***	***0.09***
	0.10 to <0.15	***68,197***	***109***	***0.16***	***0.13***	***0.13***	***0.17***
	0.15 to <0.25	**336,810**	**750**	**0.22**	**0.20**	**0.19**	**0.19**
	0.25 to <0.50	**586,018**	**2,064**	**0.35**	**0.34**	**0.33**	**0.27**
	0.50 to <0.75	**195,972**	**758**	**0.39**	**0.57**	**0.58**	**0.35**
	0.75 to <2.50	**44,348**	**838**	**1.89**	**1.19**	**1.19**	**1.35**
	0.75 to <1.75	***39,697***	***675***	***1.70***	***1.09***	***1.08***	***1.22***
	1.75 to <2.50	***4,651***	***163***	***3.50***	***2.22***	***2.15***	***2.36***
	2.50 to <10.00	**9,279**	**767**	**8.27**	**5.34**	**5.27**	**6.20**
	2.50 to <5.00	***4,195***	***232***	***5.53***	***3.45***	***3.45***	***4.71***
	5.00 to <10.0	***5,084***	***535***	***10.52***	***6.80***	***6.77***	***7.46***
	10.00 to <100.00	**9,780**	**2,437**	**24.92**	**23.85**	**22.85**	**18.96**
	10.00 to <20.00	***4,158***	***799***	***19.22***	***14.48***	***14.45***	***14.79***
	20.00 to <30.00	***3,406***	***835***	***24.52***	***23.48***	***23.20***	***19.76***
	30.00 to <100.00	***2,216***	***803***	***36.24***	***38.58***	***38.07***	***31.92***
	100.00 (Default)	**18,718**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**1,293,015**	**7,774**	**0.60**	**0.55**	**0.55**	**0.50**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - non-SME secured by immovable property collateral	0.00 to <0.15	130,051	209	0.16	0.10	0.10	0.13
	0.00 to <0.10	*51,982*	*82*	*0.16*	*0.07*	*0.07*	*0.09*
	0.10 to <0.15	*78,069*	*127*	*0.16*	*0.13*	*0.13*	*0.16*
	0.15 to <0.25	334,474	780	0.23	0.20	0.19	0.18
	0.25 to <0.50	648,702	2,386	0.37	0.34	0.33	0.24
	0.50 to <0.75	151,808	785	0.52	0.56	0.57	0.34
	0.75 to <2.50	42,461	879	2.07	1.19	1.21	1.12
	0.75 to <1.75	*37,680*	*711*	*1.89*	*1.11*	*1.10*	*1.01*
	1.75 to <2.50	*4,781*	*168*	*3.51*	*2.17*	*2.09*	*1.89*
	2.50 to <10.00	9,057	767	8.47	5.26	5.20	5.31
	2.50 to <5.00	*4,229*	*262*	*6.20*	*3.35*	*3.38*	*4.17*
	5.00 to <10.0	*4,828*	*505*	*10.46*	*6.91*	*6.81*	*6.36*
	10.00 to <100.00	9,353	2,232	23.86	23.54	22.51	17.16
	10.00 to <20.00	*4,100*	*813*	*19.83*	*14.41*	*14.36*	*13.44*
	20.00 to <30.00	*3,245*	*731*	*22.53*	*23.49*	*23.30*	*18.46*
	30.00 to <100.00	*2,008*	*688*	*34.26*	*38.05*	*37.85*	*29.18*
	100.00 (Default)	17,091	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	1,325,906	8,038	0.61	0.50	0.52	0.47

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail - qualifying revolving retail exposure: The increase in PD was driven by both current accounts and cards portfolios. In current accounts, the increase was due to new lending with higher debt to income ratios and utilisation, and in cards, it was due to higher utilisation, mainly from the growing balance transfer population. This increased utilisation resulted in the increase in exposure weighted average PD. There was only a minor change in default rates year-on-year.

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - Qualifying revolving	0.00 to <0.15	9,043,431	12,471	0.14	0.04	0.04	0.11
	0.00 to <0.10	*8,564,247*	*9,733*	*0.11*	*0.03*	*0.03*	*0.10*
	0.10 to <0.15	*479,184*	*2,738*	*0.57*	*0.13*	*0.13*	*0.37*
	0.15 to <0.25	805,895	4,261	0.53	0.19	0.18	0.38
	0.25 to <0.50	1,273,020	12,219	0.96	0.36	0.37	0.70
	0.50 to <0.75	1,588,725	11,554	0.73	0.59	0.60	0.64
	0.75 to <2.50	3,130,011	57,824	1.85	1.44	1.32	1.58
	0.75 to <1.75	*2,397,661*	*37,766*	*1.58*	*1.17*	*1.11*	*1.37*
	1.75 to <2.50	*732,350*	*20,058*	*2.74*	*2.04*	*2.03*	*2.31*
	2.50 to <10.00	1,239,281	71,436	5.76	4.54	4.29	4.71
	2.50 to <5.00	*927,314*	*43,668*	*4.71*	*3.57*	*3.43*	*3.71*
	5.00 to <10.0	*311,967*	*27,768*	*8.90*	*6.63*	*6.83*	*7.49*
	10.00 to <100.00	160,999	44,676	27.75	21.62	21.39	24.45
	10.00 to <20.00	*100,667*	*18,278*	*18.16*	*13.27*	*13.43*	*15.45*
	20.00 to <30.00	*34,586*	*10,800*	*31.23*	*24.16*	*24.17*	*26.57*
	30.00 to <100.00	*25,746*	*15,598*	*60.58*	*52.10*	*48.76*	*52.03*
	100.00 (Default)	367,729	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	17,241,362	214,441	1.24	1.33	0.86	1.04

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - Qualifying revolving	0.00 to <0.15	8,975,172	12,619	0.14	0.04	0.04	0.09
	0.00 to <0.10	*8,494,198*	*9,876*	*0.12*	*0.03*	*0.03*	*0.08*
	0.10 to <0.15	*480,974*	*2,743*	*0.57*	*0.13*	*0.13*	*0.27*
	0.15 to <0.25	767,196	4,380	0.57	0.19	0.18	0.31
	0.25 to <0.50	1,263,062	12,220	0.97	0.36	0.36	0.57
	0.50 to <0.75	1,511,887	12,101	0.80	0.59	0.59	0.61
	0.75 to <2.50	2,857,515	55,148	1.93	1.40	1.30	1.47
	0.75 to <1.75	*2,215,212*	*36,548*	*1.65*	*1.15*	*1.09*	*1.29*
	1.75 to <2.50	*642,303*	*18,600*	*2.90*	*2.06*	*2.03*	*2.12*
	2.50 to <10.00	1,064,669	63,073	5.92	4.58	4.28	4.35
	2.50 to <5.00	*799,108*	*39,262*	*4.91*	*3.58*	*3.43*	*3.33*
	5.00 to <10.0	*265,561*	*23,811*	*8.97*	*6.67*	*6.85*	*7.05*
	10.00 to <100.00	138,835	38,298	27.59	21.36	21.29	23.51
	10.00 to <20.00	*88,852*	*16,283*	*18.33*	*13.28*	*13.45*	*14.52*
	20.00 to <30.00	*27,869*	*8,802*	*31.58*	*24.28*	*24.30*	*24.92*
	30.00 to <100.00	*22,114*	*13,213*	*59.75*	*51.90*	*48.96*	*49.71*
	100.00 (Default)	338,643	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	16,578,336	197,839	1.19	1.13	0.79	1.02

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail – SME other: The majority of the decrease in volumes and defaults was due to run-off of Bounce Back Loans (BBLs). This was also the cause of the reduction in PD. BBLs attract 0% risk-weight; overall default rate excluding these was 2.24%.

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - SME Other	0.00 to <0.15	**-**	**-**	**n/a**	**n/a**	**n/a**	**0.04**
	0.00 to <0.10	***-***	***-***	***n/a***	***n/a***	***n/a***	***0.02***
	0.10 to <0.15	***-***	***-***	***n/a***	***n/a***	***n/a***	***0.05***
	0.15 to <0.25	**20,632**	**87**	**0.42**	**0.21**	**0.20**	**0.28**
	0.25 to <0.50	**358,933**	**1,598**	**0.45**	**0.33**	**0.34**	**0.44**
	0.50 to <0.75	**90,767**	**796**	**0.88**	**0.63**	**0.63**	**0.87**
	0.75 to <2.50	**508,662**	**9,172**	**1.80**	**1.27**	**1.38**	**1.64**
	0.75 to <1.75	***377,400***	***5,586***	***1.48***	***1.09***	***1.13***	***1.38***
	1.75 to <2.50	***131,262***	***3,586***	***2.73***	***2.09***	***2.11***	***2.33***
	2.50 to <10.00	**279,205**	**13,758**	**4.93**	**4.54**	**4.11**	**4.76**
	2.50 to <5.00	***217,623***	***7,148***	***3.28***	***3.45***	***3.34***	***3.27***
	5.00 to <10.0	***61,582***	***6,610***	***10.73***	***6.53***	***6.80***	***9.41***
	10.00 to <100.00	**40,087**	**13,438**	**33.52**	**23.71**	**22.21**	**27.90**
	10.00 to <20.00	***22,608***	***5,216***	***23.07***	***13.73***	***13.75***	***19.12***
	20.00 to <30.00	***9,512***	***3,611***	***37.96***	***24.06***	***23.75***	***29.85***
	30.00 to <100.00	***7,967***	***4,611***	***57.88***	***49.84***	***44.38***	***48.66***
	100.00 (Default)	**85,979**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**1,298,286**	**38,849**	**2.99**	**2.91**	**2.25**	**2.88**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - SME Other	0.00 to <0.15	-	-	n/a	n/a	n/a	0.06
	0.00 to <0.10	*-*	*-*	*n/a*	*n/a*	*n/a*	*0.03*
	0.10 to <0.15	*-*	*-*	*n/a*	*n/a*	*n/a*	*0.07*
	0.15 to <0.25	20,859	64	0.31	0.21	0.20	0.23
	0.25 to <0.50	362,852	1,650	0.45	0.33	0.35	0.43
	0.50 to <0.75	91,057	884	0.97	0.63	0.64	0.81
	0.75 to <2.50	525,828	9,928	1.89	1.26	1.38	1.55
	0.75 to <1.75	*390,911*	*6,249*	*1.60*	*1.08*	*1.13*	*1.28*
	1.75 to <2.50	*134,917*	*3,679*	*2.73*	*2.10*	*2.11*	*2.30*
	2.50 to <10.00	280,381	15,410	5.50	4.59	4.13	4.58
	2.50 to <5.00	*217,085*	*7,819*	*3.60*	*3.48*	*3.36*	*3.15*
	5.00 to <10.0	*63,296*	*7,591*	*11.99*	*6.44*	*6.80*	*8.71*
	10.00 to <100.00	43,378	15,651	36.08	24.37	22.70	25.57
	10.00 to <20.00	*23,749*	*5,749*	*24.21*	*13.63*	*13.76*	*17.23*
	20.00 to <30.00	*10,422*	*4,114*	*39.47*	*23.90*	*23.79*	*26.62*
	30.00 to <100.00	*9,207*	*5,788*	*62.87*	*50.18*	*44.53*	*45.18*
	100.00 (Default)	68,057	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	1,324,355	43,587	3.29	3.11	2.31	2.67

(1) Exposure to retail – SME other includes all retail SME exposure, including Exposure to retail – SME secured by immovable property collateral.

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail – non-SME other: The reduction in default rates was driven by the introduction of an improved application scorecard, and a tightening of acquisition policy. There was only a minor change in PDs year-on-year.

		31 December 2024					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - non-SME other	0.00 to <0.15	**1**	**-**	**-**	**0.06**	**0.06**	**-**
	0.00 to <0.10	***1***	***-***	***-***	***0.06***	***0.06***	***-***
	0.10 to <0.15	***-***	***-***	***n/a***	***n/a***	***n/a***	***-***
	0.15 to <0.25	**2**	**-**	**-**	**0.21**	**0.21**	**-**
	0.25 to <0.50	**41**	**-**	**-**	**0.45**	**0.45**	**0.29**
	0.50 to <0.75	**15,287**	**243**	**1.59**	**0.69**	**0.69**	**1.29**
	0.75 to <2.50	**592,546**	**11,493**	**1.94**	**1.49**	**1.35**	**1.58**
	0.75 to <1.75	***487,833***	***7,339***	***1.50***	***1.26***	***1.17***	***1.20***
	1.75 to <2.50	***104,713***	***4,154***	***3.97***	***2.16***	***2.23***	***3.37***
	2.50 to <10.00	**157,383**	**12,030**	**7.64**	**5.11**	**5.17**	**6.35**
	2.50 to <5.00	***94,522***	***5,938***	***6.28***	***3.80***	***3.87***	***5.19***
	5.00 to <10.0	***62,861***	***6,092***	***9.69***	***7.25***	***7.14***	***8.07***
	10.00 to <100.00	**43,022**	**11,719**	**27.24**	**20.47**	**21.43**	**27.01**
	10.00 to <20.00	***29,219***	***5,474***	***18.73***	***13.61***	***13.63***	***15.90***
	20.00 to <30.00	***6,750***	***2,146***	***31.79***	***23.96***	***23.27***	***26.55***
	30.00 to <100.00	***7,053***	***4,099***	***58.12***	***51.41***	***51.98***	***54.12***
	100.00 (Default)	**113,244**	**n/a**	**n/a**	**100.00**	**100.00**	**n/a**
	Total (Non-Default)	**808,282**	**35,485**	**4.39**	**3.49**	**3.15**	**4.21**

		31 December 2023					
Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Exposure to Retail - non-SME other	0.00 to <0.15	1	-	-	0.06	0.06	-
	0.00 to <0.10	1	-	-	0.06	0.06	-
	0.10 to <0.15	-	-	n/a	n/a	n/a	-
	0.15 to <0.25	*2*	-	-	0.20	0.20	-
	0.25 to <0.50	46	-	-	0.45	0.45	0.50
	0.50 to <0.75	*15,162*	266	1.75	0.69	0.69	1.13
	0.75 to <2.50	*579,741*	11,750	2.03	1.47	1.34	1.47
	0.75 to <1.75	480,412	7,365	*1.53*	*1.26*	*1.16*	*1.11*
	1.75 to <2.50	*99,329*	4,385	*4.41*	*2.16*	*2.23*	*3.17*
	2.50 to <10.00	*146,888*	12,111	8.25	5.10	5.17	5.93
	2.50 to <5.00	*88,202*	5,982	*6.78*	*3.78*	*3.86*	*4.81*
	5.00 to <10.0	58,686	6,129	*10.44*	*7.22*	*7.14*	*7.54*
	10.00 to <100.00	42,768	12,786	29.90	21.31	22.88	27.82
	10.00 to <20.00	*27,633*	*5,320*	*19.25*	*13.64*	*13.75*	*15.45*
	20.00 to <30.00	*7,059*	*2,278*	*32.27*	*23.79*	*23.24*	*24.43*
	30.00 to <100.00	*8,076*	*5,188*	*64.24*	*53.12*	*53.81*	*54.38*
	100.00 (Default)	90,343	n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	784,608	36,913	4.70	3.53	3.22	4.21

UK CRE: Qualitative disclosure requirements related to IRB approach

Introduction

There are three approaches available to calculate RWAs. These are:

- Standardised approach.
- Foundation internal ratings based (FIRB) approach.
- Advanced internal ratings based (AIRB) approach.

The CRR establishes the standardised approach as the method for banks to calculate RWAs for credit and counterparty credit risk.

To use the more complex FIRB or AIRB approaches, banks must gain regulatory permission. NatWest Group has been granted permission by local and European regulators to use the AIRB approach to calculate RWAs for the majority of its credit and counterparty credit risk exposures.

NatWest Group does not use the FIRB approach. Therefore, in these disclosures, IRB refers to the AIRB approach.

The IRB permission allows NatWest Group to use its own estimates for the following inputs to the regulatory formula used to calculate RWAs:

- PD and LGD for credit risk and counterparty credit risk.
- EAD for credit risk.

EAD for counterparty credit risk is estimated in accordance with NatWest Group's internal model method permission.

In the case of specialised lending to project finance and income-producing real estate customers, the IRB supervisory slotting methodology is used to calculate RWAs.

NatWest Group uses the standardised approach for certain portfolios on a permanent basis; for low default/data portfolios where modelling is not suitable and for immaterial/run-off portfolios. Additionally, NatWest Group uses the standardised approach for exposures which are subject to sequential implementation of the IRB approach (IRB rollout plan).

Advanced IRB models

NatWest Group uses credit risk models not only to calculate RWAs under the IRB approach but also to support risk assessments in the credit approval process as well as ongoing credit risk management, monitoring and reporting.

NatWest Group develops credit risk models for both retail and non-retail customers. Retail models are automated and applied across a portfolio of products. Non-retail models generally rely on the input of customer data as part of the credit risk management process – usually at the time of the customer's annual review – and permits the use of expert judgement overrides, which are subject to Credit Risk approval.

In line with all firms with permissions to use the IRB approach, NatWest Group is currently undertaking a programme of model and rating system development, in order to align with new regulations which came into force on 1 January 2022.

Retail IRB models

Probability of default/customer credit grade models

- PD models assess the probability that a customer will fail to honour their credit obligations in the next 12 months.
- NatWest Group assigns a score to each customer account and this is used across the businesses to support decision making and portfolio management. This score is used as an input into the PD model.
- Retail PD models are currently point-in-time by design, meaning they predict the probability of default under economic conditions at a given point-in-time. They are typically developed applying logistic regression techniques using a range of customer and account data across portfolios, as well as data from credit bureaux.
- Different models are developed for different product types, with further distinctions based on other criteria such as whether a customer also has a current account with NatWest Group. All Retail PD models produce both a best estimate measure, used for portfolio reporting and forecasting, and a conservative estimate, which is an input to RWA calculations. The conservative estimate is designed to consider normal volatility in actual default rates and is floored at 0.03%, as mandated by regulation.
- All Retail PD models are regularly monitored for accuracy, discrimination and stability.

Loss given default models

- LGD models estimate the amount of exposure that will not be recovered by NatWest Group in the event of customer default.
- These models are developed by product type using internal loss data reflecting the collections and recoveries processes. They use a combination of borrower and facility characteristics and take account of credit risk mitigants, including collateral.
- As LGD represents economic loss, the estimate also incorporates the cost of collections and the impact of discounting to account for delays in recovery. In accordance with regulatory requirements, the estimates are calibrated to reflect loss rates expected during an economic downturn.

Exposure at default models

- EAD models estimate the utilisation of a credit facility at the time of a customer's default, recognising that further drawings on unused credit facilities may be made prior to default.
- Historical data on limit utilisation, in the period prior to customer default, is used for estimation and calibration. EAD for revolving products (for example credit cards and current accounts) has a more material anticipation of further drawings.
- As required by regulation, EAD estimates are set to be no lower than the current balance and reflect economic downturn conditions.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

The table below presents an overview of the Retail IRB models used to calculate RWAs for Retail customers and small business brands. Retail models are statistical models developed using logistic or linear regression techniques.

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Mortgages	35,296	PD	3	Retail – Secured by real estate non-SME	There are separate models for standard and non-standard products.	Key model drivers include the internal behaviour score of the related current account and loan-to-value (LTV).
		LGD	2			LGD is estimated by modelling the probability of possession given default and shortfall given repossession, using key drivers such as LTV. Regulatory floors are applied at the appropriate level.
		EAD	3			EAD estimate is determined by account limit.
Personal unsecured loans and current accounts	9,635	PD	3	Retail – Other non-SME Retail – Qualifying revolving	Product level PD and EAD models are in place, with loans common across all regions. LGD models are combined across products.	Model estimates are mainly based on internal behavioural data, with some also using external credit bureau data.
		LGD	1			Models estimate the probability of loss on a defaulted account, which is converted into an LGD estimate.
		EAD	2			Current accounts: A combination of linear regression and average models have been developed using internal data, such as account limit and balance. Loans: EAD estimate is determined by account balance.
Small business loans and current accounts	4,026	PD	2	Retail – Other SME	For PD, LGD and EAD, separate models are in place for loans and current accounts, common across all regions.	Model estimates are mainly based on internal behaviour data.
		LGD	2			For unsecured lending the models estimate the probability of loss on a defaulted account which is converted into an LGD estimate. For secured lending the LGD model estimates are based on the estimated recoveries from the liquidation of collateral. Regulatory floors are applied depending on the type of security.
		EAD	2			Current accounts: A combination of linear regression and average models have been developed using internal data, such as account limit and balance. Loans: EAD estimate is determined by account balance.
Personal credit cards	6,023	PD	1	Retail – Qualifying revolving	PD, EAD and LGD models developed for use across the retail brands.	Model estimates are based on internal behavioural data.
		LGD	1			Statistical model developed using internal and external data.
		EAD	1			A combination of linear regression and average models has been developed using internal data, such as account limit and balance.
Personal and small business asset finance	248	PD	1	Retail – Other SME Retail – Other non-SME	PD, EAD and LGD models developed for use within the UK Lombard brand.	Statistical PD model segmented by time on book, customer type and entity type.
		LGD	1			For LGD, a statistical model is used based on long-run internal loss outcomes with key model drivers being security, together with customer and facility attributes.
		EAD	1			EAD for leasing is the present value of lease payments per regulatory requirements.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

Non-retail IRB models

Probability of default/customer credit grade models

- As part of the credit assessment process, NatWest Group assigns each customer a credit grade reflecting the customer's PD. NatWest Group maintains and uses a number of credit grading models which consider risk characteristics relevant to the customer, incorporating both quantitative and qualitative inputs. NatWest Group uses these credit grades in its risk management and measurement frameworks, including credit sanctioning and expected credit loss as well as managing single name concentration risk.
- Regulation defines the minimum time series and other attributes of the data used for developing and calibrating models. For the most material models, external data (historical default and rating data from rating agencies and insolvency rates) is referenced for estimation and calibration purposes so that models are based on over 20 years of default experience. The models applied to medium to large-size corporate customers, bank and sovereign counterparties (those used for the largest aggregate amounts of exposure) are the most material models.
- In line with regulatory requirements, for portfolios with low default frequency (where customer loan volumes are lower or customers are of higher credit quality), NatWest Group adopts a specific low-default portfolio approach incorporating an appropriately prudent calibration reflecting the potential that future outcomes may differ from the very low risk outcomes historically observed.
- The majority of the PD model suite discriminates risk levels well and are stable; current observed default rates are generally lower than model estimates. This reflects prudent calibrations across most of the non-retail models.
- PDs are floored at 0.03% (except for the Central Governments & Central Banks exposure class) as mandated by regulation.

Loss given default models

- Models are developed for different customer segments and reflect the recoveries approach applied to each segment.
- Where sufficient internal and external loss data exists, LGD is modelled based on this experience and directly incorporates the impact of credit cycle conditions. As LGD represents economic loss, the estimate also incorporates the cost of collections and the impact of discounting to account for delays in recovery. LGDs reflect loss rates expected during an economic downturn.
- For low-default portfolios, where loss data is scarce or the effect of credit conditions is only of limited relevance, simple benchmark LGDs are assigned in accordance with the PRA's low-default portfolio framework.

Exposure at default models

- EAD is estimated on a product type basis, with different credit conversion factors (CCFs) – measuring the portion of unused credit facility expected to be further drawn prior to default – assigned to each product. For contingent products, such as trade letters of credit, a "probability of call" multiplier is also applied which reflects the likelihood of pay-out once issued.
- Exposure can be reduced by a netting agreement, subject to meeting standards of legal enforceability.
- Where sufficient internal historical data exists, CCF estimates are developed to reflect economic downturn conditions and are based on limit utilisation in the period prior to customer default.
- For low-default portfolios, where data is scarce, products are rank-ordered and CCFs benchmarked to modelled products or relevant regulatory values.
- The most material product families for EAD are those applying to non-contingent products, in particular loans, overdrafts and revolving credit facilities.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

The table below presents the non-retail IRB models NatWest Group uses to calculate RWAs.

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Sovereign and quasi-government entities	7,352	PD	4	Central governments and central banks Institutions Corporate – Other	Global PD and LGD models are developed for sovereign and quasi-government type entities.	Sovereign: external rating agency replication model calibrated to the agency long-run average default rates. Local authority, UK housing association and UK university: expert-driven scorecard models using both qualitative and quantitative inputs.
		LGD	2			Sovereign: an unsecured model calibrated using a logistic regression on a limited dataset of internal and external observations. LGD is floored at 45% in accordance with PRA requirements. Quasi-Government: the model is based on sovereign LGDs or regulatory LGD benchmarks due to its low-default nature.
Financial institutions	12,449	PD	6	Central governments and central banks Institutions Corporate – Other Equity IRB	Global PD and LGD models are developed for bank and non-bank financial institutions (NBFIs).	PD models are developed by counterparty type: Bank and insurance companies: external rating agency replication models calibrated to agency long-run average default rates. Geared investment fund: statistical model which is directly calibrated to internal default experience. Investment fund bridging: expert-driven model using quantitative and qualitative inputs. Hedge fund and managed fund: expert-driven scorecard models based mainly on qualitative inputs, due to their low-default nature.
		LGD	2			Bank models and a single NBFI model are structured as simple decision trees relying on a few regulatory LGD benchmarks, due to low frequency or loss data.
Corporations: Turnover above £50 million	25,726	PD	2	Corporates – Other Equity IRB	PD: global large corporate model is used to grade customers that are externally rated or have a turnover in excess of £500 million. Mid-large corporate model is used to grade customers in key countries (United Kingdom and US) with turnover between £50 million and £500 million, and that are not externally rated. LGD: global LGD model is used for large and mid-large corporate customers. LGD model for shipping customers.	Large corporate: external rating agency replication model which is calibrated to external and internal long-run average default data. Mid-large corporate: statistical model which is calibrated to internal long run data.
		LGD	2			Statistical model using a combination of internal and external loss data. Key model drivers are seniority, collateral, industry facility type and a credit cycle index. Lease facilities use secured collateral specific recovery rate models, calibrated to internal loss data. Large corporate LGD: a 35% LGD floor is applied for certain countries due to scarcity of loss data. Shipping: simple model based on benchmarks by ship types calibrated to internal loss data.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Corporations: Turnover below £50 million	9,702	PD	1	Corporates – SME Corporate – Other Equity IRB	United Kingdom PD and LGD models for corporates with a turnover below £50 million.	Statistical rating model which uses qualitative and quantitative inputs to produce a score that is transformed into a PD. Long-run average default rate calibrations based on internal and external data and taking into account differences between industry and sectors.
		LGD	4			Statistical models based on internal loss outcomes with key model drivers being security, together with customer and facility attributes.
Credit risk (excluding counterparty credit risk) EAD model			2	Central governments and central banks Institutions Corporates – SME Corporates – Specialised lending Corporates – Other	Consists of a global non-retail EAD model for banking book portfolios and a specialist EAD model for the RBS Invoice Finance brand.	EAD is modelled by grouping product types (products sharing similar contractual features and expected drawdown behaviour) and calculated based on the assigned CCF. CCFs are estimated either using historical internal data or based on benchmarks when data is scarce.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

IRB model governance

The governance process for approval and oversight of IRB credit models involves the model developers, model users and independent model validation. The process applies increased scrutiny to the more material models. Credit risk models are developed and maintained within a framework that includes the following key components:

- A high level policy that establishes responsibilities of those involved in the modelling lifecycle and minimum requirements applying to each stage of the modelling lifecycle.
- Material model change and new model development and testing.
- IRB temporary model adjustments to address RWA/EL under estimation arising from model deficiencies or regulatory non-compliance.
- Model approval.
- Model implementation and use.
- Model monitoring, reporting and challenge.
- Detailed procedures and associated materials that define the approaches and activities undertaken at each of these stages.
- Defined structures and roles and responsibilities.
- Model development teams which are part of the independent risk management function, separate from the functions responsible for originating or renewing exposures, and are responsible for model development, calibration, approval and accountable for subsequent changes to rating systems.
- A model risk governance team responsible for model risk management across NatWest Group.
- An independent Model Validation function that is organisationally separate from the model development teams, sets validation standards, independently reviews all activities and also completes a formal regular validation for each model.

The framework aims to ensure NatWest Group model risk is managed appropriately and that the approaches deployed continue to meet both internal and regulatory standards.

The model performance is assessed by monitoring and regular validation. Each model is subject to a comparison of estimates to outcomes to assess the accuracy of the model. Other statistical tests assess the ability of the models to discriminate risk (i.e. its ability to determine the relative risk of a particular customer or exposure), the extent to which portfolio composition remains stable and, where relevant, the frequency and magnitude of overrides applied to modelled estimates.

Validation reports include further analyses that consider:

- Ongoing user acceptance and confidence in the model and its performance.
- Movements in the portfolio (both observed and anticipated).
- Other relevant data that might be used to explain or assess model performance.

Action may be taken when model performance is determined to be outside tolerance. This may entail recalibration of the model, enhancement (such as by reweighting existing model factors) or redevelopment. IRB temporary model adjustments may be applied whilst the remediation activity is undertaken if management believe the underperformance may lead to insufficient capital requirements for the portfolio.

In accordance with regulatory requirements, once a new IRB model or changes to incumbent IRB models have been approved through internal governance, they must follow appropriate regulatory approval or notification processes before implementation.

Independent model validation

All new and changed credit risk models are subject to detailed independent review aimed at testing that the models are appropriate for regulatory capital calculations. The following (non-exhaustive) list outlines key areas of focus:

- Conceptual soundness of the methodology.
- Testing the assumptions underlying the model, where feasible, against actual behaviour.
- Checking the accuracy of calculations.
- Comparing outputs with results from alternative methods.
- Testing parameter selection and calibration.
- Back-testing of key model metrics (accuracy, discrimination and stability).
- Sensitivity analysis.

The relevant model approver will consider review findings when approving a model or model change and also approve the model owner response to findings.

Independent Model Validation sets standards for all independent reviews and conducts the majority of them.

Internal Audit

Internal Audit includes within the scope of its assurance work, the modelling and management of the organisation’s model risk. Internal Audit is independent from the risk management function, and therefore from those responsible for model development and independent validation activity. Any material gaps in control identified by Internal Audit are escalated through standard board reporting and action plans are agreed with those accountable for the activity behind the control.

Annex XXIII: Specialised lending

UK CR10: Specialised lending and equity exposures under the simple risk - weighted approach

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

CR10.1

		a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
31 December 2024	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	**1,038**	**580**	**50%**	**1,315**	**540**	**-**
	Equal to or more than 2.5 years	**4,373**	**2,629**	**70%**	**6,075**	**3,415**	**24**
Category 2	Less than 2.5 years	**52**	**176**	**70%**	**181**	**117**	**1**
	Equal to or more than 2.5 years	**889**	**213**	**90%**	**1,049**	**782**	**8**
Category 3	Less than 2.5 years	**26**	**8**	**115%**	**29**	**25**	**1**
	Equal to or more than 2.5 years	**136**	**17**	**115%**	**148**	**156**	**4**
Category 4	Less than 2.5 years	**1**	**-**	**250%**	**1**	**2**	**-**
	Equal to or more than 2.5 years	**98**	**5**	**250%**	**100**	**187**	**8**
Category 5	Less than 2.5 years	**1**	**-**	**-**	**1**	**-**	**-**
	Equal to or more than 2.5 years	**104**	**2**	**-**	**105**	**-**	**53**
Total	Less than 2.5 years	**1,118**	**764**		**1,527**	**684**	**2**
	Equal to or more than 2.5 years	**5,600**	**2,866**		**7,477**	**4,540**	**97**

		a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
31 December 2023	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	901	484	50%	1,238	530	-
	Equal to or more than 2.5 years	4,291	2,512	70%	6,431	3,810	26
Category 2	Less than 2.5 years	30	86	70%	110	77	-
	Equal to or more than 2.5 years	433	245	90%	604	482	5
Category 3	Less than 2.5 years	18	18	115%	32	37	1
	Equal to or more than 2.5 years	115	8	115%	118	111	3
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	45	3	250%	46	86	4
Category 5	Less than 2.5 years	1	-	-	1	-	1
	Equal to or more than 2.5 years	89	9	-	97	-	48
Total	Less than 2.5 years	950	588		1,381	644	2
	Equal to or more than 2.5 years	4,973	2,777		7,296	4,489	86

UK CR10: Specialised lending and equity exposures under the simple risk - weighted approach continued

CR10.2

		a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
31 December 2024	**Remaining maturity**	**On-balance sheet exposure £m**	**Off-balance sheet exposure £m**	**Risk-weight %**	**Exposure value £m**	**Risk-weighted exposure amount £m**	**Expected loss amount £m**
Category 1	Less than 2.5 years	**3,780**	**485**	**50%**	**3,996**	**1,998**	**-**
	Equal to or more than 2.5 years	**2,697**	**321**	**70%**	**2,917**	**2,041**	**12**
Category 2	Less than 2.5 years	**2,811**	**250**	**70%**	**2,947**	**2,063**	**12**
	Equal to or more than 2.5 years	**1,540**	**304**	**90%**	**1,814**	**1,633**	**15**
Category 3	Less than 2.5 years	**218**	**7**	**115%**	**218**	**251**	**6**
	Equal to or more than 2.5 years	**10**	**-**	**115%**	**10**	**12**	**-**
Category 4	Less than 2.5 years	**35**	**-**	**250%**	**36**	**89**	**3**
	Equal to or more than 2.5 years	**16**	**-**	**250%**	**16**	**41**	**1**
Category 5	Less than 2.5 years	**313**	**3**	**-**	**315**	**-**	**157**
	Equal to or more than 2.5 years	**26**	**1**	**-**	**27**	**-**	**13**
Total	Less than 2.5 years	**7,157**	**745**		**7,512**	**4,401**	**178**
	Equal to or more than 2.5 years	**4,289**	**626**		**4,784**	**3,727**	**41**

		a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
31 December 2023	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	2,784	457	50%	2,977	1,489	-
	Equal to or more than 2.5 years	2,400	272	70%	2,567	1,796	10
Category 2	Less than 2.5 years	2,740	253	70%	2,914	2,038	12
	Equal to or more than 2.5 years	2,007	346	90%	2,302	2,072	18
Category 3	Less than 2.5 years	240	3	115%	239	275	7
	Equal to or more than 2.5 years	29	1	115%	29	34	1
Category 4	Less than 2.5 years	48	-	250%	49	122	4
	Equal to or more than 2.5 years	15	-	250%	15	37	1
Category 5	Less than 2.5 years	239	3	-	242	-	120
	Equal to or more than 2.5 years	47	-	-	47	-	24
Total	Less than 2.5 years	6,051	716		6,421	3,924	143
	Equal to or more than 2.5 years	4,498	619		4,960	3,939	54

UK CR10: Specialised lending and equity exposures under the simple risk - weighted approach continued

CR10.5

	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
31 December 2024	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Private equity exposures	**692**	**-**	**190%**	**692**	**1,314**	**6**
Exchange-traded equity exposures	**-**	**-**	**290%**	**-**	**-**	**-**
Other equity exposures	**12**	**2**	**370%**	**14**	**53**	**-**
Total	**704**	**2**		**706**	**1,367**	**6**

	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
31 December 2023	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Private equity exposures	620	-	190%	620	1,177	5
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	10	2	370%	12	47	-
Total	630	2		632	1,224	5

Annex XXV: Counterparty credit risk

UK CCR1: Analysis of CCR exposure by approach

The table below shows the methods used to calculate counterparty credit risk exposure and RWAs. It excludes the CVA charge, exposures to central counterparties (CCPs) and exposures to securitisation positions(1).

	a	b	c	d	e	f	g	h
31 December 2024	Replacement cost/current (RC) £m	Potential future exposure (PFE) £m	EEPE £m	Alpha used for computing regulatory exposure value £m	Exposure value pre-CRM £m	Exposure value post-CRM £m	Exposure value £m	RWA £m
1 SA-CCR (for derivatives)	**732**	**635**	**-**	**1.4**	**7,465**	**1,914**	**1,897**	**1,151**
2 Internal model method (for derivatives)	**-**	**-**	**6,578**	**1.4**	**24,942**	**9,209**	**9,165**	**3,765**
2b *of which: derivatives and long settlement transactions*	**-**	**-**	**6,578**	**1.4**	**24,942**	**9,209**	**9,165**	**3,765**
4 Financial collateral comprehensive method (for SFTs)	**-**	**-**	**-**	**-**	**133,846**	**4,905**	**4,905**	**1,003**
6 Total					**166,253**	**16,028**	**15,967**	**5,919**

	a	b	c	d	e	f	g	h
31 December 2023	Replacement cost/current (RC) £m	Potential future exposure (PFE) £m	EEPE £m	Alpha used for computing regulatory exposure value £m	Exposure value pre-CRM £m	Exposure value post-CRM £m	Exposure value £m	RWA £m
1 SA-CCR (for derivatives)	850	729	-	1.4	7,677	2,211	2,172	1,159
2 Internal model method (for derivatives)	-	-	7,270	1.4	26,928	10,178	10,123	4,117
2b *of which: derivatives and long settlement transactions*	-	-	7,270	1.4	26,928	10,178	10,123	4,117
4 Financial collateral comprehensive method (for SFTs)	-	-	-	-	136,830	6,056	6,056	1,265
6 Total					171,435	18,445	18,351	6,541

(1) Disclosures relating to the items excluded from the scope of this table are presented as follows: a) Table UK CCR2 (CVA charge), b) Table UK CCR8 (exposures to CCPs) and c) Tables UK SEC1-5 (exposures to securitisation positions).
(2) The following rows and/or columns are not presented in the table because they had zero values for the period or are not used by NatWest Group: row (UK1) Original Exposure Method (for derivatives), row (UK2) Simplified SA-CCR (for derivatives), row (2a) IMM (for derivatives and SFTs) Of which securities financing transactions netting sets, row (2c) IMM (for derivatives and SFTs) Of which from contractual cross-product netting sets, row (3) Financial collateral simple method (for SFTs), and row (5) VaR for SFTs.

– The reduction in counterparty credit risk RWAs was largely driven by decreased exposure in over-the-counter transactions (notably in the first quarter of the year) and the restructure of a securities financing transaction (during the fourth quarter).

UK CCR2: Transactions subject to own funds requirements for CVA risk

The table below shows the CVA charge, split by approach.

		a	b	a	b
		31 December 2024		31 December 2023	
		Exposure amount £m	**RWAs £m**	Exposure amount £m	RWAs £m
1	Total transactions subject to the advanced method	**4,952**	**566**	5,133	707
2	(i) VaR component (including the 3x multiplier) (1)		**108**		177
3	(ii) Stressed VaR component (including the 3x multiplier) (1)		**458**		530
4	Transactions subject to the standardised method	**894**	**400**	976	335
5	Total transactions subject to own funds requirements for CVA risk	**5,846**	**966**	6,109	1,042

(1) The calculation of the VaR and SVaR components includes the use of a multiplier, which is at least 3x, as set by the regulator.
(2) The following rows and/or columns are not presented in the table because they had zero values for the period or are not used by NatWest Group: row (UK4) Transactions subject to the Alternative approach (based on the Original Exposure Method).

UK CCR3: Standardised approach – CCR exposures by regulatory exposure class and risk weights

The table below shows a view of counterparty credit risk positions subject to the standardised risk-weight approach by exposure class. It excludes the CVA charge, exposures to securitisation positions and default fund contributions. Exposures to qualifying CCPs are included.

		Risk-weight											
		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure class	0% £m	2% £m	4% £m	10% £m	20% £m	50% £m	70% £m	75% £m	100% £m	150% £m	Others £m	Total exposure value £m
	31 December 2024												
1	Central governments or central banks	**420**	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**425**
4	Multilateral development banks	**56**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56**
6	Institutions	**-**	**1,631**	**-**	**-**	**248**	**-**	**-**	**-**	**-**	**-**	**-**	**1,879**
7	Corporates	**-**	**-**	**25**	**-**	**4**	**71**	**-**	**-**	**286**	**-**	**-**	**386**
11	Total exposure value	**476**	**1,631**	**25**	**-**	**257**	**71**	**-**	**-**	**286**	**-**	**-**	**2,746**

		Risk-weight											
		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure class	0% £m	2% £m	4% £m	10% £m	20% £m	50% £m	70% £m	75% £m	100% £m	150% £m	Others £m	Total exposure value £m
	31 December 2023												
1	Central governments or central banks	142	-	-	-	5	-	-	-	-	-	-	147
4	Multilateral development banks	61	-	-	-	-	-	-	-	-	-	-	61
6	Institutions	-	1,766	-	-	90	31	-	-	-	-	-	1,887
7	Corporates	-	-	-	-	107	70	-	-	519	-	-	696
11	Total exposure value	203	1,766	-	-	202	101	-	-	519	-	-	2,791

(1) The following rows are not presented in the table because they had zero values for the period: row (3) Public sector entities, row (5) International organisations, row (8) Retail, row (9) Institutions and corporates with a short-term credit assessment, and row (10) other items.

- The exposure increase in central governments or central banks was driven by a new securities financing transaction with a single counterparty.
- The decrease in corporates related to securities financing transactions.

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale

The table below shows a detailed view of counterparty credit risk positions subject to the IRB risk-weight approach by exposure class and PD scale. It excludes the CVA charge, exposures to CCPs and exposures to securitisation positions. Counterparty credit risk exposures subject to the supervisory slotting method are not included in this table and they are disclosed in table UK CR10.

		a	b	c	d	e	f	g
31 December 2024	PD scale	Exposure value £m	Exposure weighted Average PD %	Number of obligors	Exposure weighted Average LGD %	Exposure weighted Average maturity Years	RWAs £m	Density of risk weighted exposure amounts %
Central governments and central banks	0.00 to <0.15	348	0.01	19	45	1.40	23	7
Central governments and central banks	0.15 to <0.25	3	0.23	1	45	5.00	2	75
Central governments and central banks	0.25 to <0.50	1	0.45	1	50	1.00	-	58
Central governments and central banks	0.50 to <0.75	-	-	-	-	-	-	-
Central governments and central banks	0.75 to <2.50	-	-	-	-	-	-	-
Central governments and central banks	2.50 to <10.00	-	-	-	-	-	-	-
Central governments and central banks	10.00 to <100.00	-	-	-	-	-	-	-
Central governments and central banks	100.00 (Default)	-	-	-	-	-	-	-
Total - Central governments and central banks		352	0.02	21	45	1.43	25	7
Institutions	0.00 to <0.15	1,563	0.09	100	45	1.88	497	32
Institutions	0.15 to <0.25	2,728	0.19	145	45	2.15	1,491	55
Institutions	0.25 to <0.50	540	0.34	60	46	1.88	346	64
Institutions	0.50 to <0.75	40	0.64	9	47	0.67	25	64
Institutions	0.75 to <2.50	23	1.22	41	62	1.84	34	150
Institutions	2.50 to <10.00	2	2.56	18	53	4.09	4	188
Institutions	10.00 to <100.00	-	-	-	-	-	-	-
Institutions	100.00 (Default)	-	-	-	-	-	-	-
Total - Institutions		4,896	0.19	373	45	2.02	2,397	49
Corporates - SME	0.00 to <0.15	6	0.08	6	43	4.96	2	30
Corporates - SME	0.15 to <0.25	6	0.19	36	51	1.43	1	27
Corporates - SME	0.25 to <0.50	6	0.42	168	40	1.61	2	38
Corporates - SME	0.50 to <0.75	5	0.64	83	43	1.40	2	45
Corporates - SME	0.75 to <2.50	24	1.35	158	52	1.41	21	80
Corporates - SME	2.50 to <10.00	2	3.26	45	34	1.45	1	64
Corporates - SME	10.00 to <100.00	-	10.24	3	50	1.00	-	139
Corporates - SME	100.00 (Default)	-	-	-	-	-	-	-
Total - Corporates - SME		49	0.97	499	48	1.88	29	59

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale continued

		a	b	c	d	e	f	g
31 December 2024	PD scale	Exposure value £m	Exposure weighted Average PD %	Number of obligors	Exposure weighted Average LGD %	Exposure weighted Average maturity Years	RWAs £m	Density of risk weighted exposure amounts %
Corporates - Other	0.00 to <0.15	**6,398**	**0.05**	**2,703**	**45**	**1.87**	**1,242**	**19**
Corporates - Other	0.15 to <0.25	**1,450**	**0.19**	**394**	**46**	**2.17**	**706**	**49**
Corporates - Other	0.25 to <0.50	**853**	**0.36**	**318**	**54**	**1.08**	**514**	**60**
Corporates - Other	0.50 to <0.75	**130**	**0.64**	**108**	**45**	**1.05**	**86**	**66**
Corporates - Other	0.75 to <2.50	**248**	**1.30**	**276**	**42**	**1.29**	**226**	**91**
Corporates - Other	2.50 to <10.00	**52**	**3.91**	**167**	**39**	**1.44**	**64**	**122**
Corporates - Other	10.00 to <100.00	**1**	**17.68**	**8**	**44**	**2.23**	**2**	**217**
Corporates - Other	100.00 (Default)	**-**	**100.00**	**1**	**28**	**1.00**	**-**	**-**
Total - Corporates - Other		**9,132**	**0.17**	**3,975**	**46**	**1.81**	**2,840**	**31**
Total - Wholesale all portfolios		**14,429**	**0.18**	**4,868**	**46**	**1.87**	**5,291**	**37**

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale continued

		a	b	c	d	e	f	g
31 December 2023	PD scale	Exposure value £m	Exposure weighted Average PD %	Number of obligors	Exposure weighted Average LGD %	Exposure weighted Average maturity Years	RWAs £m	Density of risk weighted exposure amounts %
Central governments and central banks	0.00 to <0.15	621	0.01	22	45	1.85	38	6
Central governments and central banks	0.15 to <0.25	5	0.22	2	45	4.92	4	74
Central governments and central banks	0.25 to <0.50	-	-	-	-	-	-	-
Central governments and central banks	0.50 to <0.75	-	-	-	-	-	-	-
Central governments and central banks	0.75 to <2.50	-	-	-	-	-	-	-
Central governments and central banks	2.50 to <10.00	-	-	-	-	-	-	-
Central governments and central banks	10.00 to <100.00	-	-	-	-	-	-	-
Central governments and central banks	100.00 (Default)	-	-	-	-	-	-	-
Total - Central governments and central banks		626	0.01	24	45	1.88	42	7
Institutions	0.00 to <0.15	1,880	0.09	109	45	1.71	552	29
Institutions	0.15 to <0.25	2,770	0.19	143	45	1.95	1,456	53
Institutions	0.25 to <0.50	469	0.33	71	46	1.96	284	61
Institutions	0.50 to <0.75	51	0.64	20	45	0.81	31	61
Institutions	0.75 to <2.50	13	1.25	27	60	1.57	17	134
Institutions	2.50 to <10.00	4	4.05	22	54	3.54	8	215
Institutions	10.00 to <100.00	-	-	-	-	-	-	-
Institutions	100.00 (Default)	-	-	-	-	-	-	-
Total - Institutions		5,187	0.18	392	45	1.85	2,348	45
Corporates - SME	0.00 to <0.15	-	0.11	1	45	5.00	-	35
Corporates - SME	0.15 to <0.25	1	0.22	28	51	1.15	-	28
Corporates - SME	0.25 to <0.50	7	0.39	164	43	1.25	2	32
Corporates - SME	0.50 to <0.75	3	0.64	79	41	1.89	1	45
Corporates - SME	0.75 to <2.50	13	1.10	173	43	1.40	9	59
Corporates - SME	2.50 to <10.00	1	3.11	40	45	1.35	1	93
Corporates - SME	10.00 to <100.00	1	21.48	5	14	2.04	-	52
Corporates - SME	100.00 (Default)	-	-	-	-	-	-	-
Total - Corporates - SME		26	1.35	490	43	1.42	13	50

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale continued

		a	b	c	d	e	f	g
31 December 2023	PD scale	Exposure value £m	Exposure weighted Average PD %	Number of obligors	Exposure weighted Average LGD %	Exposure weighted Average maturity Years	RWAs £m	Density of risk weighted exposure amounts %
Corporates - Other	0.00 to <0.15	8,309	0.05	2,546	45	1.77	1,610	19
Corporates - Other	0.15 to <0.25	1,556	0.20	350	46	2.24	754	48
Corporates - Other	0.25 to <0.50	768	0.35	333	50	1.31	445	58
Corporates - Other	0.50 to <0.75	138	0.64	100	48	2.22	118	86
Corporates - Other	0.75 to <2.50	215	1.37	273	47	2.06	237	110
Corporates - Other	2.50 to <10.00	76	3.21	179	47	1.19	101	133
Corporates - Other	10.00 to <100.00	3	20.07	6	44	3.19	6	231
Corporates - Other	100.00 (Default)	-	100.00	1	50	0.99	-	-
Total - Corporates - Other		11,065	0.15	3,788	45	1.81	3,271	30
Total - Wholesale all portfolios		16,904	0.16	4,694	45	1.82	5,674	34

– The reduction in RWAs under the IRB approach was driven by over-the-counter and securities financing transactions in Corporates - Others.

UK CCR6 – Credit derivatives exposures

As part of its strategy to manage credit risk concentrations, NatWest Group buys credit derivative products. The counterparties from which this protection is bought are subject to standard credit risk analysis. Eligibility criteria apply: credit protection bought from the same counterparty group as the reference entity is not eligible in cases where double default applies under the relevant regulation. The table below shows credit derivatives bought and sold by notional and fair values.

		a	b	a	b
		31 December 2024		31 December 2023	
		Protection bought	Protection sold	Protection bought	Protection sold
Notionals		£m	£m	£m	£m
1	Single-name credit default swaps	**2,313**	**1,598**	3,889	2,123
2	Index credit default swaps	**3,924**	**2,169**	3,849	1,815
3	Total return swaps	**-**	**-**	-	-
4	Credit options	**-**	**-**	-	-
5	Other credit derivatives	**-**	**-**	-	-
6	Total notionals	**6,237**	**3,767**	7,738	3,938
Fair values					
7	Positive fair value (asset)	**10**	**67**	34	77
8	Negative fair value (liability)	**(114)**	**(13)**	(139)	(33)

UK CCR8 – Exposures to CCPs

The table below shows counterparty credit risk exposures to CCPs including default fund contributions. A qualifying CCP (QCCP) means a CCP that has been either authorised or recognised in accordance with the relevant regulation.

		a	b	a	b
		31 December 2024		31 December 2023	
		Exposure value £m	RWA £m	Exposure value £m	RWA £m
1	Exposures to QCCPs (total)		**124**		136
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	**1,696**	**34**	1,767	36
	Of which:	**-**	**-**	-	-
3	*(i) OTC derivatives*	***441***	***9***	*330*	*7*
4	*(ii) Exchange-traded derivatives*	***249***	***5***	*205*	*4*
5	*(iii) Securities financing transactions*	***1,006***	***20***	*1,232*	*25*
9	Pre-funded default fund contributions	**244**	**91**	305	100

(1) The following rows are not presented in the table because they had zero values for the period: Exposures to QCCPs: row (6) Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which Netting sets where cross-product netting has been approved, row (7) Segregated initial margin, row (8) Non-segregated initial margin and row (10) Unfunded default fund contributions. Row (11) Exposures to non-QCCPs (total), row (12) Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), row (13) OTC derivatives, row (14) Exchange-traded derivatives, now (15) SFTs, row (16) Netting sets where cross-product netting has been approved, row (17) Segregated initial margin, row (18) Non-segregated initial margin, row (19) Prefunded default fund contributions and row (20) Unfunded default fund contributions.

UK CCRA – Qualitative disclosure related to counterparty credit risk

Definition and framework

Counterparty credit risk relates to derivative contracts (including over-the-counter derivatives and exchange-traded derivatives), securities financing transactions (SFTs) and long settlement transactions in either the trading or the non-trading book. It is the risk of loss arising from a default of a counterparty before the final settlement of the transaction's cash flows, which vary in value by reference to a market factor, such as an interest rate, exchange rate or asset price.

Counterparty credit risk is covered by NatWest Group's credit risk framework. Refer to the Credit risk section in this report for more information.

A number of specific policies apply to derivatives including those transacted with central counterparties (CCPs) and SFTs. These include policies that address documentation and collateral requirements, product-specific requirements (for example, securities financing) and counterparty specific requirements (for example, hedge funds).

Counterparty credit limit setting

Counterparty credit limits are established through the credit risk management framework. Limits are based on the credit quality of the counterparty and the appetite for the modelled potential future exposure. The utilisations recorded against the limits also reflect the netting of transactions where legally enforceable and the anticipated close-out periods in the event of default.

For CCPs, as for other collateralised counterparties, a credit limit is set to cover change in exposure over the margin period of risk. Limits are separately set to cover initial margin posted to the CCP, default fund contributions and other contingent liabilities. Stress testing is used to assess contingent liabilities such as additional default fund contributions.

Counterparty credit risk management

The credit policy framework governs counterparty credit risk management requirements. Industry-standard documentation (for example, International Swaps and Derivatives Association master agreements for derivatives and Global Master Repurchase Agreements for SFTs) is typically executed with clients prior to trading. Exceptions to this require specific approval from a senior credit risk officer.

Where there is no legal certainty regarding the enforceability of netting, exposures are shown gross. Where netting and collateral enforceability criteria are not fulfilled, exposure is assumed to be uncollateralised. The framework also includes a formal escalation policy for counterparty collateral disputes and unpaid collateral calls.

Collateral required in the event of a credit rating downgrade

NatWest Group calculates the additional collateral and other liquidity impacts that would contractually arise in the event of its credit ratings being downgraded. This is undertaken on a daily basis for Treasury and liquidity management purposes.

As at 31 December 2024, a simultaneous one-notch long-term and associated short-term downgrade in the credit ratings of all rated entities within NatWest Group by all major ratings agencies would have required NatWest Group to post estimated additional collateral of £46 million, without taking mitigating management actions into account. A two-notch downgrade would have required £864 million.

Credit valuation adjustments (CVAs)

The counterparty exposure management team charges the relevant trading desk a credit premium at the inception of a trade, in exchange for taking on the credit risk over the life of the transaction. The team may then hedge the default risk using credit derivatives sourced from third-party providers. CVA sensitivities may be hedged using a combination of credit derivatives, interest rate derivatives, foreign exchange derivatives and other instruments.

NatWest Group calculates a regulatory CVA capital charge. The purpose of this charge is to improve the resilience of banks to potential mark-to-market losses associated with deterioration in the creditworthiness of counterparties with which NatWest Group has transacted non-cleared derivative trades. Under CRR rules, the charge is calculated using either the advanced approach or the standardised approach. NWM Plc and NWM N.V. have regulatory approval to use an internal model to calculate counterparty credit risk capital and permission to use an internal value-at-risk model for the specific risk of debt instruments; therefore, the advanced approach is used where possible for these entities. For products that fall outside these model permissions, the standardised approach, which is based on the external credit rating of the counterparty, is used.

Wrong-way risk

Wrong-way risk represents the risk of loss that arises when the risk factors driving the exposure to a counterparty have a material positive correlation with the probability of default of that counterparty, i.e. the size of the exposure tends to increase at the same time as the risk of the counterparty being unable to meet that obligation increases.

In addition to its usual credit approval and credit authority policies, NatWest Group also manages its exposure to wrong-way risk through a dedicated policy that establishes a framework incorporating approvals, controls, limits and regular monitoring, where appropriate.

Under the framework, enhanced transaction approval is required and limits are set to constrain wrong-way risk arising through currency exposure to countries classified as high-risk under the internal Watchlist process. The reporting process includes a monthly review of wrong-way risks arising either from such currency exposure or through reverse repos, credit derivatives and equity trades.

The framework distinguishes between specific wrong-way risk (where the risk factor driving the exposure is specific to the counterparty) and general wrong-way risk (where the risk factor driving the exposure is not specific to the counterparty but still positively correlated with its probability of default, for instance country or currency related factors).

Annex XXVII: Securitisations

UK-SEC1: Securitisation exposures in the non-trading book

The table below shows total non-trading book securitisation exposures where NatWest Group acted as originator, sponsor or investor. These are presented by exposure type.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as Originator							Institution acts as Sponsor				Institution acts as Investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS												
			of which SRT		of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
	31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	-	-	-	-	12,956	8,923	12,956	-	-	-	-	4,144	20,965	-	25,109
2	Retail (total)	-	-	-	-	1,485	7	1,485	-	-	-	-	3,474	5,188	-	8,663
3	Residential mortgage	-	-	-	-	1,478	-	1,478	-	-	-	-	2,152	2,480	-	4,633
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	658	1,392	-	2,049
5	Other retail exposures	-	-	-	-	7	7	7	-	-	-	-	664	1,316	-	1,981
7	Wholesale (total)	-	-	-	-	11,471	8,916	11,471	-	-	-	-	670	15,777	-	16,446
8	Loans to corporates	-	-	-	-	11,471	8,916	11,471	-	-	-	-	37	12,953	-	12,990
9	Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	2,599	-	2,599
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	633	225	-	857
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

– Total exposures increased, due to the underlying pool of assets on originated transactions in NWH Group.
– Total investor positions increased, primarily driven by NWM Plc.

UK-SEC1: Securitisation exposures in the non-trading book continued

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Institution acts as Originator							Institution acts as Sponsor				Institution acts as Investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS		Non-STS												
		of which SRT		of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	-	-	-	-	3,993	2,295	3,993	-	-	-	-	2,705	16,942	-	19,647
2 Retail (total)	-	-	-	-	1,782	84	1,782	-	-	-	-	2,012	5,182	-	7,194
3 Residential mortgage	-	-	-	-	1,698	-	1,698	-	-	-	-	1,124	2,932	-	4,056
4 Credit card	-	-	-	-	-	-	-	-	-	-	-	652	130	-	782
5 Other retail exposures	-	_	-	-	84	84	84	-	-	-	-	236	2,120	-	2,356
7 Wholesale (total)	-	-	-	-	2,211	2,211	2,211	-	-	-	-	693	11,760	-	12,453
8 Loans to corporates	-	-	-	-	1,819	1,819	1,819	-	-	-	-	61	10,117	-	10,178
9 Commercial Mortgage	-	-	-	-	392	392	392	-	-	-	-	-	1,258	-	1,258
10 Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	632	385	-	1,017
11 Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The re-securitisation rows are not presented in UK SEC1 – 5 as there were no applicable exposures in NatWest Group in either period.
(2) The overall securitisation non-trading book exposure amount included EAD of £0.2 billion (2023 – £0.2 billion) and RWAs of £0.1 billion (2023 – £0.1 billion) related to counterparty credit risk associated with derivative trades. Within this, residential mortgages accounted for EAD of £0.1 billion (2023 – £0.1 billion) and RWAs of £0.1 billion (2023 – £0.1 billion).

UK-SEC2: Securitisation exposures in the trading book

The table below shows total trading book securitisation exposures where NatWest Group acted as originator, sponsor or investor. These are presented by exposure type.

	a	b	c	d	e	f	g	h	i	j	k	l
	Institution acts as Originator				Institution acts as Sponsor				Institution acts as Investor			
	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			STS	Non-STS			STS	Non-STS		
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	–	–	–	–	–	–	–	–	–	15	–	15
2 Retail (total)	–	–	–	–	–	–	–	–	–	1	–	1
3 Residential mortgage	–	–	–	–	–	–	–	–	–	1	–	1
4 Credit card	–	–	–	–	–	–	–	–	–	–	–	–
5 Other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–
7 Wholesale (total)	–	–	–	–	–	–	–	–	–	14	–	14
8 Loans to corporates	–	–	–	–	–	–	–	–	–	14	–	14
9 Commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
10 Lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–
11 Other wholesale	–	–	–	–	–	–	–	–	–	–	–	–

– Securitisation exposures in the trading book were broadly unchanged compared to 31 December 2023.

	a	b	c	d	e	f	g	h	i	j	k	l
	Institution acts as Originator				Institution acts as Sponsor				Institution acts as Investor			
	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			STS	Non-STS			STS	Non-STS		
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	-	-	-	-	-	-	-	-	-	27	-	27
2 Retail (total)	-	-	-	-	-	-	-	-	-	12	-	12
3 Residential mortgage	-	-	-	-	-	-	-	-	-	12	-	12
4 Credit card	-	-	-	-	-	-	-	-	-	-	-	-
5 Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	-	-	-	-	-	15	-	15
8 Loans to corporates	-	-	-	-	-	-	-	-	-	14	-	14
9 Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-
10 Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Other wholesale	-	-	-	-	-	-	-	-	-	1	-	1

UK-SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

The table below shows securitisation exposures in the non-trading book and associated regulatory capital requirements where NatWest Group acted as originator or sponsor. These are presented by exposure type.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC ERBA (including IAA)	SEC-SA	1250%/ deductions
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total Exposures	8,092	–	–	818	14	8,924	–	–	–	1,500	–	–	–	120	–	–	–
9 Synthetic transactions	8,092	–	–	818	14	8,924	–	–	–	1,500	–	–	–	120	–	–	–
10 Securitisation	8,092	–	–	818	14	8,924	–	–	–	1,500	–	–	–	120	–	–	–
11 Retail underlying	6	–	–	1	–	7	–	–	–	1	–	–	–	–	–	–	–
12 Wholesale	8,086	–	–	817	14	8,917	–	–	–	1,499	–	–	–	120	–	–	–

- Increases in synthetic securitisation exposures of £6.5 billion and risk-weighted assets of £0.9 billion were predominantly driven by new transactions, partially offset by amortisation of existing transactions during the period.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC ERBA (including IAA)	SEC-SA	1250%/ deductions
31 December 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total Exposures	1,414	21	–	844	16	2,295	–	–	–	578	–	–	–	46	–	–	–
9 Synthetic transactions	1,414	21	–	844	16	2,295	–	–	–	578	–	–	–	46	–	–	–
10 Securitisation	1,414	21	–	844	16	2,295	–	–	–	578	–	–	–	46	–	–	–
11 Retail underlying	22	3	–	59	–	84	–	–	–	14	–	–	–	1	–	–	–
12 Wholesale	1,392	18	–	785	16	2,211	–	–	–	564	–	–	–	45	–	–	–

(1) Rows 2-8 are not presented as there were no traditional securitisations where NatWest Group acted as originator or sponsor in either period.

UK-SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

The table below shows securitisation exposures in the non-trading book and associated regulatory capital requirements where NatWest Group acted as originator or investor. These are presented by exposure type.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					**Exposure values (by regulatory approach)**				**RWA (by regulatory approach)**				**Capital charge after cap**			
31 December 2024		**≤20% RW**	**>20% to 50% RW**	**>50% to 100% RW**	**>100% to <1250% RW**	**1250% RW/ deductions**	**SEC-IRBA**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1250%/ deductions**	**SEC-IRBA**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1250%/ deductions**	**SEC-IRBA**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1250%/ deductions**
1	Total exposures	**22,911**	**2,156**	**34**	**4**	**4**	**–**	**1,275**	**23,830**	**4**	**–**	**236**	**3,503**	**48**	**–**	**19**	**280**	**4**
2	Traditional securitisation	**22,911**	**2,156**	**34**	**4**	**4**	**–**	**1,275**	**23,830**	**4**	**–**	**236**	**3,503**	**48**	**–**	**19**	**280**	**4**
3	Securitisation	**22,911**	**2,156**	**34**	**4**	**4**	**–**	**1,275**	**23,830**	**4**	**–**	**236**	**3,503**	**48**	**–**	**19**	**280**	**4**
4	Retail underlying	**8,654**	**1**	**–**	**4**	**4**	**–**	**590**	**8,069**	**4**	**–**	**111**	**1,041**	**48**	**–**	**9**	**83**	**4**
5	Of which STS	**3,474**	**–**	**–**	**–**	**–**	**–**	**21**	**3,453**	**–**	**–**	**2**	**348**	**–**	**–**	**–**	**28**	**–**
6	Wholesale	**14,257**	**2,155**	**34**	**–**	**–**	**–**	**685**	**15,761**	**–**	**–**	**125**	**2,462**	**–**	**–**	**10**	**197**	**–**
7	Of which STS	**670**	**–**	**–**	**–**	**–**	**–**	**444**	**226**	**–**	**–**	**44**	**25**	**–**	**–**	**4**	**2**	**–**

– The increase in total exposures was primarily driven by an increase in investor positions in NWM Plc.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
31 December 2023		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	Total exposures	17,951	1,620	60	12	4	–	2,107	17,536	4	–	408	2,629	45	–	33	210	4
2	Traditional securitisation	17,951	1,620	60	12	4	–	2,107	17,536	4	–	408	2,629	45	–	33	210	4
3	Securitisation	17,951	1,620	60	12	4	–	2,107	17,536	4	–	408	2,629	45	–	33	210	4
4	Retail underlying	7,180	3	–	7	4	–	701	6,489	4	–	127	870	45	–	10	70	4
5	Of which STS	2,012	–	–	–	–	–	161	1,851	–	–	16	195	–	–	1	16	–
6	Wholesale	10,771	1,617	60	5	–	–	1,406	11,047	–	–	281	1,759	–	–	23	140	–
7	Of which STS	685	–	8	–	–	–	480	213	–	–	53	23	–	–	4	2	–

(1) Rows 9-12 are not presented as there were no synthetic securitisations where NatWest Group acted as investor in either period.

UK-SEC5: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments

		31 December 2024		
		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
		£m	£m	£m
1	Total exposures	**8,924**	**3**	**(3)**
2	Retail (total)	**7**	**-**	**-**
3	residential mortgage	**-**	**-**	**-**
4	credit card	**-**	**-**	**-**
5	other retail exposures	**7**	**-**	**-**
7	Wholesale (total)	**8,917**	**3**	**(3)**
8	loans to corporates	**8,917**	**3**	**(3)**
9	commercial mortgage	**-**	**-**	**-**
10	lease and receivables	**-**	**-**	**-**
11	other wholesale	**-**	**-**	**-**
12	re-securitisation	**-**	**-**	**-**

		31 December 2023		
		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
		£m	£m	£m
1	Total exposures	2,295	13	6
2	Retail (total)	84	2	1
3	residential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposures	84	2	1
7	Wholesale (total)	2,211	11	5
8	loans to corporates	1,819	11	2
9	commercial mortgage	392	-	3
10	lease and receivables	-	-	-
11	other wholesale	-	-	-
12	re-securitisation	-	-	-

UK-SECA - Qualitative disclosure requirements related to securitisation exposures

Framework, roles and definitions

This section presents descriptive information on NatWest Group's securitisation activities and related risk management processes and accounting policies.

Definitions

Securitisation and special purpose entities

The CRR defines a securitisation as a transaction or scheme where the credit risk of an exposure or pool of exposures is tranched, where the payments arising from the transaction or scheme are dependent upon the performance of the underlying exposure(s) and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Securitisations can broadly take two forms: traditional and synthetic. In traditional securitisations, the originator transfers ownership of the underlying exposure(s) to an SSPE, putting the asset(s) beyond the reach of the originator and its creditors. The purchase of the underlying exposure(s) by the SSPE is funded by the issuance of securities.

In synthetic securitisations, the originator retains ownership of the underlying exposure(s) but transfers the associated credit risk to another entity through the use of guarantees or credit derivatives.

SSPEs are set up for a specific limited purpose to facilitate a securitisation transaction. They do not provide a commercial service or employ staff. They may take a variety of legal forms, such as trusts, partnerships and companies. Their activities are limited to those appropriate to carrying out a securitisation and their structure is intended to isolate the obligations of the SSPE from those of the originator institution and to ensure that the holders of the beneficial interests have the right to pledge or exchange those interests without restriction. Typically, their share capital is held ultimately by charitable trusts.

Although SSPEs are frequently used, they are not necessarily required for all securitisation structures.

The following definitions are used in these Pillar 3 disclosures:

Trading book – The trading book consists of positions in financial instruments and commodities held either with the intent to trade or in order to hedge other elements of the trading book. To be eligible for trading book capital treatment, financial instruments must either be free of any covenants restricting their tradability or be able to be hedged.

Non-trading book – The non-trading book consists of positions, exposures, assets and liabilities that are not in the trading book. It is also referred to as the 'banking book'. In this section, the counterparty credit risk arising from derivative trades associated with SSPEs is captured in the non-trading book disclosures, including in situations where the derivative attracts market risk in the trading book.

Securitisation position – Any exposure to a securitisation that falls within the scope of regulatory treatment. This includes not only exposures arising from the purchase or retention of the securities issued by an SSPE but also loans and liquidity facilities to securitisations, and the counterparty credit risk exposure of derivative positions transacted with an SSPE.

Re-securitisation – A securitisation in which the underlying asset or pool of assets comprises at least one securitisation position. NatWest Group does not have any re-securitisation exposures.

Securitised exposure – An asset or pool of assets that is securitised by way of a traditional or synthetic securitisation.

Significant risk transfer assessment – An assessment prescribed by the CRR and designed to determine whether or not a securitisation structure transfers significant risk on the underlying assets to a party or parties other than the originator.

Term securitisation – A securitisation vehicle funding a pool of assets through the issuance of long-term securities. A term securitisation may hold the assets of one or more originators.

Asset-backed commercial paper (ABCP) conduit – A securitisation vehicle funding a pool of assets through the issuance of predominantly short-term securities (namely commercial paper). A conduit may hold the assets of one or more originators (referred to as a single-seller or multi-seller conduit, respectively).

Simple, transparent and standardised securitisation (STS) – these are exposures which meet requirements contained in the Securitisation Regulation. If they additionally meet some further requirements in the CRR, they can qualify for reduced capital requirements.

Objectives and roles

By participating in securitisation activity, NatWest Group aims to achieve one or both of the following objectives, either for its own purposes or for customers:

- To diversify sources of funding; and
- To facilitate prudential balance sheet and risk management.

In doing so, NatWest Group may incur a range of risks, including credit, market, liquidity and funding, legal, regulatory and reputational risks; for which it must hold regulatory capital.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

NatWest Group may play one or more of the following roles in a securitisation transaction:

Originator – NatWest Group may originate securitisation transactions for either funding or risk and capital management purposes

The aim of originating funding transactions is to diversify its sources of funding and manage its balance sheet.

In funding transactions, NatWest Group will be exposed to credit risk and market risk on the underlying assets, as the structure of the transaction does not transfer these risks to third parties.

The transactions originated for risk and capital management purposes, are synthetic transactions with the assets remaining on the accounting balance sheet. Risk is transferred by way of guarantees, with the intention of meeting the signification risk transfer requirements and derecognising the underlying credit risk and recognising the securitisation tranches, with credit risk mitigation on the protected tranches.

Investor – To generate financial returns, NatWest Group may:

- Purchase asset backed loans and securities;
- Enter into derivative transactions with an SSPE

To generate additional fee income, NatWest Group may play other roles as well:

Sponsor – NatWest Group may establish and manage a term securitisation that purchases bonds or other financial assets from third parties. It may do so on its own account or on behalf of its customers. Additionally, it historically established and managed ABCP conduits. In its role as sponsor, it would be particularly exposed to credit and liquidity risk.

Arranger – NatWest Group may structure a securitisation transaction, drafting the documentation that governs the behaviour of the SSPE, and then sell the securities issued by the SSPE to investors. It may act as arranger for securitisation transactions it originates or, alternatively, for securitisation transactions originated by its customers, principally financial institutions and large corporates.

Manager – NatWest Group may manage and service the asset pool of the securitisation as required by the terms of the transaction.

Underwriter – NatWest Group may underwrite the securities issued by an SSPE. The associated securitisation transaction may be originated by NatWest Group or its customers.

Other administrative roles – As a 'contractual party', NatWest Group may do any of the following, alone or in combination:

- Hold the bank account of an SSPE on its own books;
- Monitor the credit quality of the underlying assets on behalf of investors;
- Report on the performance of the SSPE to investors; and
- Make payments to investors on behalf of the SSPE.

Information relating to the significant roles performed by NatWest Group (investor, originator, sponsor) is contained in the tables within this section.

Risk management

As noted above, acting as an originator, sponsor or investor in a securitisation transaction may give rise to both credit and market risk. NatWest Group may also incur other types of risk during its exposure to securitisation activity.

All such risks are described in the table below, along with details of how they are monitored and managed.

STS and non-STS positions are not managed differently, although STS transactions which comply with all relevant requirements, may have a lower capital requirement.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

Types of risk	Definition and how the risk may arise	How NatWest Group monitors and manages the risk
Credit risk	The risk that a customer or counterparty (or, in the case of a securitisation, an SSPE) fails to meet its obligations to settle outstanding amounts. Securitisation may expose NatWest Group to credit risk for any of several reasons. If NatWest Group invests in an SSPE by purchasing or (in the case of a securitisation it has originated) retaining the bonds it issues, conducting derivative transactions with it or lending to it, NatWest Group is exposed to the risk that the SSPE will fail to meet its obligations to settle outstanding amounts to NatWest Group. This may happen because cash flows generated by the underlying assets are insufficient to repay creditors, including bondholders, derivative counterparties or lenders, or in the event of a third party, such as a bank account provider or derivative counterparty, defaulting on its obligation to the SSPE. The SSPE pays principal and interest to creditors in order of seniority, with the most senior paid first. When NatWest Group originates a securitisation transaction, if the securitisation structure does not substantially transfer the economic risks of the underlying assets, including credit risk, to a third party, it is exposed to credit risk on those assets just as it would be if the securitisation had never taken place. Credit risk is heightened if the assets in the SSPE are not diversified by sector, geography or borrower.	NatWest Group's overall exposure to third party securitisation is governed by its sector concentration framework. If it retains or purchases bonds issued by an SSPE, conducts derivative transactions with it or lends to it, NatWest Group monitors the performance of the vehicle in part by reviewing information provided by the trustee as well as by rating agencies or other third parties. As an originator, if the securitisation structure does not transfer substantial credit risk to a third party, NatWest Group manages it as if the securitisation had never taken place. NatWest Group has credit limits in place and monitors SSPE positions with third party bank account providers for own asset securitisations which generate a credit risk exposure for NatWest Group. NatWest Group may seek to mitigate credit risk arising from the purchase (or retention) of bonds issued by an SSPE through the use of unfunded protection, usually guarantees. It hedges the risk associated with purchased bonds, which are generally held in the trading book, as appropriate. It does not usually hedge the credit risk associated with retained bonds, which are generally held in the non-trading book.
Traded market risk	Traded market risk is the risk arising from changes in fair value on positions, assets, liabilities or commitments in trading portfolios as a result of fluctuations in market prices.	NatWest Group manages this risk in accordance with its policy on market risk. Re-securitisation exposures are subject to individual scrutiny.
Non-traded market risk	Non-traded market risk is the risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates.	NatWest Group manages this risk in accordance with its policy on non-traded market risk, including structural interest rate risk.
Liquidity and funding risk	Liquidity risk is defined as the risk that the Group or any of its subsidiaries or branches cannot meet its actual or potential financial obligations in a timely manner as they fall due in the short term. Funding risk is the current or prospective risk that the Group or its subsidiaries or branches cannot meet financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably. NatWest Group may sponsor securitisations and, as sponsor, may provide liquidity facilities to the SSPE. If the SSPE utilises these facilities, NatWest Group will need to fund them, giving rise to the risk that it will not be able to do so.	NatWest Group manages these risks in accordance with its policy on liquidity and funding risk.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

Types of risk	Definition and how the risk may arise	How NatWest Group monitors and manages the risk
Legal risk	The risk that NatWest Group will incur losses as a result of the failure of the documentation relating to a securitisation to perform as expected or as a result of investors asserting that NatWest Group made inadequate disclosures or conducted inadequate due diligence in relation to the relevant credit exposures. Legal risk is elevated if the parties to the transaction are located in different jurisdictions, as documentation effective in one jurisdiction may not be effective in another. Additional losses may arise as a result of costs incurred by the parties in an effort to address documentary shortcomings. This risk is heightened in the case of re-securitisations, as NatWest Group needs to gather information surrounding each of the original transactions, together with an understanding of their interaction within the re-securitisation.	NatWest Group has specific processes and controls in place designed to ensure adequate due diligence is undertaken and appropriate disclosures are made in relation to the relevant offerings. In relation to documentation, distribution of securities and compliance with relevant laws and regulations, NatWest Group works with experienced internal and external counsel to ensure all reasonable steps are taken to ensure documentation standards are satisfactory and applicable laws and regulations in all relevant jurisdictions are complied with.
Compliance and conduct risk	Compliance risk is the risk that the behaviour of NatWest Group towards customers fails to comply with laws, regulations, rules, standards and codes of conduct. Conduct risk is the risk that the conduct of NatWest Group and its subsidiaries and its staff towards customers – or in the markets in which it operates – leads to unfair or inappropriate customer outcomes and results in reputational damage, financial loss or both. Compliance and conduct risks exist across all stages of NatWest Group's relationships with its customers and arise from a variety of activities including product design, marketing and sales, complaint handling, staff training, and handling of confidential insider information.	Well established policies and supporting processes are in place to ensure timely identification of, and effective responses to, changes in official sector requirements, laws, regulations and major industry standards affecting NatWest Group. This risk falls under the governance of the Mandatory Change Advisory Committee, which meets monthly with representatives from all franchises and functions.
Reputational risk	The risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events. The three primary drivers of reputational risk have been identified as: failure in internal execution; a conflict between NatWest Group's values and the public agenda; and contagion (when NatWest Group's reputation is damaged by failures in the wider financial sector).	NatWest Group manages reputational risk in accordance with its reputational risk management framework.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. This risk arises from day-to-day operations and is relevant to every aspect of the business.	NatWest Group manages operational risk in accordance with its operational risk management framework.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

Regulatory treatment

NatWest Group determines the regulatory capital required for exposures related to its securitisation activities in accordance with the CRR. In so doing, with respect to each securitisation transaction, it considers on an ongoing basis:

- The effectiveness of the originated securitisation structure in achieving risk transfer; and
- Whether the securitisation positions it holds relate to the trading or non-trading book.

In instances where it is an originator, NatWest Group carries out a significant risk transfer assessment to evaluate whether the securitisation structure transfers significant credit risk associated with the underlying assets to the holders of the securitisation positions and that the reduction in capital requirements is commensurate with the reduction in risk.

If significant risk transfer is achieved, NatWest Group does not hold any capital against the underlying assets but does hold capital against any retained securitisation positions. However, if it is not achieved, capital will be held against the underlying assets as if the securitisation had never taken place.

None of the SRT transactions are STS compliant. The retained positions are mostly senior exposures, with a very small amount of first loss exposure.

As noted earlier, NatWest Group may play several roles in respect of securitisations. Of these, three may result in NatWest Group holding securitisation positions in connection with which a capital charge is required: originator; sponsor; or investor.

In the case of securitisation positions related to the trading book, NatWest Group calculates regulatory capital needed for specific and general market risks (refer to the market risk section in Pillar 3). Trading book exposures can be across the capital stack, they are generally not STS compliant.

In the case of securitisation positions in the non-trading book, NatWest Group calculates regulatory capital for credit risk. Depending on the nature of the instrument there may also be capital requirements for counterparty credit risk. These positions tend to be to senior securitisation exposures, some of which may be STS compliant.

Calculation of risk-weighted exposures

Risk-weighted exposures for securitisation positions are calculated in accordance with the CRR.

There are three different methodologies for calculating risk weights and a hierarchy of approaches.

SEC-IRBA is the Internal Ratings-Based Approach. The calculation of the applicable risk weight is based on the capital charge for the underlying pool of exposures calculated under the IRB approach. Additional data inputs used in the calculation are the attachment and detachment points of the tranche, tranche maturity, effective number of exposures and the pool LGD.

SEC-SA is the Standardised Approach. The calculation of the applicable risk weight is based on the capital charge for the underlying pool of exposures calculated under the Standardised Approach. Additional data inputs used in the calculation are the nominal amount of delinquent exposures and the attachment and detachment points of the tranche.

SEC-ERBA is the External Ratings-Based Approach. This is based on external credit ratings from credit rating agencies. The ratings are mapped to corresponding credit quality steps (CQS) and, along with seniority of the tranche, maturity and tranche thickness, these are used to determine the risk weight for each exposure. NatWest Group recognises ratings issued by Standard & Poor’s, Moody’s, Fitch, DBRS or ARC Ratings. Most transactions are rated by two or more of these rating agencies, which are formally classified as external credit assessment institutions (ECAIs).

NatWest Group does not have any exposures capitalised using the Internal Assessment Approach (IAA).

Lower risk weights apply under all approaches to positions which qualify as Simple, Transparent and Standardised securitisations (STS).

NatWest Group applies the hierarchy as set out in the CRR and applies one of the methodologies, SEC-IRBA, SEC-SA or SEC-ERBA as required. The SEC-IRBA approach has only been used on own-originated transactions, where IRB risk weights on the underlying assets are available. The remaining exposures are risk-weighted, as appropriately, using SEC-SA or SEC-ERBA.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

Summary of accounting policies including derecognition

Accounting assessment takes place at the time of closing a transaction and depends on a securitisation's residual risk. By contrast, significant risk transfer assessments take place at regular intervals and the resulting capital calculations can differ depending on the change in residual risk over time.

The most relevant accounting policies for transactions involving securitisation of NatWest Group's own assets are 1) consolidation of the securitisation vehicle; and 2) derecognition of the securitised assets in the original company.

The most relevant accounting policies for the purchase of third-party securitisation exposures (referred to in the accounting framework as contractually linked notes) are 1) recognition; 2) classification and measurement; and 3) consolidation of the securitisation vehicle.

Consolidation
A structured entity is consolidated when NatWest Group, or one if its subsidiaries, controls it. Control over a structured entity arises when NatWest Group, or one of its subsidiaries, has the power to direct the key activities of the entity so as to affect its exposure to the variable returns from the entity.

Derecognition
A financial asset is derecognised (removed from the balance sheet) when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition. Conversely, an asset is not derecognised in a contract under which NatWest Group retains substantially all the risks and rewards of ownership.

A financial liability is removed from the balance sheet when the obligation is paid, cancelled, or expires. Cancellation includes the issuance of a substitute instrument on substantially different terms.

Derecognition assessment will be considered both at the consolidated and company level when a financial instrument is transferred to a structured entity.

Financial instruments
Financial instruments are measured at fair value upon initial recognition on the balance sheet. Monetary financial assets are classified into one of the following subsequent measurement categories. This is subject to business model assessment and review of contractual cash flow for the purposes of sole payments of principal and interest where applicable:

- amortised cost measured at cost using the effective interest rate method, less any impairment allowance;
- fair value through other comprehensive income (FVOCI) measured at fair value, using the effective interest rate method and changes in fair value through other comprehensive income;
- mandatory fair value through profit or loss (MFVTPL) measured at fair value and changes in fair value reported in the income statement; or
- designated at fair value through profit or loss (DFV) measured at fair value and changes in fair value reported in the income statement.

Classification by business model reflects how NatWest Group manages its financial assets to generate cash flows. A business model assessment helps to ascertain the measurement approach depending on whether cash flows result from holding financial assets to collect the contractual cash flows, from selling those financial assets, or both.

Business model assessment of assets is made at portfolio level, being the level at which they are managed to achieve a predefined business objective. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives for the portfolio, its risk management, manager's remuneration and the ability to monitor sales of assets from a portfolio.

The contractual terms of a financial asset; any leverage features; prepayment and extension terms; and triggers, discounts or penalties to interest rates that are part of meeting Environmental, Social Governance Targets as well as other contingent and leverage features, non-recourse arrangements and features that could modify the timing and/or amount of the contractual cash flows that might reset the effective rate of interest; are considered in determining whether cash flows are solely payments of principal and interest.

Contractually linked notes (securitisation positions) contain features which require additional consideration, and the position in the waterfall of payments may affect the outcome.

Certain financial assets may be designated at fair value through profit or loss (DFV) upon initial recognition if such designation eliminates, or significantly reduces, accounting mismatch.

Upon disposal, the cumulative gains or losses in fair value through other comprehensive income reserve are recycled to the income statement for monetary assets and for non-monetary assets (equity shares) the cumulative gains or losses are transferred directly to retained earnings.

Regular way purchases of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

UK-SECA - Qualitative disclosure requirements related to securitisation exposures continued

Financial liabilities are classified into one of following measurement categories:

- amortised cost measured at cost using the effective interest rate method;
- held for trading measured at fair value and changes in fair value reported in income statement; or
- designated at fair value through profit or loss measured at fair value and changes in fair value reported in the income statement except changes in fair value attributable to the credit risk component recognised in other comprehensive income when no accounting mismatch occurs.

Assets awaiting securitisation

At both 31 December 2023 and 31 December 2024, no assets were categorised as awaiting securitisation.

Implicit support

NatWest Group has not provided support to any securitisation transactions beyond its contractual obligations.

Types of transactions

In the role of originator, NatWest Group securitises a variety of assets which typically include the following:

Residential mortgages and commercial real estate loans –NatWest Group securitises residential mortgages and commercial real estate loans that it originates itself. Mortgages and real estate loans are assigned to SSPEs, which fund themselves principally through the issue of floating rate notes, although there are currently no such outstanding transactions.

Other loan types – NatWest Group selectively securitises other loans that it originates, principally those to corporates and small and medium-sized enterprises. These are the synthetic SRT transactions.

SSPEs used by NatWest Group

SSPEs used by NatWest Group hold either the securitised assets themselves (traditional securitisations) or a package of other assets economically equivalent to those assets (synthetic securitisations).

At 31 December 2024, the last NatWest Group remaining multi-seller commercial paper conduit programme, Thames Asset Global Securitization (TAGS), which NatWest Group had sponsored is dormant. During 2024, TAGS issued no commercial paper to external parties.

There are no remaining outstanding traditional securitisation SSPEs.

The synthetic securitisations purchase credit protection via SSPEs which issue CLN to the investors. These entities are:

- Nightingale Securities 2017-1 Limited
- Nightingale CRE 2018-1 Limited
- Nightingale Project Finance 2019 1 Limited
- NIGHTINGALE UK CORP 2020 2 LTD
- Nightingale LF 2021-1 Ltd
- Nightingale Project Finance II 2023-1 Limited
- Sparrow Capital Call 2024-1 LIMITED
- Nightingale 2024-1 Limited
- Nightingale 2024-2 Limited
- Nightingale 2024-3 Limited

Affiliates of NatWest Group do not invest in securitisations originated by NatWest Group or in securitisation positions issued by SSPEs sponsored by NatWest Group, beyond the risk retained in SRT transactions.

Five transactions were originated by NatWest Group during 2024.

Annex XXIX: Market risk

UK MR1: Market risk under the standardised approach

The table below shows market risk RWAs by type of risk under the standardised approach.

		31 December 2024	31 December 2023
		a	a
		RWAs	RWAs
		£m	£m
	Outright products		
1	Interest rate risk (general and specific)	**345**	301
2	Equity risk (general and specific)	**-**	-
3	Foreign exchange risk	**598**	669
4	Commodity risk	**1**	7
	Options		
5	Simplified approach	**-**	-
6	Delta-plus approach	**-**	-
7	Scenario approach	**-**	-
8	Securitisation (specific risk)	**59**	68
9	Total	**1,003**	1,045

- Overall, market risk RWAs under the standardised approach decreased moderately in 2024.
- Interest rate risk RWAs increased significantly in the first half of the year, but decreased in the second half. These moves largely related to NWM Securities Inc.
- The majority of the foreign exchange RWAs relates to open structural foreign exchange exposures, which were broadly stable over the year. The RWA decrease relating to the remaining positions was largely driven by sterling rate fluctuations and exposure changes, with varying impacts on individual entities within NatWest Group.

UK MR2-A: Market risk under the internal model approach (IMA)

The table below shows market risk RWAs and own funds requirements by component under the IMA.

		31 December 2024		31 December 2023	
		a	b	a	b
		RWAs	Own funds requirements	RWAs	Own funds requirements
		£m	£m	£m	£m
1	VaR (higher of values a and b)	**789**	**63**	1,698	136
a	Previous day's VaR (VaRt-1)		**21**		33
b	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		**63**		136
2	SVaR (higher values of a and b)	**2,127**	**170**	2,501	200
a	Latest available SVaR (SVaRt-1)		**50**		44
b	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		**170**		200
3	IRC (higher of values a and b)	**1,417**	**113**	814	65
a	Most recent IRC measure		**96**		52
b	12 weeks average IRC measure		**98**		65
5	Other (RNIV at period end)	**877**	**71**	1,305	104
6	Total	**5,210**	**417**	6,318	505

- For commentary, refer to Table MR2-B in this report and in previous quarterly disclosures for 2024.

UK MR3: IMA values for trading portfolios

The table below shows the minimum, maximum, average and period end values, over the reporting period, derived from the models approved under the IMA for use in calculating market risk capital requirements and RWAs. The reported values do not include any capital multipliers or other additional capital charges that may be applied at the supervisor's discretion.

		31 December 2024 £m	31 December 2023 £m
	VaR (10 day 99%)		
1	Maximum value	**72**	84
2	Average value	**31**	42
3	Minimum value	**14**	18
4	Period end	**21**	33
	SVaR (10 day 99%)		
5	Maximum value	**92**	109
6	Average value	**60**	57
7	Minimum value	**40**	33
8	Period end	**50**	44
	IRC (99.9%)		
9	Maximum value	**113**	97
10	Average value	**93**	74
11	Minimum value	**71**	52
12	Period end	**96**	52

VaR back-testing

The main approach employed to assess the VaR model's ongoing performance is back-testing, which counts the number of days when a loss exceeds the corresponding daily VaR estimate, measured at a 99% confidence level.

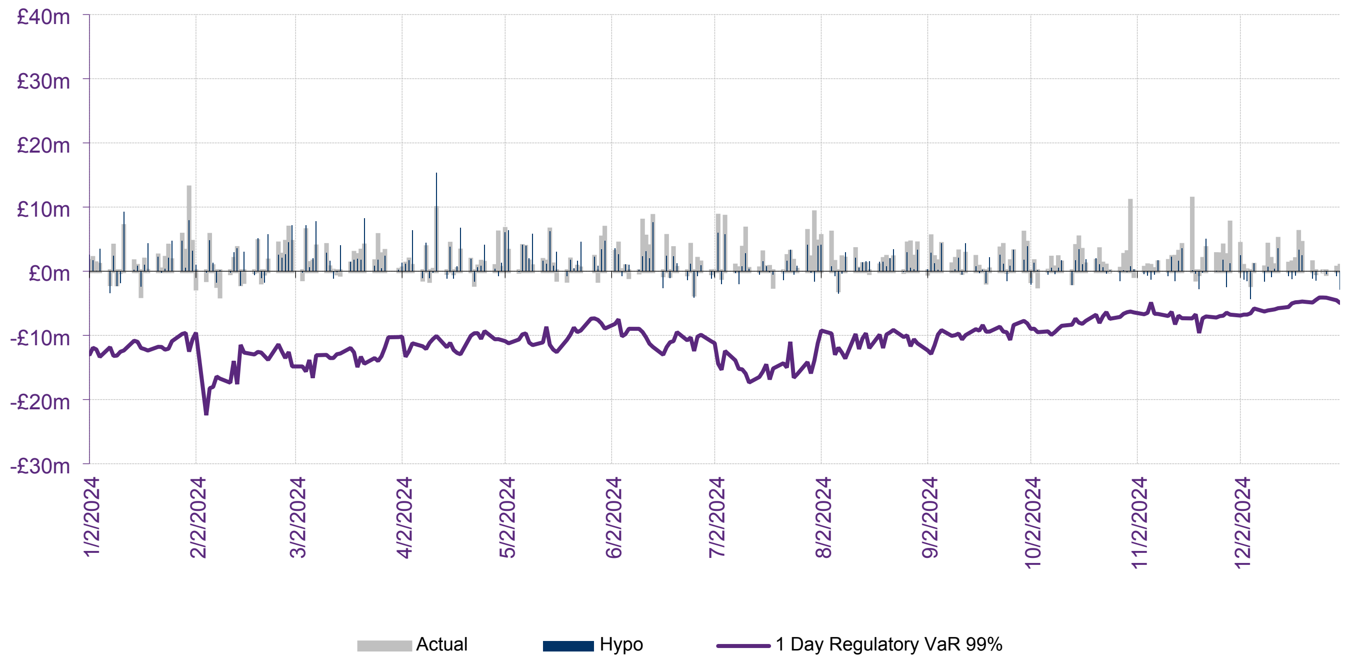
Two types of profit and loss (P&L) are used in back-testing comparisons: Actual P&L and Hypothetical P&L.

The Actual P&L for a particular business day is the firm's actual P&L in respect of the trading activities including intraday activities, adjusted by stripping out fees and commissions, brokerage, and additions to and releases from reserves that are not directly related to market risk. The Hypothetical P&L is the firm's Actual P&L excluding any intra-day activities.

A portfolio is said to produce a back-testing exception when the Actual or Hypothetical P&L exceeds the VaR level on a given day. Such an event may be caused by a large market movement or may highlight issues such as missing risk factors or inappropriate time series. Any such issues identified are analysed and addressed through appropriate remediation or development action. Both Actual and Hypothetical back-testing exceptions are monitored.

UK MR4: Comparison of VaR estimates with gains/losses

The graph below shows one-day 99% regulatory VaR compared with Actual and Hypothetical (Hypo) P&L for NatWest Markets Plc, NatWest Group's largest legal entity by market risk RWAs and positions.



- In the 250-business-day rolling window to 31 December 2024, there were no NWM Plc Actual or Hypothetical VaR P&L back-testing exceptions.

UK MRA: Qualitative disclosure requirements related to market risk

Definition and framework

Within trading books, traded market risk is the risk arising from changes in fair value on positions, assets, liabilities or commitments as a result of fluctuations in market prices.

The majority of traded market risk exposure arises from trading activities in NatWest Markets. The primary objective of these activities is to provide a range of financing, risk management and investment services to clients – including major corporations and financial institutions around the world. From a market risk perspective, activities are primarily focused on: currencies; rates; securitised products; and traded credit. Trading activities may also give rise to counterparty credit risk. For further detail refer to the Counterparty credit risk section.

NWM Plc, NWM N.V. and NWM Securities Inc. are the major contributors to market risk capital requirements in NatWest Group.

Market risk governance and management

Traded market risk policy defines the key principles and approach to managing and reporting traded market risks across NatWest Group. Responsibility for identifying, measuring, monitoring and controlling market risk arising from trading activities lies with the relevant trading business. The Market Risk function independently advises on, monitors and challenges the risk-taking activities undertaken by the trading business ensuring these are within the constraints of the market risk framework, policies, and risk appetite statements and measures.

Risk appetite

Traded market risk appetite is approved by the Board. NatWest Group's qualitative appetite for traded market risk is set out in the traded market risk appetite statement.

Quantitative appetite is expressed in terms of exposure limits. The limits at NatWest Group level comprise value-at-risk (VaR), stressed value-at-risk (SVaR) and stress-testing. More details on these are provided on the following pages.

For each trading business, a document known as a dealing authority compiles details of all applicable limits and trading restrictions. The desk-level mandates comprise qualitative limits related to the product types within the scope of each desk, as well as quantitative metrics specific to the desk's market risk exposures. These additional limits and metrics aim to control various risk dimensions such as exposure size, aged inventory, currency and tenor.

The limits are reviewed to reflect changes in risk appetite, business plans, portfolio composition and the market and economic environments and recalibrated to ensure that they remain aligned to NatWest Group RWA targets. Limit reviews focus on optimising the alignment between traded market risk exposure and capital usage.

To ensure approved limits are not breached and that NatWest Group remains within its risk appetite, triggers have been set such that if exposures exceed a specified level, action plans are developed by the relevant business and the Market Risk function and implemented. For more detail on the appetite and control frameworks relating to NatWest Group's principal risks, refer to UK OVA.

Monitoring and mitigation

Performance against risk appetite is reported regularly to the Executive Risk Committee, the Board Risk Committee, and the Board. Relevant traded market risk matters are escalated through the Executive Risk Committee and Board Risk Committee and to the Board as applicable.

Traded market risk is identified and assessed by gathering, analysing, monitoring and reporting market risk information at desk, business, business segment and NatWest Group-wide levels. Industry expertise, continued system developments and techniques such as stress testing are also used to enhance the effectiveness of the identification and assessment of all material market risks.

Traded market risk exposures are monitored against limits and analysed daily. A daily report summarising the position of exposures against limits at desk, business, business segment and NatWest Group levels is provided to senior management and market risk managers across the function. Limit reporting is supplemented with regulatory capital and stress testing information as well as ad-hoc reporting.

Performance against risk appetite is reported regularly to the Executive Risk Committee, the Board Risk Committee, and the Board. Relevant traded market risk matters are escalated through the Executive Risk Committee and Board Risk Committee and to the Board as applicable.

A risk review of trading businesses is undertaken weekly with senior risk and front office staff. This includes a review of profit and loss drivers, notable position concentrations and other positions of concern.

Business profit and loss performance is monitored automatically through loss triggers which, if breached, require a remedial action plan to be agreed between the Market Risk function and the business. The loss triggers are set using both a fall-from-peak approach and an absolute loss level. In addition, regular updates on traded market risk positions are provided to the Executive Risk Committee and Board Risk Committee.

Measurement

NatWest Group uses VaR, SVaR and the incremental risk charge to measure traded market risk. Risks that are not adequately captured by VaR or SVaR are captured by the Risks Not In VaR (RNIV) framework to ensure that NatWest Group is adequately capitalised for market risk. In addition, stress testing is used to identify any vulnerabilities and potential losses.

The key inputs into these measurement methods are market data and risk factor sensitivities. Sensitivities refer to the changes in trade or portfolio value that result from small changes in market parameters that are subject to the market risk limit framework. Revaluation ladders are used in place of sensitivities to capture the impact of large moves in risk factors or the joint impact of two risk factors.

These methods have been designed to capture correlation effects and allow NatWest Group to form an aggregated view of its traded market risk across risk types, markets and business lines while also taking into account the characteristics of each risk type.

Further information on regulatory VaR, regulatory SVaR, RNIVs and the incremental risk charge is provided in UK MRB below. Further information on internal VaR and internal SVaR is provided in the Traded Market Risk section of the 2024 NatWest Group ARA.

UK MRB: Qualitative disclosure requirements for institutions using the internal market risk models

Inclusion of exposures in trading book

The Trading Book Policy sets out the principles and criteria for identifying and classifying trading book positions for the purpose of regulatory capital and market risk and credit risk measurement. The policy also stipulates the control requirements for the management and regular monitoring of the trading book status of positions and the procedures for escalation where necessary. Key criteria for determining trading book status set within the policy include considerations such as whether positions are transferable or comprise hedgeable financial instruments held with the intent to trade or in a hedging relationship with other trading book positions.

Trading book positions must be valued by marking them to market or to model on a daily basis. They are subject to market risk-based rules, with market risk capital requirements calculated either by using internal models where regulatory approval has been received or otherwise by using the non-modelled or standardised approach. Where the criteria set out in the policy are not met, positions are classified as non-trading book exposure and capitalised as outlined later in this section.

Calculation of market risk capital requirements

NatWest Group uses two broad methodologies to calculate its market risk capital charge: (i) the standardised approach, whereby regulator-prescribed rules are applied, and (ii) the internal model approach (IMA), where, subject to regulatory approval, the internal model is used to calculate the capital charge.

NatWest Group has IMA permission from the PRA for NWM Plc and NWM N.V. on a consolidated basis and from the DNB for NWM N.V. on a solo basis.

Under the IMA, the following measures are used to calculate the capital charge: VaR, stressed VaR (SVaR), the incremental risk charge (IRC) and Risks Not In VaR (RNIVs). NatWest Group does not use the comprehensive risk measure.

For the percentage of NatWest Group's own funds requirements covered by use of the PRA-approved models, refer to the quantitative disclosures, notably UK MR1 and UK MR2-B.

Regulatory VaR

VaR is a statistical estimate of the potential change in the market value of a portfolio (and, thus, the impact on the income statement) over a specified time horizon at a given confidence level. NatWest Markets uses an approximate revaluation approach in calculating VaR and SVaR.

The regulatory VaR model is based on a historical simulation, utilising market data from the previous 500 days. It assumes a time horizon to hedge or liquidate of ten trading days and a confidence level of 99%.

In contrast with internal VaR, it takes into account only products, locations and legal entities covered by the regulator's IMA permission. In addition, regulatory VaR is based on a directly modelled ten-day holding period, rather than the one-day holding period on which internal VaR is based. The PRA approval covers general market risk in interest rate, foreign exchange, equity and commodity products and specific market risk in interest rate and equity products.

Management tools to assess model performance include:

- Back-testing – Regulatory and internal back-testing is conducted on a daily basis. (For information on regulatory back-testing, refer to UK MR4. For information on internal back-testing, refer to the Traded Market Risk section of the 2024 NatWest Group Annual Report and Accounts.)
- Ongoing model validation – VaR model performance is assessed both regularly, and on an ad-hoc basis, if market conditions or the portfolio profile change significantly.
- Model Risk Management review – As part of the model lifecycle and in keeping with NatWest Group policy, all risk models (including the VaR model) are independently reviewed to ensure that they remain fit for purpose given current market conditions and the portfolio profile (refer to Risk models below).

Regulatory stressed VaR (SVaR)

As with VaR, the SVaR technique produces estimates of the potential change in the market value of a portfolio, over a specified time horizon, at a given confidence level. SVaR is a VaR-based measure using historical data from a one-year period of stressed market conditions.

A simulation of 99% VaR is run on the current portfolio for each 250-day period from 2005 to the current VaR date, moving forward one day at a time. The SVaR is the worst VaR outcome of the simulated results.

This is in contrast with VaR, which is based on a rolling 500-day historical data set. A time horizon of ten trading days is assumed with a confidence level of 99%.

NatWest Group's SVaR use case of its VaR model has also been approved by the PRA for use in the capital requirement calculation. The position scopes of regulatory and internal SVaR are the same as those of regulatory and internal VaR.

Risk factors

The VaR model captures the potential impact of the following risk factors:

- Interest rate risk – the risk that a position's fair value will alter due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.
- Credit spread risk – the risk that the value of a position will alter due to changes in the real or market-perceived ability of a borrower to pay related cash flows or obligations.
- Foreign currency price risk – the risk that the fair value of a position will alter due to a change in foreign currency or gold rates.
- Equity price risk – the risk that the fair value of a position will alter due to a change in equity prices.
- Commodity price risk – the risk that the fair value of a position will alter due to a change in commodity prices.

When simulating potential movements in risk factors, a combination of absolute and relative returns is used, depending on the risk factor.

UK MRB: Qualitative disclosure requirements for institutions using the internal market risk models continued

General and specific risks

The market risks subject to capital requirements under Pillar 1 are primarily interest rate and credit spread risks in the trading book and foreign exchange risk in both the trading and non-trading books. Interest rate risk is split between general and specific risks. General risks represent market risks due to a move in a market as a whole, such as a main index or yield curve, while specific risks represent market risks arising from events particular to an underlying issuer.

The aggregation approach taken for general and specific risks is as follows:

- General risks are aggregated at the simulation level, adding P&L forecasts generated by the VaR model before statistics such as VaR and SVaR are extracted.
- Specific interest rate risks have both a systematic component and an idiosyncratic component. The systematic component captures the risk in market movements of credit spreads (across sectors, geographic locations and ratings) while the idiosyncratic component captures the credit spread variability of the underlying entity. The systematic components of specific interest rate risks are aggregated at the simulation level, while the idiosyncratic components are calculated as a standalone charge.
- VaR and SVaR capture general and specific risks using a single model but not risks arising from the impact of defaults and rating changes associated with traded credit products and their derivatives. For these risks, two product-dependent approaches are used:
- The incremental risk charge model (see below) captures risks arising from rating migration and default events for the more liquid traded credit instruments and their derivatives.
- Securitisation and re-securitisation risks in the trading book are treated with the non-modelled capitalisation approach.

VaR limitations

Historical VaR and NatWest Group's implementation of this risk measurement methodology have a number of known limitations, as summarised below, and VaR should be interpreted in light of these. NatWest Group's approach is to supplement VaR with other risk metrics that address these limitations to ensure appropriate coverage of all material market risks.

Historical simulation VaR may not provide the best estimate of future market movements. It can only provide a forecast of portfolio losses based on events that occurred in the past. The NatWest Group model uses the previous 500 days of data; this period represents a balance between model responsiveness to recent shocks and risk factor data coverage.

Market data time series are updated on a daily basis, with an eight-working-day time lag. The use of a 99% confidence level VaR statistic does not provide information about losses beyond this level, usually referred to as 'tail' risks. These risks are more appropriately assessed using measures such as SVaR and stress testing.

Finally, where market data time series are not appropriate (due to poor quality or a lack of liquidity in the market), NatWest Group uses proxy time series or excludes the risk factor from its VaR model and capitalises the risk through its RNIV framework.

Risks not in VaR (RNIV)

The RNIV framework is used to identify and quantify market risks that are inadequately captured by the VaR and SVaR models.

The need for an RNIV calculation is typically identified in one of the following three circumstances: (i) as part of the New Product Risk Assessment process, when a risk manager or other subject matter expert opines that the associated risk is not adequately captured by the VaR model or system; (ii) when risks are mapped to time series that are deemed to be inadequate (for example, due to data quality problems or proxy series usage); or (iii) as a result of a recommendation made during the ongoing model validation or by Model Risk Management during its annual review of the VaR model. The controls and operating model to this end are governed by internal policy.

RNIVs that are related specifically to instruments that have level 3 valuation hierarchy assumptions (refer to Fair value hierarchy in the 2024 NatWest Group ARA) are mainly included in the following categories: proxied sensitivities or risk factors, higher-order sensitivity terms, and static pricing parameters.

NatWest Group adopts two approaches for the quantification of RNIVs:

- Under the VaR/SVaR approach, two values are calculated: (i) the VaR RNIV; and (ii) the SVaR RNIV.
- Under the stress-scenario approach, an assessment of ten-day extreme, but plausible, market movements is used in combination with position sensitivities to give a stress-type loss number – the stress-based RNIV value.

Incremental risk charge (IRC)

The IRC model quantifies the impact of rating migration and default events on the market value of instruments with embedded credit risk (in particular, bonds, bond derivatives, credit default swaps and other credit derivatives) that are held in the trading book. It further captures basis risk between different instruments, maturities and reference entities.

Following the internal ratings-based approach for credit risk, the IRC is calculated over a one-year capital horizon with a 99.9% confidence level.

Following PRA approval, a new multi-factor Monte Carlo IRC model took effect during Q4 2024, replacing the former single-factor analytical model. The dependency of positions is now modelled using a multi-factor Student-t copula.

The IRC is mainly driven by three-month credit rating transition, default and correlation parameters. The portfolio impact of correlated defaults and rating changes is assessed by observing changes in the market value of positions using stressed recovery rates and modelled credit spread changes. Revaluation matrices are used to capture any non-linear behaviour. The transition matrix is estimated using Moody's history of issuer ratings.

Under the new model, the liquidity horizon for all positions is set to 12 months, in line with a 'constant position' assumption.

The NatWest Group risk model policy governs IRC model parameter changes and ongoing model reviews as well as data inputs and outcomes. In addition, diagnostic testing is performed quarterly. IRC models are also subject to independent stress-testing and sensitivity analysis, as described more generally for risk models under Model Validation below..

UK MRB: Qualitative disclosure requirements for institutions using the internal market risk models continued

Model validation

NatWest Group uses a variety of models to manage and measure market risk. These include pricing models (used for valuation of positions) and risk models (for risk measurement and capital calculation purposes). They are developed and approved in NatWest Markets, with material models subject to independent review by Model Risk Management. For further detail on the independent model validation carried out by Model Risk Management, refer to the Model Risk section of the 2024 NatWest Group ARA. Information relating to pricing and market risk models is presented below.

Pricing models

Pricing models are developed by a dedicated first line team, in conjunction with the trading desk. The models are used to value positions for which prices are not directly observable as well as for the risk management of the portfolio. Any pricing models that are used as the basis for valuing portfolios and records are subject to approval and oversight by asset-level modelled product review committees. These committees comprise representatives of the trading, finance, market risk, model development and model review functions. Approval requires review and approval by these stakeholders as well as Model Risk Management.

The review process includes the following steps:

- The committees prioritise models for review by Model Risk Management, considering the materiality of the risk booked against the model and an assessment of the degree of model risk, which is the valuation uncertainty arising from the choice of modelling assumptions.
- Model Risk Management quantifies the model risk, which may include comparing the model outputs with those of alternative models developed by Model Risk Management.
- The sensitivities derived from the pricing models are validated.
- The conclusions of the review are used to inform risk limits and by the Finance function to inform model reserves.

Risk models

All model changes are approved through model governance committees at business segment level. Changes to existing models are subject to Model Risk Management review. NatWest Group follows regulatory guidance for assessing the materiality of extensions and changes to the internal model approach for market risk. In addition to Model Risk Management's independent oversight – which provides additional assurance that NatWest Group holds appropriate capital for the market risk to which it is exposed – the methodology team monitors the model performance for market risk through back-testing and other processes.

Calculation of regulatory capital for non-trading book exposures

Market risk exposures in the non-trading book that are not captured under Pillar 1 are capitalised through the Internal Capital Adequacy Assessment Process (ICAAP). This covers gap risk, basis risk, credit spread risk, pipeline risk, structural foreign exchange risk, prepayment risk and accounting volatility risk. A combination of value-based and earnings-based measures are used in the ICAAP.

The total non-traded market risk capital requirement is determined by adding the different charges for each sub risk type. The ICAAP methodology captures at least ten years of historical volatility and is produced to a 99% confidence level. Methodologies are reviewed by Model Risk Management and results are approved by the NWH Board.

Annex XXXI: Operational risk

UK OR1: Operational risk own funds requirements and risk-weighted exposure amounts.

The table below shows income used in the calculation of own funds requirements for operational risk. NatWest Group applies the Standardised approach for calculating such requirements making use of audited income figures for the relevant indicator.

		a	b	c	d	e
in £m.		Relevant indicator			Own funds requirements	Risk-weighted exposure amount
Banking activities		2021	2022	2023		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	10,776	13,762	**14,253**	1,746	21,821
3	*Subject to TSA:*	10,776	13,762	***14,253***		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

UK ORA - Qualitative information on operational risk.

Risk management objectives and policies

NatWest Group defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events." It is a level 1 key risk, within the NatWest Group risk directory and is managed through the setting of policy. Policy is supported by risk standards and toolkits to enable the effective application and management of operational risk within the NatWest Group Board approved risk appetite.

NatWest Group's operational risk appetite is calibrated at least annually and defines the type and aggregate level of risk NatWest Group is willing to accept in pursuit of its strategic objectives and business plans. The operational risk appetite encompasses the full range of operational risks faced by its legal entities, businesses, and functions. It supports the effective management of operational risk, the promotion of robust risk practices and risk behaviours.

The NatWest Group operational risk policy, defines, at a high level, the key principles and approach to managing and reporting operational risk across NatWest Group. This includes the minimum requirements and approach that all legal entities must adhere to, and how risk appetite is overseen and controlled. It supports a risk-based, principles approach to operational risk management with minimum requirements defined at a level commensurate to the risk exposure of each legal entity, business and function.

The NatWest Group operational risk policy is supported by risk standards aligned to each Level 2 operational risk in accordance with the NatWest Group risk directory. Risk standards are a more granular expression of policy and detail the mandatory controls that must be applied to manage each level 2 risk within appetite. Thus, providing the necessary requirements for the first line of defence (1LOD) to develop relevant operational policies, controls and procedures.

NatWest Group's key operational risk focus areas have been Cyber Risk, Data Quality, Third Party Risk Management, Operational Resilience and End-of-Life systems given the inherent risk impact of these themes on the overall operational risk profile.

Operational risk qualitative statement

NatWest Group seeks to reduce financial loss and / or adverse consequences of operational risk for customers to an acceptable level through robust risk practices. behaviours and a proportionate control environment, balancing costs with the benefits of control. NatWest Group accepts that operational risk is unavoidable as a result of conducting business and in the provision of services to customers.

Operational risk appetite is expressed through a combination of qualitative statements and quantitative Board risk appetite metrics that are reflective of the holistic operational risk profile and the key operational risk focus areas.

Operational risk strategies and processes

Within the Enterprise-Wide risk management framework (EWRMF), risk toolkits define the approaches, tools and techniques for managing risk (split by all principal risks, both financial and non-financial). They include minimum standards for identification, assessment, management, monitoring, and reporting of operational risk.

Structure and organisation of the risk management function for operational risk

The NatWest Group Head of Operational Risk reports to the Director of Non-Financial Risk who reports directly to Chief Risk Officer and has primary responsibility for the operational risk function.

The risk governance arrangements in place for operational risk are aligned to the requirements set out in the NatWest Group Board approved EWRMF and are consistent with achieving safety, sound, and sustainable risk outcomes.

Aligned to this, a strong operational risk management oversight function is in place to support NatWest Group's ambitions to serve its customers better. Improved management of operational risk against defined appetite for stability and reputational integrity.

In line with industry best practice and sound risk governance principles, NatWest Group adopts a Three Lines of Defence model of risk governance. The operational risk management function sits within the second line of defence (2LOD) operating as risk oversight and control to the first line of defence (1LOD) within businesses, functions and legal entities. The operational risk function is comprised of the following areas:

- Operational Risk Framework, Systems & Insights – responsible for the design and ongoing development and maintenance of operational risk policies, standards, and toolkits in alignment with the EWRMF. Responsible for the ownership, maintenance, and enhancements to the NatWest Group operational risk systems and for operational risk reporting and insights.
- **Directors of Risk (DoR):** interface with the businesses and functions and leverage wider Risk teams to provide expert oversight and challenge.
- **Specialist Risk Directors (SRD):** provide deep and specialist technical expertise and knowledge to support the DoR teams to provide independent risk oversight and an aggregated view of specific level 2 operational risks.

Operational risk measurements and control

Operational risk appetite is monitored through a series of measures, this includes measurement of high and very high rated operational risks, losses and events; control adequacy and effectiveness, issue management, cyber security, out-of-date technology, third-party risk and operational resilience. The performance of these measures is regularly reported to the Executive Risk Committee (ERC) and Board Risk Committee (BRC), with a breach reporting process in place to ensure timely escalation and action management.

In addition, our end-to-end Risk and Control Self-Assessment (RCSA) process is the key mechanism through which the NatWest Group non-financial risk exposure is understood. It is used to identify and measure material non-financial risks faced by the group to facilitate the effective identification, assessment and management of risks within risk appetite. NatWest Group assessments are supported by an understanding of the end-to-end journey, meaning we break down our assessment by key process steps within the journey and examine the risks to the objectives of those processes.

Supporting our understanding of control is the Control Environment Certification (CEC) process. This is a bi-annual process, which requires senior members of the executive and management to assess the adequacy and effectiveness of their internal control frameworks which supports certification that their business or function is compliant with the Internal Control over Financial Reporting (Sarbanes-Oxley Section 404) regulatory requirements and with the requirements of the UK Corporate Governance Code section on Risk Management and Internal Controls.

CEC covers material risks and the underlying key controls, including financial, operational and compliance controls, as well as supporting risk management frameworks.

UK ORA - Qualitative information on operational risk continued

Operational risk reporting

Standardised monthly reporting requirements and prescribed risk governance via NatWest Group's risk governance committees is in place across Natwest Group, supported by legal entity, business and function reporting. This supports the visibility and tracking of the business-level and aggregated bank-wide risk profile in relation to appetite, ensuring effective ongoing oversight and challenge of operational risk across NatWest Group. This includes monthly reporting to the ERC, the BRC and business-level risk committees.

To support effective oversight of operational risk, an Operational Risk Executive Steering Group (ESG) is also in place. The purpose of this ESG is to ensure that all Level 2 operational risks are monitored, and material risks are identified, understood and managed effectively.

The main responsibilities of the ESG are to:

- Review bank-wide the operational risk profile and mitigation against material themes through receipt of appropriate management information to monitor current operational risk relative to appetite.
- Review regular deep dives into the bank's material operational risks (leveraging framework outputs, loss/event data, industry context etc,) relative to agreed appetite, to understand status, consider emerging trends and review mitigation approaches and progress.
- Review return-to-appetite progress against material risk exposures.
- Review and consider insights from audit reports, market peers, historical events, emerging themes and trends.
- Review the aggregated Operational Risk Appetite Measures/limits/triggers for material operational risk themes
- Provide an escalation route for breaches of appetite measures, with appropriate challenge and oversight of mitigating actions
- Provide oversight of NatWest Group's control environment through review and challenge of remediation plans

In addition to deep dives into the material operational risks mentioned above, all these requirements are supported with an annual operational risk deep dive into the overall risk profile which is presented to the ERC and the BRC.

Policies for mitigating operational risk

NatWest Group operational risk policy defines the minimum requirements and approach that all legal entities must follow with respect to operational risk, including how the risk appetite is overseen and controlled. It supports a risk-based, principles approach to operational risk management with minimum requirements defined at a level commensurate to the risk exposure of each legal entity, business and function. The operational risk policy is supplemented by additional risk standards aligned to the level 2 risk directory.

Any exceptions to NatWest Group key risk policies by any legal entity, business or function must be approved by the relevant legal entity Chief Risk Officer and Board Risk Committee prior to their submission to the Group Board Risk Committee for approval. Unless there is a specific regulatory or jurisdictional expectation, risk policies are not mandated for any legal entities below NWH, NWM and RBSI. NatWest Group risk policies are created, owned and maintained by the 2LoD and re-reviewed at least annually to ensure alignment with the EWRMF. The key risk policies are approved by the Group Board Risk Committee.

Minimum policy requirements for the identification and assessment, management and mitigation, monitoring and reporting of operational risk are outlined below. These requirements are set at NatWest Group level and must be applied consistently by legal entities, businesses and functions. The management of operational risk is made more effective by:

- Maintaining a strong risk culture.
- Defining and operating within risk appetite.
- Defining, implementing, and monitoring risk standards and controls across NatWest Group in relation to risk exposures. Outlining the expected key control requirements in the risk standards.
- Defining, implementing and monitoring the outputs of risk management lifecycle tools and processes; and
- Providing independent 2LOD oversight as per the three lines of defence model.
- Reporting data-led risk insights regularly.

Minimum capital requirements for operational risk

NatWest Group uses the standardised approach to calculate its Pillar 1 operational risk capital requirement. This is based on multiplying three years' average historical gross income (relative indicator) by coefficients set by the regulator based on business line. As part of the wider Internal Capital Adequacy Assessment Process (ICAAP), an operational risk economic capital model is used to assess Pillar 2A, which is a risk-sensitive add-on to Pillar 1. The model uses historical loss data (internal and external) and forward-looking scenario analysis to provide a risk-sensitive view of NatWest Group's Pillar 2A capital requirement.

Scenario analysis is used to assess how severe but plausible operational risks will affect NatWest Group. It provides a forward-looking basis for evaluating and managing operational risk exposures.

Insurances and other risk transfer mechanisms are not used for operational risk mitigation in the standardised approach.

Please refer to table UK OR1 for further details on operational risk own funds requirements.

UK ORA - Qualitative information on operational risk.continued

Identification, assessment, and management

RCSAs are used across all business areas and support functions to identify and assess material operational risks, conduct risks, financial crime risks and key controls. All risks and controls are mapped to NatWest Group's Risk Directory. Risk assessments are refreshed at least once every two years to ensure they remain relevant and there is a defined trigger process in place to trigger reviews of the RCSA outside the business-as-usual review cycle upon the occurrence of defined events (including applicable internal and external environmental changes) which would warrant a reassessment of the relevant risks.

The process is designed to assess whether risks are effectively managed in line with risk appetite. Controls are tested at the appropriate frequency to verify that they remain fit-for-purpose and operate effectively to mitigate identified risks.

Risks are mitigated by applying key preventative and detective controls, which then determines residual risk exposure. Control owners are accountable for the design, execution, performance and maintenance of key controls. Key controls are regularly assessed for adequacy and tested for effectiveness. The results are monitored and, where a material change in control performance is identified, the associated risk is re-evaluated.

Where control weaknesses or gaps are identified, relevant issues are raised which require accompanying action plans to address the control weaknesses or gaps within defined timelines.

Event and loss data management

The operational risk event and loss data management process ensures NatWest Group captures and records operational risk events with financial and non-financial impacts that meet defined criteria. Loss data is used for internal, regulatory and industry reporting and is included in capital modelling for operational risk. The most serious events are escalated in a simple, standardised process to all senior management, by way of an Early Event Escalation (EEE) Process. NatWest Group has not experienced a material cybersecurity breach or associated material loss in the last three years.

All financial impacts and recoveries associated with an operational risk event are reported against the date they were recorded in NatWest Group's financial accounts. A single event can result in multiple losses (or recoveries) that may take time to crystallise. Losses and recoveries with a financial accounting date in 2024 may relate to events that occurred, or were identified in, prior years. NatWest Group purchases insurance against specific losses and to comply with statutory or contractual requirements.

Annex XXXVII: Interest rate risk in the banking book (IRRBB)

UK IRRBB1: Quantitative information on IRRBB

The table below shows information on changes in economic value of equity (ΔEVE) and net interest income (ΔNII) under each of the prescribed interest rate shock scenarios. These scenarios are prescribed in Rule 9.7 of the ICAA Part of the PRA Rulebook and in accordance with points (a) and (b) of CRR Article 448(1).

		a	b	c	d	e	f
		ΔEVE		ΔNII		Tier 1 capital	
		31 December 2024 £m	30 June 2024 £m	31 December 2024 £m	30 June 2024 £m	31 December 2024 £m	30 June 2024 £m
010	Parallel shock up	**(2,720)**	(2,779)	**1,614**	1,530		
020	Parallel shock down	**1,245**	1,221	**(2,069)**	(1,992)		
030	Steepener shock	**(661)**	(576)				
040	Flattener shock	**88**	(34)				
050	Short rates shock up	**(931)**	(1,097)				
060	Short rates shock down	**287**	343				
070	Maximum	**(2,720)**	(2,779)	**(2,069)**	(1,992)		
080	Tier 1 capital					**30,187**	29,277

- The most adverse EVE result under the six scenarios was the £2.7 billion reduction in economic value relative to base-case projection. This occurred in the parallel up scenario at 31 December 2024. The main driver of the parallel up scenario was the equity structural hedge.
- The most adverse one-year NII result was the £2.1 billion reduction in net interest income relative to a base-case projection. This occurred in the parallel down scenario at 31 December 2024. The main driver of the parallel down scenario was margin compression risk to deposits across Retail Banking, Commercial & Institutional and Private Banking.

UK IRRBBA: IRRBB risk management objectives and policies

Definition and risk appetite framework

Interest rate risk in the banking book (IRRBB) is the risk of an economic loss due to unexpected movements in interest rates.

NatWest Group's approach to managing IRRBB follows the overarching risk management framework and approach outlined in UK OVA. NatWest Group measures its economic value and earnings risk sensitivity to IRRBB and has a risk appetite framework that limits these sensitivities.

Banking book risk positions are managed within limits. Management activity may involve offsetting or reducing on or off balance sheet positions, or hedging risk positions with derivatives. Limit or trigger breaches are escalated through the first and second lines of defence model using established procedures.

The quantitative risk appetite is mainly expressed in terms of value at risk (VaR), stressed value at risk (SVaR), present value of one basis point (PV01) sensitivity, economic value of equity (EVE) limits and earnings at risk limits.

Measures are applied not only at NatWest Group level but also at sub-group consolidated and solo consolidated levels in addition to business segment and product levels.

Management and monitoring

IRRBB is generally managed by the Treasury function, which is responsible for external hedging. Treasury may net risk positions across certain portfolios (for example, fixed rate mortgages and non-maturity deposits) to reduce its external derivative hedging requirement. For other portfolios, for example Treasury debt issuance, hedging may be matched to specific transactions.

The impact of changes to market conditions is continuously monitored. For example, wholesale portfolios may be valued daily on a mark-to-market basis. Additionally, all interest rate derivatives are subject to mark to market accounting treatment. VaR calculations are based on realised market movements, so VaR reflects periods of high market volatility which potentially acts as a limit on the size of underlying positions. In addition, stress testing scenarios aim to anticipate market stresses and are designed to highlight potential areas of vulnerability, for example negative interest rates or sharply higher rates. Furthermore, NatWest Group's internal capital adequacy assessment for IRRBB allocates capital to risk positions using stressed sensitivity measures, including earnings and economic value stresses.

NatWest Group ALCo considers the balance-sheet impact of IRRBB appetite and the actions taken to manage it within set limits. ALCo also reviews the interest rate risk profile on an ongoing basis.

Models used to measure IRRBB are subject to the model risk validation framework. The framework ensures that models are independently validated, rated and approved as appropriate for use. It also establishes the periodicity for ongoing validation and a governance and control framework that includes model usage and development.

NatWest Group's management of IRRBB is also reviewed by Internal Audit, which is independent of the first and second lines of defence and is responsible for providing independent assurance to the Board.

Measurement

Calculation of risk measures varies in frequency as deemed appropriate by the Board. EVE is calculated and reported at least quarterly. Earnings at risk, VaR and PV01 for NatWest Group's overall banking book is calculated and reported at least monthly. Risk measures for wholesale market-linked activity such as money markets or liquidity portfolio management are monitored daily. Frequency of reporting may, if required, be updated in response to changes in market conditions or to assess the impact of changes in underlying positions.

NatWest Group primarily uses PV01, VaR and EVE to measure the economic value sensitivity of IRRBB.

- **Value at Risk** is a statistical estimate of the potential change in value of a portfolio over a specified time horizon to a given confidence level. In accordance with NatWest Group risk policy, different holding periods and confidence levels are applied to VaR, which is measured using historical simulations. Standard simulations are based on nominal interest rate gaps at the reporting date. They assume a holding period of 1 day and a confidence interval of 99 days and are modelled using at least 500 business days of historical data.
- **EVE and PV01** estimate the net present value sensitivity of projected interest and principal cashflows at the reporting date to changes in the discount curve. A base-case net present value measurement using market-implied interest rates is compared to the result using a shocked interest rate curve. The difference between the results is the reported sensitivity. Most of the EVE stresses used by NatWest Group are those required by the PRA rulebook and recommended by the Basel Committee on Banking Supervision in its policy standard on IRRBB of April 2016 including:

    - Parallel yield curve shocks in all rates, including up to 250 basis points in sterling.
    - Shocks to shorter-term rates, with the rate shock diminishing towards zero at a 20-year maturity, including a short-term rate shock in sterling of up to 300 basis points.
    - Rotational shocks with: (i) long-term rates up and short-term rates down (steepener) or (ii) short-term rates up and long-rates down (flattener).

  In all EVE shocks, a lower bound for overnight interest rates of -100 basis points rising to 0% for 20-year rates is assumed in any currency.

  NatWest Group's approach to EVE sensitivity is to include commercial margins and spread components in projected cash flows and in the rates used for discounting the cash flows. No correlation is assumed across material currencies on its balance sheet. Gains in any individual currency are weighted at 50% while losses are weighted at 100%. NatWest Group monitors EVE sensitivity through the Supervisory Outlier Test ensuring compliance with the ΔEVE as a percentage of Tier 1 capital regulatory limit of 15%.

- **Earnings measures** shock the market-implied yield curve at the reporting date. Generally, the balance sheet is assumed to remain constant, with maturing contracts replaced on like-for-like terms. The yield curve shock is generally upward or downward, although flexibility exists to undertake rotational yield curve shifts. Downward rate shocks may include an assumed lower bound for interest rates, such as negative 1% in the downward 250-basis-point shock shown. In addition to the 250-basis-point shock, NatWest Group uses upward and downward 25-basis-point and 100-basis-point rate shocks for earnings sensitivity measures.

UK IRRBBA: IRRBB risk management objectives and policies continued

NatWest Group also assesses its sensitivity to central bank policy rate basis risk. The approach considers a stress to the basis between central bank policy rates, risk-free rates and inter-bank offered rates.

Earnings sensitivity is measured over a defined time horizon, typically one to three years with a 12-month horizon used to define risk appetite.

Interest rate stresses may be varied to adapt to market conditions or reporting requirements.

Assumptions

NatWest Group's approach to assessing IRRBB incorporates assumptions in respect of customer behaviour, which affect the cash flows associated with certain instruments. The most significant assumptions are discussed below.

Non-maturity deposits

The average repricing maturity of non-maturity deposits is assessed at a portfolio level. The assessment is undertaken at least annually, but is subject to ongoing monitoring by the business segment, Treasury and Risk.

Non-maturity deposits are analysed by business segment, product type and currency. The assessment uses both expert judgement and statistical models. It considers factors including, but not necessarily limited to: (i) the historical stability of the balances; (ii) projected balances taking into account business strategy, seasonal trends, potential changes to the level of interest rates and pricing responses; (iii) potential market developments and stresses; and (iv) statistical analysis of deposit balance behaviour.

The review also considers the impact of hedging, taking into account: (i) NatWest Group's market risk appetite; (ii) its earnings at risk and economic value sensitivity; (iii) the availability of balance-sheet hedges such as fixed-rate mortgage lending; (iv) the depth of interest rate swap markets; and (v) the accounting treatment of derivative hedges. Regulatory guidance is also considered.

As a result of the assessment, a core percentage of deposits will be assigned a repricing maturity. This represents the proportion of deposits for which balances are considered stable and price elasticity in response to changes in the interest rate environment is expected to be low or zero. The non-core percentage of deposits will be assigned an overnight repricing maturity.

An assessment is also made of non-maturity assets, such as revolving credit card balances, administered rate overdrafts and non-performing exposures. Slightly different factors may be considered, including time in recovery for non-performing exposures.

Prepayment or early redemption risk

The risk to earnings or economic value from the prepayment of customer loans or early withdrawal of fixed-rate customer deposits is often mitigated, at least in part, by the existence of early repayment penalties and/or the loss of interest on deposits and the relatively short-term nature of the fixed-rate term for many products.

Nevertheless, some retail, business and commercial fixed-rate products do provide the customer with the benefit of the option to partially or fully terminate the agreement without suffering the exit penalty that would apply to a wholesale market transaction at arm's length.

Products are segmented and assessments are made at product level. Historical customer behaviour may be used as a basis for assessing the propensity for prepayment or early redemption, which may be combined with an assessment of how customer behaviour may respond in future to changes in the external environment, including the general level of interest rates. Other factors considered include loan seasoning and burnout, whereby customers may be less likely to refinance loans that have recently drawn down or, conversely, are approaching maturity. There will also be an assessment of the business strategy, including the approach to retention of fixed-rate mortgage customers, for example. A prepayment curve is constructed for different interest rate fixture lengths and is used to measure and manage prepayment risk. Expected prepayment rates are monitored and back-tested against observations and are subject to regular, at least annual, review. Prepayment speeds are assumed to be sensitive to the level of interest rates in EVE scenarios and are increased in the parallel down, short rates down and flattener rate shocks and reduced in the parallel up, short rates up and steepened shocks.

Application of assumptions

NatWest Group aims to apply assumptions consistently across its internal risk measurement system and externally disclosed sensitivities. Hence there are no significant differences between the assumptions used in internal risk measurement systems for EVE and the assumptions used to produce externally disclosed EVE sensitivity.

Weighting gains in any currency at 50% in EVE is a prescribed supervisory parameter. In other value metrics, such as VaR and PV01, currency gains are weighted at 100%; this also applies to earnings sensitivities.

Hedging

Hedging of Retail, Private and Business portfolios generally involves netting risk across asset and liability positions before hedging residual interest rate risk externally with interest rate swaps. The asset and liability positions are primarily accounted for on an amortised cost basis. However, interest rate swaps are accounted for at fair value, with changes in fair value recognised in the profit and loss account. Cash-flow hedge accounting is frequently applied to the hedging derivatives in order to match the timing of gains and losses associated with interest rate movements across the hedging instrument and the hedged item. Further disclosure of cash-flow hedge accounting policy is available in the NatWest Group 2024 ARA.

Hedging of Commercial lending and Treasury issuance and liquidity portfolios is frequently managed at a transactional level. Fair-value hedge accounting treatment is frequently applied. Further disclosure of the fair-value hedge accounting policy is available in the NatWest Group 2024 ARA. Hedging money market portfolios also involves use of derivatives.

A small proportion of Commercial loan origination is fixed-rate loans with zero break costs where management may involve the use of purchased options.

Repricing maturity

At 31 December 2024, the average repricing maturity assigned to core non-maturing deposits was 14 months.

The longest repricing maturity assigned to non-maturing deposits was 5 years.

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

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

Base salary

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

Operation

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

Role-based allowance

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

Operation

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

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

Benefits and pension

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

Operation

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

Annual bonus

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

Operation

The annual bonus pool is based on performance against a balanced scorecard of strategically important measures including: financial performance; customer outcomes; people, culture and diversity; risk management; risk events; and progress against our climate and purpose ambitions. Allocation from the pool depends on the performance of the business area and the individual.

We use a continuous performance management framework to support individual performance assessment. We use a balanced business scorecard to align goal setting with the business strategy and regular check ins to track and assess performance. This approach is designed to assess performance against longer-term business requirements across a range of financial and non-financial metrics. It also evaluates adherence to internal controls and risk management. Performance assessments also include behaviours aligned to the Group's culture which are aligned to each colleague's job.

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

In respect of the 2024 performance year, most colleagues were granted awards up to a maximum of 100% of fixed pay. A small population of colleagues were granted awards up to 200% of fixed pay. NatWest Group continues to align to the 2:1 variable to fixed pay ratio published in the 2023 Directors' remuneration report. The Remuneration Committee remains of the view that this ratio is appropriate for our current circumstances as we transition towards a significantly more performance-focused pay model. Full details of our proposed new directors' remuneration policy are set out in the Directors' remuneration report and the policy is subject to approval from shareholders at the 2025 Annual General Meeting.

For awards made in respect of the 2024 performance year, immediate cash awards continue to be limited to a maximum of £2,000. In line with regulatory requirements, for MRTs, 40% of awards under £500,000 will be deferred over four, five or seven years. This rises to 60% for awards over £500,000, and awards granted to the directors of significant UK firms. For MRTs, a minimum of 50% of any variable pay is delivered in shares and a 12-month retention period applies to the shares after vesting.

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

UK REM A - Remuneration policy for all colleagues continued

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

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

Restricted Share Plan (RSP) awards

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

Sharing in Success awards

Our Sharing in Success scheme for all employees (individuals eligible to participate and who remain employed by NatWest Group on the award date), is intended to drive a performance culture and further align colleagues with our strategic direction.

Operation

For 2024, we measured success based on being brilliant for our customers, underpinned by financial performance, our approach to risk and delivering value for shareholders. All colleagues are eligible to receive a Sharing in Success award, and these awards are delivered entirely in shares.

Shareholding requirements

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

Operation

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

In 2023, NatWest Group also introduced a target shareholding policy for the Chair and non-executive directors, to be built through the purchase of shares each quarter using a portion of their net fees.

Company share plans

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

Operation

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

Criteria for identifying MRTs

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

In 2024, MRTs were identified for 12 legal entities (including at parent, holding company and consolidated levels) within NatWest Group. The MRT criteria are applied for each of these entities, and consequently many MRTs are identified in relation to more than one entity.

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

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

Personal hedging strategies

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

Risk in the remuneration process

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

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

UK REM A - Remuneration policy for all colleagues continued

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

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

Variable pay determination

For the 2024 performance year, NatWest Group operated a robust control function-led multi-step process to assess performance and determine the appropriate bonus pool by business area and function. At multiple points throughout the process, we made reference to Group-wide business performance (from both affordability and appropriateness perspectives).

The process uses: financial performance; customer outcomes; people, culture and diversity; and progress against our climate and purpose ambitions to consider a balanced scorecard of performance assessments at the level of each business area or function. We then undertake risk and control assessments at the same level to ensure performance achieved without appropriate consideration of risk, risk culture and conduct controls, is not inappropriately rewarded; and also consider the impact of any risk events.

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

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

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

Remuneration and culture

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

The governance of culture is clearly laid out. Senior management function roles have clearly defined accountabilities which are taken into account in their performance and pay decisions. The Board and Sustainable Banking Committee also play essential roles in setting and overseeing the Group's culture.

Accountability review process and malus/clawback

An accountability review process allows NatWest Group to respond where new information would change our variable pay decisions made in previous years and/or the decisions to be made in the current year. The process is used to apply commensurate ex-post risk adjustments to variable pay, where material failure of risk management, material error or employee misbehaviour are identified, and (for malus and in-year reductions only), where there is a material downturn in performance. Potential outcomes under the accountability review process are:

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

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

Remuneration of Material Risk Takers ('MRTs') – Overall disclosure

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 729 individuals who have been identified as MRTs for one or more entities across NatWest Group plc. This provides a complete picture of MRT remuneration across the Group, agnostic of legal entity. The number of MRTs identified has decreased since last year due to normal operational changes. We have excluded pay for one individual from the tables below on the basis that, although they have been identified as an MRT in relation to a role within a subsidiary entity, they do not receive any remuneration for this role and are not an MRT in relation to their primary role for NatWest Group. 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.

In order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, colleagues who left the Group prior to year end (but their remuneration remains within the pay values reported); and all severance payments made to MRTs are 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.

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

- reviewing and recommending, or where appropriate approving, remuneration arrangements for key employees;
- approving the final Group bonus pool, and ensuring such proposals are adjusted for performance and risk and meet capital adequacy requirements; and
- approving the NatWest Group Remuneration Policy Principles.

The 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 RemCo held five scheduled meetings and a further three ad hoc meetings in 2024.

UK REM 1 and REM 5 - Total remuneration awarded to MRTs for the financial year

						Other senior management and other MRTs split by business area				
		Non-executive directors	Executive directors	Other senior mngt.	Other MRTs	Investment Banking	Retail Banking	Corporate Functions	Control Functions	Total
Fixed remuneration	Total number of MRTs	9	2	13	616	-	-	-	-	640
	Other senior management - split by business area	-	-	-	-	2	3	5	3	13
	Other MRTs - split by business area	-	-	-	-	104	77	95	340	616
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total fixed remuneration of MRTs	2.4	5.5	14.1	171.6	53.2	30.6	34.1	67.9	193.6
	Cash-based	2.4	2.9	12.0	170.8	52.3	29.9	33.6	67.0	188.2
	Share-based	-	2.6	2.0	0.8	0.9	0.6	0.5	0.8	5.4
Variable remuneration	Total number of MRTs	-	2	13	582	-	-	-	-	597
	Other senior management - split by business area	-	-	-	-	2	3	5	3	13
	Other MRTs - split by business area	-	-	-	-	104	77	64	337	582
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total variable remuneration of MRTs	-	4.4	12.3	106.8	42.9	22.3	19.6	34.3	123.5
	Cash-based	-	0.7	2.9	62.0	21.9	11.7	10.3	20.9	65.6
	Of which: deferred cash	-	-	0.6	20.1	9.8	3.5	3.3	4.2	20.8
	Share-based (annual bonus)	-	0.7	2.8	44.8	19.9	8.7	8.0	11.0	48.4
	Of which: deferred shares	-	-	0.6	20.2	9.8	3.5	3.3	4.3	20.8
	Share-based (LTI awards)	-	2.9	6.6	-	1.1	1.9	1.2	2.5	9.5
	Of which: deferred shares	-	2.9	6.6	-	1.1	1.9	1.2	2.5	9.5
Total remuneration of MRTs		2.4	9.9	26.4	278.5	96.1	52.9	53.7	102.2	317.1

(1) The breakdown by business areas required in template UK REM 5 has been combined with UK REM 1 above, as permitted under regulatory guidance for the templates.
(2) Investment Banking includes Institutional Banking, Trustee and Depositary Services, Capital Markets, Sales and Trading. Retail Banking includes International Retail & Commercial Banking, Wealth and Commercial Banking.
(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 REM A - 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 239 MRTs in respect of performance year 2024. Total remuneration for these individuals in 2024 was £34.27 million, of which £29.85 million was fixed pay and £4.42 million was variable pay.

UK REM A - 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 0.57. The majority of MRTs were based in the UK.

UK REM 2 - Guaranteed awards (including 'sign-on' awards) and severance payments

Special payments	NWG plc NEDs	NWG plc EDs	Other senior management	Other MRTs
Guaranteed awards and sign on awards				
Number of MRTs	-	-	-	2
	£m	£m	£m	£m
Total amount	-	-	-	0.5
Of which: paid during the financial year that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, paid out during the financial year				
Number of MRTs	-	-	-	6
	£m	£m	£m	£m
Total amount			—	0.9
Severance payments awarded during the financial year				
Number of MRTs	-	-	1	61
	£m	£m	£m	£m
Total amount	-	-	0.1	13.7
Of which: paid during the financial year	-	-	0.1	13.6
Of which: deferred	-	-	-	0.2
Of which: paid during the financial year that are not taken into account in the bonus cap	-	-	0.1	13.6
Of which: highest payment that has been awarded to a single person	-	-	0.1	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 REM 3 - Outstanding deferred remuneration

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

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods £m	Of which: due to vest in the financial year £m	Of which: vesting in subsequent financial years £m	Amount of performance adjustment to deferred remuneration that was due to vest in the financial year £m	Amount of performance adjustment to deferred remuneration due to vest in future financial years £m	Total amount of adjustment during the financial year due to ex post implicit adjustments* £m	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year £m	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention £m
NWG plc NEDs - No deferred or retained remuneration held								
NWG plc EDs								
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent interests	12.7	1.6	11.1	-	-	11.0	1.6	1.5
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Other senior management								
Cash-based	3.2	0.8	2.3	-	-	-	0.8	-
Shares or equivalent interests	12.9	1.6	11.2	-	-	11.1	1.6	1.6
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Other MRTs								
Cash-based	24.3	5.8	18.5	-	-	-	5.8	-
Shares or equivalent interests	45.2	16.6	28.7	-	-	37.5	16.2	13.4
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Total amount	98.3	26.5	71.8	-	-	59.6	26.1	16.5

* 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 REM 4 - Total remuneration by band for all colleagues earning >€1million

Total remuneration by band for employees earning >€1 million for 2024	Number of MRTs
€1.0 million to below €1.5 million	50
€1.5 million to below €2.0 million	17
€2.0 million to below €2.5 million	3
€2.5 million to below €3.0 million	9
€3.0 million to below €3.5 million	1
€3.5 million to below €4.0 million	-
More than €4.0 million	1
Total	81

(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.

Remuneration of Material Risk Takers ('MRTs') - NatWest Group Plc

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 354 individuals who have been identified as MRTs for NatWest Group plc (i.e. they can impact the risk profile of the Group at a consolidated level).

In order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, colleagues who left the Group prior to year end (but their remuneration remains within the pay values reported); and all severance payments made to MRTs are 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.

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

- reviewing and recommending, or where appropriate approving, remuneration arrangements for key employees;
- approving the final Group bonus pool, and ensuring such proposals are adjusted for performance and risk and meet capital adequacy requirements; and
- approving the NatWest Group Remuneration Policy Principles.

The 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 RemCo held five scheduled meetings and a further three ad hoc meetings in 2024.

UK REM 1 and REM 5 - Total remuneration awarded to MRTs for the financial year

						Other senior management and other MRTs split by business area				
		Non-executive directors	Executive directors	Other senior mngt.	Other MRTs	Investment Banking	Retail Banking	Corporate Functions	Control Functions	Total
Fixed remuneration	Total number of MRTs	9	2	13	291	-	-	-	-	315
	Other senior management - split by business area	-	-	-	-	2	3	5	3	13
	Other MRTs - split by business area	-	-	-	-	57	27	36	171	291
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total fixed remuneration of MRTs	2.4	5.5	14.1	106.3	38.8	16.2	23.3	41.9	128.2
	Cash-based	2.4	2.9	12.0	105.4	37.9	15.6	22.9	41.1	122.8
	Share-based	-	2.6	2.0	0.8	0.9	0.6	0.5	0.8	5.4
Variable remuneration	Total number of MRTs	-	2	13	291	-	-	-	-	306
	Other senior management - split by business area	-	-	-	-	2	3	5	3	13
	Other MRTs - split by business area	-	-	-	-	57	27	36	171	291
		£m	£m	£m	£m	£m	£m	£m	£m	£m
	Total variable remuneration of MRTs	-	4.4	12.3	69.0	32.0	11.9	14.7	22.8	85.7
	Cash-based	-	0.7	2.9	38.3	15.9	5.9	7.0	12.3	42.0
	Of which: deferred cash	-	-	0.6	14.5	7.8	1.6	2.6	3.1	15.1
	Share-based (annual bonus)	-	0.7	2.8	30.6	15.0	4.1	6.4	8.0	34.2
	Of which: deferred shares	-	-	0.6	14.5	7.8	1.6	2.6	3.1	15.1
	Share-based (LTI awards)	-	2.9	6.6	-	1.1	1.9	1.2	2.5	9.5
	Of which: deferred shares	-	2.9	6.6	-	1.1	1.9	1.2	2.5	9.5
Total remuneration of MRTs		2.4	9.9	26.4	175.2	70.8	28.1	38.0	64.7	213.9

(1) The breakdown by business areas required in template UK REM 5 has been combined with UK REM 1 above, as permitted under regulatory guidance for the templates.
(2) Investment Banking includes Institutional Banking, Trustee and Depositary Services, Capital Markets, Sales, and Trading. Retail Banking includes International Retail & Commercial Banking, Wealth and Commercial Banking.
(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 REM A - 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 99 MRTs in respect of performance year 2024. Total remuneration for these individuals in 2024 was £16.14 million, of which £14.28 million was fixed pay and £1.87 million was variable pay.

UK REM A - 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 0.62. The majority of MRTs were based in the UK.

UK REM 2 - Guaranteed awards (including 'sign-on' awards) and severance payments

Special payments	NatWest Group plc NEDs	NatWest Group plc EDs	Other senior management	Other MRTs
Guaranteed awards and sign on awards				
Number of MRTs	-	-	-	-
	£m	£m	£m	£m
Total amount	-	-	-	-
Of which: paid during the financial year that are not taken into account in the bonus cap	-	-	-	-
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	22
	£m	£m	£m	£m
Total amount	-	-	0.1	6.1
Of which: paid during the financial year	-	-	0.1	6.1
Of which: deferred	-	-	-	-
Of which: paid during the financial year that are not taken into account in the bonus cap	-	-	0.1	6.1
Of which: highest payment that has been awarded to a single person	-	-	0.1	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 REM 3 - Outstanding deferred remuneration

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

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods £m	Of which: due to vest in the financial year £m	Of which: vesting in subsequent financial years £m	Amount of performance adjustment to deferred remuneration that was due to vest in the financial year £m	Amount of performance adjustment to deferred remuneration due to vest in future financial years £m	Total amount of adjustment during the financial year due to ex post implicit adjustments (2) £m	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year £m	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention £m
NWG plc NEDs - No deferred or retained remuneration held								
NWG plc EDs								
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent interests	12.7	1.6	11.1	-	-	11.0	1.6	1.5
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Other senior management								
Cash-based	3.2	0.8	2.3	-	-	-	0.8	-
Shares or equivalent interests	12.9	1.6	11.2	-	-	11.1	1.6	1.6
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Other MRTs								
Cash-based	18.8	4.4	14.4	-	-	-	4.4	-
Shares or equivalent interests	36.4	12.6	23.8	-	-	30.4	12.3	10.9
Share-linked or equivalent non-cash instruments								
Other instruments or forms								
Total amount	83.9	21.1	62.8	-	-	52.5	20.8	14.0

* 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 REM 4 - Total remuneration by band for all colleagues earning >€1million

Total remuneration by band for employees earning >€1 million for 2024	Number of MRTs
€1.0 million to below €1.5 million	50
€1.5 million to below €2.0 million	17
€2.0 million to below €2.5 million	3
€2.5 million to below €3.0 million	9
€3.0 million to below €3.5 million	1
€3.5 million to below €4.0 million	-
More than €4.0 million	1
Total	81

(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.

Appendix 1: CRR Roadmap

The CRR roadmap provides a view of the PRA disclosure requirements for CRR firms and how NatWest Group has met those (see "*Compliance reference*" column).

The requirements are primarily stipulated in the Disclosure (CRR) part of the PRA Rulebook, and they are split in 3 sections as follows:

- Title I General Principles (Articles 431 - 434b);
- Title II Technical Criteria on Transparency and Disclosure (Articles 435 - 451a); and
- Title III Qualifying Requirements for the Use of Particular Instruments of Methodologies (Articles 452 - 455).

According to the Level of Application section in the Disclosure (CRR) part of PRA Rulebook, large subsidiaries of NatWest Group are required to disclose information specified in the following articles: 437, 438, 440, 442, 450, 451, 451a and 453. As noted in the document introduction, those disclosures are provided in separate Pillar 3 reports. Any non-applicable disclosure tables are listed in the respective large subsidiary Pillar 3 reports.

A summary table of non-applicable disclosure tables for NatWest Group is also provided in the document introduction; refer to the "*Presentation of Information*" section.

For further details on specific chapters and/or Articles referenced under the "Regulatory Requirements" column, refer to the PRA Rulebook for CRR firms.

UK CRR article	Regulatory requirements	Compliance reference
431 - Disclosure requirements and policies		
431 (1)	Institutions shall publicly disclose the information referred to in Titles II (Technical Criteria on Transparency & Disclosure) and III (Qualifying Requirements for the Use of Particular Instruments of Methodologies) in accordance with the provisions laid down in the Disclosure (CRR) part of the PRA Rulebook, subject to the exceptions referred to in Article 432.	– NatWest Group publishes Pillar 3 disclosures as required. – The disclosures required for NatWest Group's large subsidiaries are provided in separate P3 reports.
431 (2)	Institutions that have been granted permission by the competent authorities under Part Three for the instruments and methodologies referred to in Title III of this Part shall publicly disclose the information laid down therein.	– NatWest Group publishes the required information under Title III except for Advanced Operational Risk which is not applicable.
431 (3)	The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institution's disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in the institutions' disclosures. Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report. Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential in accordance with Article 432.	– NatWest Group has a Pillar 3 policy. – Written CRO and CFO attestation statement is provided at the outset of this document.
431 (4)	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.	– NatWest Group provides supplementary qualitative commentary for quantitative disclosures where appropriate.

UK CRR article	Regulatory requirements	Compliance reference
431 - Disclosure requirements and policies		
431 (5)	Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of the explanation shall be proportionate to the size of the loan.	– If requested, NatWest Group provides an explanation in writing on rating decisions to SMEs and other corporate applicants.
432: Non-material, proprietary or confidential information		
432 (1)	With the exception of the disclosures laid down in point (c) of Article 435(2) and in Articles 437 and 450, institutions may omit one or more of the disclosures listed in Titles II and III where the information provided by those disclosures is not regarded as material. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.	– NatWest Holdings Group complies with all relevant disclosure requirements. – In addition, a list of not applicable disclosures along with the reason of their exclusion is included in the document introduction.
432 (2)	Institutions may also omit one or more items of information referred to in Titles II and III where those items include information that is regarded as proprietary or confidential in accordance with this paragraph, except for the disclosures laid down in Articles 437 and 450. Information shall be regarded as proprietary to institutions where disclosing it publicly would undermine their competitive position. Proprietary information may include information on products or systems that would render the investments of institutions therein less valuable, if shared with competitors. Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential.	– NatWest Group does not omit any information on the grounds that it may be proprietary or confidential.
432 (3)	In the exceptional cases referred to in paragraph 2, the institution concerned shall state in its disclosures the fact that the specific items of information are not disclosed and the reason for not disclosing those items and publish more general information about the subject matter of the disclosure requirement, except where that subject matter is, in itself, proprietary or confidential.	– Not applicable
433: Frequency and scope of disclosures		
433	Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c. Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter. Semi-annual and quarterly disclosures shall be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter. Any delay between the date of publication of the disclosures required under this Part and the relevant financial statements shall be reasonable.	– NatWest Group being a large institution, complies with the frequency requirements set out in Article 433a. – The annual Pillar 3 disclosures for NatWest Group and its UK large subsidiaries are disclosed on the same date as the Annual Report and Accounts (ARA). – The semi-annual and quarterly Pillar 3 disclosures for NatWest Group as published on the same date as the Interim Results Announcement (IMS). – The semi-annual and quarterly Pillar 3 disclosures for NatWest Group's UK large subsidiaries are published around WD30 to coincide with supervisory reporting remittance dates.

UK CRR article	Regulatory requirements	Compliance reference
433: Frequency and scope of disclosures		
433a (1)	Large institutions shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) on a semi-annual basis the information referred to in: (i) point (a) of Article 437; (ii) point (e) of Article 438; (iii) points (e) to (l) of Article 439; (iv) Article 440; (v) points (c), (e), (f) and (g) of Article 442; (vi) point (e) of Article 444; (vii) Article 445; (viii) point (a) and (b) of Article 448(1); (ix) point (j) to (l) of Article 449; (x) points (a) and (c) of Article 451(1); (xi) Article 451a(3); (xii) point (g) of Article 452; (xiii) points (f) to (j) of Article 453; and (xiv) points (d), (e) and (g) of Article 455; (c) on a quarterly basis the information referred to in: (i) points (d) and (h) of Article 438; (ii) the key metrics referred to in Article 447; and (iii) Article 451a(2).	– NatWest Group and its large listed subsidiaries comply with the frequency requirements set out in this article. As noted, the large subsidiaries of NatWest Group are required to provide information in relation to the following articles: 437, 438, 440, 442, 450, 451, 451a and 453
433a (2)	By way of derogation from paragraph 1, large institutions other than G-SIIs that are non-listed institutions shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) the key metrics referred to in Article 447 on a semi-annual basis.	– NatWest Group's large non-listed subsidiaries provide a reduced set of disclosures on a quarterly basis (UK KM1 and where applicable IFRS 9-FL) and the appropriate disclosures specified in this article on an annual basis.
433a (3)	Large institutions that are subject to Article 92a, or are material subsidiaries of non-UK G-SIIs and are not resolution entities or subsidiaries of a UK parent institution, shall disclose the information required under Article 437a on a semi-annual basis, except for the key metrics referred to in point (h) of Article 447, which are to be disclosed on a quarterly basis.	– Not applicable
433a (4)	Large institutions that are LREQ firms shall disclose the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.	– NatWest Group is subject to the minimum capital requirements for leverage therefore completes additional leverage disclosures on a quarterly basis.
433b: Article 433b Disclosures by Small Domestic Deposit Takers, SDDT Consolidation Entities and Small and Non-Complex Institutions		
433b (1)	SDDTs and SDDT consolidation entities shall disclose the information outlined below with the following frequency: (a) on an annual basis the information referred to in: (ii) point (d) of Article 438; (iii) points (a) to (d), (h)(i) and (h)(ii) of Article 450(1); (b) on a semi-annual basis the key metrics referred to in Article 447.	– Not applicable
433b (2)	By way of derogation from paragraph 1 of this Article, SDDTs that are non-listed institutions are not required to make the disclosures specified in that paragraph.	– Not applicable
433b (3)	"In relation to any disclosure relating to a period ending on or before 30 June 2027, this Article as it stood immediately before 1 January 2024 applies, with the modification in paragraph 4, to any institution that:(a) was a small and non-complex institution immediately before 1 January 2024 and continues to be so; and(b) is not an SDDT or an SDDT consolidation entity."	– Not applicable

UK CRR article	Regulatory requirements	Compliance reference
433b: Article 433b Disclosures by Small Domestic Deposit Takers, SDDT Consolidation Entities and Small and Non-Complex Institutions		
433b (4)	"The modification referred to in paragraph 3 is that for any institution subject to that paragraph that is a small CRR firm the disclosure required in relation to the information referred to in Article 450 is as follows:(a) for a non-listed institution, no disclosure is required; (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1)."	– Not applicable
433c: Disclosures by other institutions		
433c (1)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency: (a) all the information required under this Part on an annual basis; (b) the key metrics referred to in Article 447 on a semi-annual basis; (c) for such institutions that are LREQ firms, the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.	– Not applicable
433c (2)	By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose the following information on an annual basis: (a) points (a), (e) and (f) of Article 435(1); (b) points (a), (b) and (c) of Article 435(2); (c) point (a) of Article 437; (d) points (c) and (d) of Article 438; (e) the key metrics referred to in Article 447; (f) points (a) to (d), (h) to (k) of Article 450(1).	– Not applicable
433c (3)	Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are small CRR firms, the disclosure required in relation to the information referred to in Article 450 is as follows: (a) for non-listed institutions, no disclosure is required; (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).	– Not applicable
434: Means of disclosures		
434 (1)	Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users.	– NatWest Group publishes its Pillar 3 disclosures in a single report. The UK CCA disclosure (the detailed Capital instruments table) is provided separately however it is published in the same location. – The Pillar 3 disclosures required for NatWest Group's large subsidiaries are provided in separate reports that are also provided in the same location.
434 (2)	Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part. That archive shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports.	– NatWest Group's Pillar 3 Reports can be located at investors.natwest.com/reports-archive/2024
434b: Timing and means of disclosures under Article 441		
434b (1)	By way of derogation from the second paragraph of Article 433, G-SIIs shall disclose the information required under Article 441 within four months after the end of the period to which the information relates.	– Not applicable as NatWest Group is no longer a G-SIIB firm.
434b (2)	By way of derogation from Article 434(1), where a G-SII relies on the derogation in paragraph 1, it may disclose the information required under Article 441 in a separate medium or location from the standalone document mentioned in Article 434(1).	
434b (3)	If, in accordance with paragraphs 1 and 2, a G-SII does not disclose the information required under Article 441 at the same time as, and in the same medium or location as, the other information required to be disclosed under Titles II and III, it shall include in the standalone document mentioned in Article 434(1) a statement specifying when and in what medium or location the information required under Article 441 will be disclosed.	

UK CRR article	Regulatory requirements	Compliance reference
435: Risk management objectives and policies		
435 (1)	Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. These disclosures shall include:	– See below for applicable disclosure requirements.
435 (1) (a)	the strategies and processes to manage those categories of risks;	– UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA.
435 (1) (b)	the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents;	– UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA.
435 (1) (c)	the scope and nature of risk reporting and measurement systems;	– UK OVA, UK LIQA, UK MRA, UK ORA.
435 (1) (d)	the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	– UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA.
435 (1) (e)	a declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	– UK OVA, UK LIQA
435 (1) (f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include: (i) key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body; (ii) information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.	– UK OVA, UK LIQA, UK CRA
435 (2)	Institutions shall disclose the following information regarding governance arrangements:	– UK OVB.
435 (2) (a)	the number of directorships held by members of the management body;	– UK OVB.
435 (2) (b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	– UK OVB.
435 (2) (c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;	– UK OVB.
435 (2) (d)	whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;	– UK OVB.
435 (2) (e)	the description of the information flow on risk to the management body.	– UK OVB.
436: Disclosures of the scope of application		
436	Institutions shall disclose the following information regarding the scope of application of the CRR as follows	See below for applicable disclosure requirements
436 (a)	the name of the institution to which the CRR applies;	– NatWest Group plc and its consolidated subsidiaries.

UK CRR article	Regulatory requirements	Compliance reference
436: Disclosures of the scope of application		
436 (b)	a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportional	– UK LI3, UK LIA
436 (c)	a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part;	– UK LI1
436 (d)	a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences;	– UK LI2, UK LIA
436 (e)	for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions;	– UK PV1
436 (f)	any current or expected material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the parent undertaking and its subsidiaries;	– UK LIB; there are no such impediments.
436 (g)	the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries;	– UK LIB
436 (h)	where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.	– Not applicable
437: Disclosure of own funds		
437	Institutions shall disclose the following information regarding their own funds:	See below for applicable disclosure requirements
437 (a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	– UK CC1, UK CC2
437 (b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	– UK CCA; published separately as a supplement in the same location where the NatWest Group Pillar 3 report is available
437 (c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	–
437 (d)	a separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	– UK CC1

UK CRR article	Regulatory requirements	Compliance reference
437: Disclosure of own funds		
437 (e)	a description of all restrictions applied to the calculation of own funds in accordance with the CRR and the instruments, prudential filters and deductions to which those restrictions apply;	– UK CC1
437 (f)	a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in the CRR.	– Not applicable
437a: Disclosure of Own Funds and Eligible liabilities		
437a	Institutions that are subject to Article 92a, or are material subsidiaries of non-UK G-SIIs and are not resolution entities or subsidiaries of a UK parent institution, shall disclose the following information regarding their own funds and eligible liabilities::	– Not applicable as NatWest Group is no longer a G-SIIB firm. NatWest Group provides MREL disclosures utilising EBA disclosure guidelines for non-GSIIB firms. Refer to tables KM2, TLAC1 and TLAC3.
437a (a)	the composition of their own funds and eligible liabilities, their maturity and their main features;	
437a (b)	the ranking of eligible liabilities in the creditor hierarchy;	
437a (c)	the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4);	
437a (d)	the total amount of excluded liabilities referred to in Article 72a(2).	
438: Disclosure of own funds requirements and risk-weighted exposure amounts		
438	Institutions shall disclose the following information regarding their compliance with Article 92 and rules 3.1(1)(a) and 3.4 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook:	See below for applicable disclosure requirements
438 (a)	a summary of their approach to assessing the adequacy of their internal capital to support current and future activities;	– UK OVC
438 (b)	the amount of the additional own funds requirements based on the supervisory review and evaluation process (within the meaning of regulation 34A of the Capital Requirements Regulations) and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;	– UK KM1
438 (c)	the result of the institution's internal capital adequacy assessment process;	Not applicable - this is only on demand from supervisory authority
438 (d)	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;	– UK OV1
438 (e)	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2);	– UK CR10
438 (f)	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	– Not applicable

UK CRR article	Regulatory requirements	Compliance reference
438: Disclosure of own funds requirements and risk-weighted exposure amounts		
438 (g)	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with the provisions implementing Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied	– Not applicable as NatWest Group is not a financial conglomerate
438 (h)	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	– UK CR8, UK CCR7, UK MR2-B
439: Disclosure of exposures to counterparty credit risk		
439	Institutions shall disclose the following information regarding their exposure to counterparty credit risk as referred to in Chapter 6 of Title II of Part Three:	– See below for applicable disclosure requirements
439 (a)	a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties;	– UK CCRA
439 (b)	a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves;	– UK CCRA
439 (c)	a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291;	– UK CCRA
439 (d)	the amount of collateral the institution would have to provide if its credit rating were downgraded;	– UK CCRA
439 (e)	for derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral; provided in each case that: (i) institutions shall not disclose such amounts unless both the fair value of collateral posted in the form of debt securities and the fair value of collateral received in that form exceed GBP 125 billion; and (ii) for the purposes of subparagraph (i), institutions shall use the twelve month rolling arithmetic mean of the fair value of collateral received or posted (as the case may be) in the form of debt securities, determined using quarterly data calculated in a manner consistent with data reported under Article 430(g) and covering the twelve months immediately preceding the disclosure reference date;	– Not applicable - disclosure threshold is not met
439 (f)	for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method;	– UK CCR1
439 (g)	for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method;	– UK CCR1
439 (h)	the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three;	– UK CCR2
439 (i)	the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	– UK CCR8

UK CRR article	Regulatory requirements	Compliance reference
439: Disclosure of exposures to counterparty credit risk		
439 (j)	the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold;	– UK CCR6
439 (k)	the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9);	– UK CCR1
439 (l)	separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	– UK CCR3 (STD) & UK CCR4 (IRB)
439 (m)	for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	– Not applicable as NatWest Group does not apply either the Original Exposure Method (OEM) or the Simplified Standardised Approach for Counterparty Credit Risk (Simplified SA-CCR)
440: Disclosure of countercyclical capital buffers		
440	Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer referred to in regulation 2 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014:	See below for applicable disclosure requirements
440 (a)	(a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer;	– CCyB1
440 (b)	(b) the amount of their institution-specific countercyclical capital buffer.	– CCyB2
441: Disclosure of indicators of global systemic importance		
441 (1)	G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in regulation 23 of Part 4 of Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.	– Not applicable as NatWest Group is no longer a G-SIIB firm
442: Disclosure of exposures to credit risk and dilution risk		
442	Institutions shall disclose the following information regarding their exposure to credit risk and dilution risk:	See below for applicable disclosure requirements
442 (a)	the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes;	– UK CRB
442 (b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	– UK CRB
442 (c)	information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;	– UK CR1, UK CQ1, UK CQ4, UK CQ5 – NatWest Group does not recognise collateral by possession therefore disclosures UK CQ7 and UK CQ8 are not applicable
442 (d)	an ageing analysis of accounting past due exposures;	– UK CQ3
442 (e)	the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures;	– UK CR1, UK CQ4, UK CQ5

UK CRR article	Regulatory requirements	Compliance reference
442: Disclosure of exposures to credit risk and dilution risk		
442 (f)	any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	– UK CR2
442 (g)	the breakdown of loans and debt securities by residual maturity.	– UK CR1-A
443: Disclosure of encumbered and unencumbered assets		
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.	– UK AE1, UK AE2, UK AE3, UK AE4
444: Disclosure of the use of the standardised approach		
444	Institutions calculating their risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112:	See below for applicable disclosure requirements
444 (a)	the names of the nominated ECAIs and export credit agencies and the reasons for any changes in those nominations over the disclosure period;	– UK CRD
444 (b)	the exposure classes for which each ECAI or export credit agency is used;	– UK CRD
444 (c)	a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book;	– Not applicable
444 (e)	the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as those deducted from own funds.	– UK CR4, UK CR5, UK CCR3
445: Disclosure of exposure to market risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	– UK MR1
446: Disclosure of operational risk management		
446	Institutions shall disclose the following information about their operational risk management:	See below for applicable disclosure requirements
446 (a)	the approaches for the assessment of own funds requirements for operational risk that the institution qualifies for;	– UK ORA, UK OR1
446 (b)	where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach;	– Not applicable; NatWest Group applies the Standardised Approach for calculating own funds requirements for Operational Risk
446 (c)	in the case of partial use, the scope and coverage of the different methodologies used.	
447: Disclosure of key metrics		
447	Institutions shall disclose the following key metrics in a tabular format:	See below for applicable disclosure requirements
447 (a)	the composition of their own funds and their own funds requirements as calculated in accordance with Article 92;	– UK KM1

UK CRR article	Regulatory requirements	Compliance reference
447: Disclosure of key metrics		
447 (b)	the total risk exposure amount as calculated in accordance with Article 92(3);	– UK KM1
447 (c)	where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations;	– UK KM1
447 (d)	their combined buffer requirement which the institutions are required to hold in accordance with regulation 35 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014;	– UK KM1
447 (e)	the following information in relation to their leverage ratio: (i) for all institutions, their leverage ratio and total exposure measure; (ii) for LREQ firms, the information in Article 451(1)(b) and (g) and Article 451(2)(b) to (d);	– UK KM1 - NatWest is an LREQ firm therefore subject to the additional disclosures required by point (ii)
447 (f)	the following information in relation to their liquidity coverage ratio as calculated in accordance with Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: (i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	– UK KM1
447 (g)	the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six: (i) the average or averages, as applicable, of their net stable funding ratio based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their available stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (iii) the average or averages, as applicable, of their required stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period;	– UK KM1
447 (h)	their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Article 92a or, in the case of institutions that are material subsidiaries of non-UK G-SIIs and are not resolution entities or subsidiaries of a UK parent institution, in accordance with a direction from the Bank of England under section 3A(4B) of the Banking Act 2009, and broken down at the level of each resolution group, where applicable.	– NatWest Group is not subject to the requirements of Article 92a for G-SIIs however MREL disclosures are included in this Pillar 3 report.
448: Disclosure of exposures to interest rate risk on positions not held in the trading book		
448 (1)	Institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in in Chapter 9 of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook:	See below for applicable disclosure requirements

UK CRR article	Regulatory requirements	Compliance reference
448: Disclosure of exposures to interest rate risk on positions not held in the trading book		
448 (1) (a)	the changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down; (iii) steepener shock (short rates down and long rates up); (iv) flattener shock (short rates up and long rates down); (v) short rates shock up; (vi) short rates shock down;	– UK IRRBB1
448 (1) (b)	the changes in the net interest income calculated under the following two supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down;	– UK IRRBB1
448 (1) (c)	a description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	– UK IRRBBA
448 (1) (d)	an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	– UK IRRBBA
448 (1) (e)	the description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Chapter 9 of the ICAA Part of the PRA Rulebook, including: (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems for the purpose of calculating changes in the economic value of equity and in net interest income, as required under points (a) and (b) of this paragraph, if those assumptions differ from those used for the purposes of Chapter 9 of the ICAA Part of the PRA Rulebook or from those specified in Annex XXXVIII of Chapter 6 of this Disclosure (CRR) Part of the PRA Rulebook, including the rationale for those differences; (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs;	– UK IRRBBA
448 (1) (f)	the description of the overall risk management and mitigation strategies for those risks;	– UK IRRBBA
448 (1) (g)	average and longest repricing maturity assigned to non-maturing deposits.	– UK IRRBBA
448 (2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to economic value of equity shall not apply to institutions that use the standardised framework referred to in Rule 9.1B of the ICAA Part of the PRA Rulebook.	– Not applicable

UK CRR article	Regulatory requirements	Compliance reference
449: Disclosure of exposure to securitisation positions		
449	Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Article 337 or 338 shall disclose the following information separately for their trading and non-trading book activities:	– See below for applicable disclosure requirements
449 (a)	a description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) as defined in point (10) of Article 242, and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy;	– UK SECA
449 (b)	the type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties;	– UK SECA
449 (c)	their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions;	– UK SECA
449 (d)	a list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation;	– UK SECA
449 (e)	a list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three;	– UK SECA; NatWest Group has not provided support to any securitisation transactions beyond its contractual obligations.
449 (f)	a list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions;	– UK SECA
449 (g)	a summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions;	– UK SECA
449 (h)	the names of the ECAIs used for securitisations and the types of exposure for which each agency is used;	– SEC-ERBA is the External Ratings-Based Approach. This is based on external credit ratings from credit rating agencies. The ratings are mapped to corresponding credit quality steps (CQS) and, along with seniority of the tranche, maturity and tranche thickness, these are used to determine the risk weight for each exposure. NatWest Group recognises ratings issued by Standard & Poor's, Moody's, Fitch, DBRS or ARC Ratings. Most transactions are rated by two or more of these rating agencies, which are formally classified as external credit assessment institutions (ECAIs).

UK CRR article	Regulatory requirements	Compliance reference
449: Disclosure of exposure to securitisation positions		
449 (i)	where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels;	– UK SECA
449 (j)	separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk in accordance with Articles 244 and 245, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures;	– UK SEC1, UK SEC2
449 (k)	for the trading and the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk-weighted at 1250%, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements ; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk-weighted at 1250%, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements;	– UK SEC3, UK SEC4
449 (l)	for exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	– UK SEC5
450: Disclosure of remuneration policy		
450	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions:	See below for applicable disclosure requirements
450 (1) (a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	– UK REMA
450 (1) (b)	information about the link between pay of the staff and their performance;	– UK REMA
450 (1) (c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	– UK REMA
450 (1) (d)	the ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook;	– UK REMA

UK CRR article	Regulatory requirements	Compliance reference
450: Disclosure of remuneration policy		
450 (1) (e)	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	– UK REMA
450 (1) (f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;	– UK REMA
450 (1) (g)	aggregate quantitative information on remuneration, broken down by business area;	– UK REM5
450 (1) (h)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year, and the number of beneficiaries of those awards; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	– UK REM1, UK REM2, UK REM3
450 (1) (i)	the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	– UK REM4
450 (1) (k)	information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	– UK REMA
450 (2)	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.	– UK REM1, UK REM2, UK REM3, UK REM5

UK CRR article	Regulatory requirements	Compliance reference
451: Disclosure of leverage ratio		
451 (1)	Institutions shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 of Chapter 3 of the Leverage Ratio (CRR) Part and their management of the risk of excessive leverage:	See below for applicable disclosure requirements –
451 (1) (a)	the leverage ratio;	– UK LR2, UK KM1
451 (1) (b)	the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure;	– UK LR1, UK LR2, UK LR3
451 (1) (c)	a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	– UK LR2
451 (1) (d)	a description of the processes used to manage the risk of excessive leverage;	– UK LRA
451 (1) (e)	a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers;	– UK LRA
451 (1) (f)	in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part;	– Not applicable
451 (1) (g)	in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	– UK KM1, IFRS 9-FL, UK LR2
451 (2)	An LREQ firm must disclose each of the following:	NatWest Group is an LREQ firm
451 (2) (a)	the average exposure measure;	– UK LR2
451 (2) (b)	the average leverage ratio;	– UK LR2, UK KM1
451 (2) (c)	the average leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; and	– UK LR2
451 (2) (d)	the countercyclical leverage ratio buffer.	– UK LR2, UK KM1
451 (3)	An LREQ firm must disclose such information as is necessary to enable users to understand changes in the firm's total exposure measure and tier 1 capital (leverage) over the quarter that have affected the firm's average leverage ratio.	– UK LR2
451 (4) (a)	a) For the purposes of paragraph 2(a) an LREQ firm must calculate its average exposure measure for a quarter as the sum of: (i) the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets and securities financing transactions on each day in the quarter; and (ii) the arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets and securities financing transactions on the last day of each month in the quarter; and	– UK LR2
451 (4) (b)	for the purposes of paragraphs 2(b) and 3, an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the: (i) capital measure is the arithmetic mean of the firm's tier 1 capital (leverage) on the last day of each month in the quarter; and (ii) exposure measure is the sum derived in accordance with (a).	– UK LR2, UK KM1

UK CRR article	Regulatory requirements	Compliance reference
451a: Disclosure of liquidity requirements		
451a (1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	See below for applicable disclosure requirements
451a (2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook:	
451a (2) (a)	the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	– UK LIQ1, UK LIQB
451a (2) (b)	the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;	– UK LIQ1, UK LIQB
451a (2) (c)	the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	– UK LIQ1, UK LIQB
451a (3)	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	
451a (3) (a)	averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters;	– UK LIQ2
451a (3) (b)	an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters;	– UK LIQ2
451a (3) (c)	an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters.	– UK LIQ2
451a (4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	– UK LIQA
452: Disclosure of the use of the IRB approach to credit risk		
452	Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk shall disclose the following information:	See below for applicable disclosure requirements
452 (a)	the competent authority's permission of the approach or approved transition;	– UK CRE
452 (b)	for each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission; For the purposes of point (b) of this Article, institutions shall use the exposure value as defined in Article 166.	– UK CRE, UK CR6-A

UK CRR article	Regulatory requirements	Compliance reference
452: Disclosure of the use of the IRB approach to credit risk		
452 (c)	the control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on: (i) the relationship between the risk management function and the internal audit function; (ii) the rating system review; (iii) the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	– UK CRE
452 (d)	the role of the functions involved in the development, approval and subsequent changes of the credit risk models;	– UK CRE
452 (e)	the scope and main content of the reporting related to credit risk models;	– UK CRE
452 (f)	a description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering: (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables;	– UK CRE
452 (g)	as applicable, the following information in relation to each exposure class referred to in Article 147: (i) their gross on-balance-sheet exposure; (ii) their off-balance-sheet exposure values prior to the relevant conversion factor; (iii) their exposure after applying the relevant conversion factor and credit risk mitigation; (iv) any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk; (v) separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission;	– UK CR6, UK CCR4
452 (h)	institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	– UK CR9 – UK CR9.1 is not provided as Article 180(1)(f) CRR is not applicable; NatWest Group does not attribute the default rate observed for the external organisation's grades to the institution's grades.
453: Disclosure of the use of credit risk mitigation techniques		
453	Institutions using credit risk mitigation techniques shall disclose the following information:	See below for applicable disclosure requirements
453 (a)	the core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting;	– UK CRC

UK CRR article	Regulatory requirements	Compliance reference
453: Disclosure of the use of credit risk mitigation techniques		
453 (b)	the core features of the policies and processes for eligible collateral evaluation and management;	– UK CRC
453 (c)	a description of the main types of collateral taken by the institution to mitigate credit risk;	– UK CRC
453 (d)	for guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures;	– UK CRC
453 (e)	information about market or credit risk concentrations within the credit mitigation taken;	– UK CRC
453 (f)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures;	– UK CR3
453 (g)	the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	– UK CR4, UK CR7-A
453 (h)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	– UK CR4
453 (i)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	– UK CR4
453 (j)	for institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	– UK CR7
454: Disclosure of the use of the advanced measurement approaches to operational risk		
454	The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk transfer mechanisms for the purpose of mitigating that risk.	– Not applicable as NatWest Group applies the Standardised approach for calculating own funds for Operational Risk

UK CRR article	Regulatory requirements	Compliance reference
455: Use of internal market risk models		
455	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following information:	See below for applicable disclosure requirements
455 (a)	for each sub-portfolio covered: (i) the characteristics of the models used; (ii) where applicable, for the internal models for incremental default and migration risk and for correlation trading, the methodologies used and the risks measured through the use of an internal model including a description of the approach used by the institution to determine liquidity horizons, the methodologies used to achieve a capital assessment that is consistent with the required soundness standard and the approaches used in the validation of the model; (iii) a description of stress testing applied to the sub-portfolio; (iv) a description of the approaches used for back-testing and validating the accuracy and consistency of the internal models and modelling processes;	– UK MRB
455 (b)	the scope of permission by the competent authority;	– UK MRB
455 (c)	a description of the extent and methodologies for compliance with the requirements set out in Articles 104 and 105;	– UK MRB
455 (d)	the highest, the lowest and the mean of the following: (i) the daily value-at-risk measures over the reporting period and at the end of the reporting period; (ii) the stressed value-at-risk measures over the reporting period and at the end of the reporting period; (iii) the risk numbers for incremental default and migration risk and for the specific risk of the correlation trading portfolio over the reporting period and at the end of the reporting period;	– UK MR3
455 (e)	the elements of the own funds requirement as specified in Article 364;	– UK MR2-A
455 (f)	the weighted average liquidity horizon for each sub-portfolio covered by the internal models for incremental default and migration risk and for correlation trading;	– UK MRB
455 (g)	a comparison of the daily end-of-day value-at-risk measures to the one-day changes of the portfolio's value by the end of the subsequent business day together with an analysis of any important overshooting during the reporting period.	– UK MR4