



NatWest
Group

NatWest Markets Plc

H1 2023 Pillar 3

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Forward-looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NWM Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWM Group in respect of, but not limited to: its economic and political risks (including due to high inflation, supply chain disruption and the Russian invasion of Ukraine), its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), implementation of NWM Group's strategy and NatWest Group's purpose-led strategy and NatWest Group's recent creation of its Commercial & Institutional franchise (of which NWM Group forms part), its ESG and climate related targets, its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, the transition of LIBOR and other IBOR rates to replacement risk free rates and NWM Group's exposure to operational risk, conduct risk, financial crime risk, cyber, data and IT risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions, the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWM Group's actual results are discussed in NWM Plc's 2022 Annual Report and Accounts (ARA), NWM Group's Interim Management Statement for Q1 and H1 2023, and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the interim Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) as at 30 June 2023 which complement those in the NWM Group H1 2023 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/reports-archive/2023.

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

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

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

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

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

A subset of the Pillar 3 templates that are required to be disclosed on a semi-annual basis were not applicable to NWM plc at 30 June and have therefore not been included in the document. These excluded templates are listed below, together with a summary of the reason for their exclusion.













PRA template reference	Template name	Reasons for exclusion
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	Collateral obtained by taking possession is not recognised on the balance sheet
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Collateral obtained by taking possession is not recognised on the balance sheet and threshold 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 CR10.5	Equity exposures under the simple risk-weighted approach	No reportable exposures

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

The Pillar 3 disclosures are presented in pounds sterling (£) and have not been subject to external audit.

Capital, liquidity and funding

NatWest Markets Plc - key points

<p>CET1 ratio</p> <p>Q2 2023  17.6%</p> <p>Q4 2022  17.2%</p>	<p>CET1 ratio increased by 40 basis points to 17.6% at 30 June 2023, compared with 17.2% at 31 December 2022. The increase in the period is largely driven by a £1.3 billion decrease in RWAs, partially offset by reserve movements.</p>
<p>MREL</p> <p>Q2 2023  £7.8bn</p> <p>Q4 2022  £8.7bn</p>	<p>Total MREL at 30 June 2023 was £7.8 billion, or 38.8% of RWAs, down from £8.7 billion or 40.4% of RWAs at 31 December 2022. The decrease in total MREL was largely due to the redemption of a \$0.6 billion internal Tier 2 instrument and other reserve movements.</p>
<p>RWAs</p> <p>Q2 2023  £20.2bn</p> <p>Q4 2022  £21.4bn</p>	<p>Total RWAs decreased by £1.3 billion to £20.2 billion reflecting:</p> <ul style="list-style-type: none"> – a reduction in market risk RWAs of £1.5 billion, primarily due to lower volatility than in Q4 2022, and further reductions in the capital multiplier in Q2, driven by a fall in the VaR back-testing exception count. – a reduction in credit risk RWAs of £0.2 billion reflecting a reduction in exposures. – a decrease in operational risk RWAs of £0.2 billion following the annual recalculation. – an increase in counterparty credit risk RWAs of £0.6 billion primarily due to the call of a portfolio credit default swap, resulting in a decrease in credit risk mitigation benefit.
<p>UK leverage</p> <p>Q2 2023  5.4%</p> <p>Q4 2022  5.4%</p>	<p>The leverage ratio at 30 June 2023 is 5.4%, which remains unchanged from 31 December 2022. This is due to a £0.1 billion decrease in Tier 1 capital offset by the impact of a £3.0 billion decrease in the leverage exposure. The decrease in leverage exposure is mainly driven by the reduction in net derivative exposures and counterparty credit risk exposure for SFTs.</p>
<p>LCR average</p> <p>Q2 2023  253%</p> <p>Q4 2022  226%</p>	<p>The average liquidity coverage ratio (LCR) increased 27% compared to Q4 2022. The increase in the LCR is driven by our debt issuance programme with some offset in incremental new business lending</p>
<p>NSFR average</p> <p>Q2 2023  137%</p> <p>Q4 2022  133%</p>	<p>The net stable funding ratio (NSFR) was 137% compared to 133% in prior year.</p>

Capital, liquidity and funding continued

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. Capital ratios and measures are presented on a transitional basis, and therefore include permissible adjustments for the remaining IFRS 9 relief. NWM Plc has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

		NWM Plc				
		30 June 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m
Available own funds (amounts)						
1	Common equity tier 1 (CET1) capital	3,542	3,676	3,682	3,714	3,837
2	Tier 1 capital	4,221	4,355	4,361	4,393	4,514
3	Total capital	4,841	5,475	5,502	5,538	5,597
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	20,159	20,173	21,422	24,873	23,456
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	17.6	18.2	17.2	14.9	16.4
6	Tier 1 ratio (%)	20.9	21.6	20.4	17.7	19.2
7	Total capital ratio (%)	24.0	27.1	25.7	22.3	23.9
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	2.6	2.6	2.6	3.1	3.3
UK 7b	Additional AT1 SREP requirements (%)	0.9	0.9	0.9	1.0	1.1
UK 7c	Additional Tier 2 SREP requirements (%)	1.2	1.2	1.2	1.4	1.4
UK 7d	Total SREP own funds requirements (%)	12.7	12.7	12.7	13.5	13.8
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (1)	0.6	0.6	0.5	0.0	0.0
11	Combined buffer requirement (%)	3.1	3.1	3.0	2.5	2.5
UK 11a	Overall capital requirements (%)	15.8	15.8	15.7	16.0	16.3
12	CET1 available after meeting the total SREP own funds requirements (%) (2)	10.5	11.1	10.1	7.3	8.6
Leverage ratio						
13	Total exposure measure excluding claims on central banks	78,064	77,259	81,083	99,515	102,238
14	Leverage ratio excluding claims on central banks (%)	5.4	5.6	5.4	4.4	4.4
Additional leverage ratio disclosure requirements (3)						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.4	5.6			
UK 14b	Leverage ratio including claims on central banks (%)	4.6	4.7			
UK 14c	Average leverage ratio excluding claims on central banks (%)	5.4	5.5			
UK 14d	Average leverage ratio including claims on central banks (%)	4.6	4.6			
UK 14e	Countercyclical leverage ratio buffer (%)	0.2	0.2			
Liquidity coverage ratio						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	19,671	19,112	17,896	17,422	16,815
UK 16a	Cash outflows - Total weighted value	12,245	12,165	12,699	12,655	11,908
UK 16b	Cash inflows - Total weighted value	4,336	4,268	4,682	4,557	4,125
16	Total net cash outflows (adjusted value)	7,909	7,897	8,017	8,098	7,783
17	Liquidity coverage ratio (%) (4)	253	247	226	216	218
Net stable funding ratio (5)						
18	Total available stable funding	31,783	31,479	30,428		
19	Total required stable funding	23,117	22,911	22,814		
20	NSFR ratio (%)	137	137	133		

(1) The institution-specific countercyclical capital buffer requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures.

(2) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).

(3) As of 1 January 2023, NWM Plc is subject to additional disclosure requirements for LREQ firms therefore comparatives were not presented.

(4) The liquidity coverage ratio (LCR) is calculated as the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table.

(5) The net stable funding ratio (NSFR) is calculated as the average of the preceding four quarters reflecting PRA's guidance which came into effect last year. The prior period's ratios have not been restated.

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

Capital, liquidity and funding continued

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

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWM Plc has elected to take advantage of 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.

		NWM Plc				
		30 June 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m
Available capital (amounts) - transitional						
1	Common equity Tier 1	3,542	3,676	3,682	3,714	3,837
2	Common equity Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	3,541	3,674	3,681	3,714	3,837
3	Tier 1 capital	4,221	4,355	4,361	4,393	4,514
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	4,220	4,353	4,360	4,393	4,514
5	Total capital	4,841	5,475	5,502	5,538	5,597
6	Total capital as if IFRS 9 transitional arrangements had not been applied	4,840	5,473	5,501	5,538	5,597
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	20,159	20,173	21,422	24,873	23,456
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	20,158	20,171	21,421	24,873	23,456
Capital ratios		%	%	%	%	%
9	Common equity Tier 1 ratio	17.6	18.2	17.2	14.9	16.4
10	Common equity Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.6	18.2	17.2	14.9	16.4
11	Tier 1 ratio	20.9	21.6	20.4	17.7	19.2
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.9	21.6	20.4	17.7	19.2
13	Total capital ratio	24.0	27.1	25.7	22.3	23.9
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.0	27.1	25.7	22.3	23.9
Leverage ratio						
15	Leverage ratio exposure measure (£m)	78,064	77,259	81,083	99,515	102,238
16	Leverage ratio (%)	5.4	5.6	5.4	4.4	4.4
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.4	5.6	5.4	4.4	4.4

Capital, liquidity and funding continued

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.

		NWM Plc	
		30 June 2023 £m	31 December 2022 £m
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
CET1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,346	2,346
	Of which: ordinary shares	400	400
	Of which: share premium	1,946	1,946
2	Retained earnings	3,708	3,782
3	Accumulated other comprehensive income (and other reserves)	(555)	(364)
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	—	—
6	CET1 capital before regulatory adjustments	5,499	5,764
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	(-) Additional value adjustments	(171)	(197)
8	(-) Intangible assets (net of related tax liability)	—	—
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)	—	—
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	396	284
12	(-) Negative amounts resulting from the calculation of expected loss amounts	(4)	(3)
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	5	11
15	(-) Defined-benefit pension fund assets	(166)	(159)
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments	—	—
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 (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)	(1,740)	(1,866)
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	—	(3)
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	—	(3)

Capital, liquidity and funding continued
UK CC1: Composition of regulatory own funds continued

		NWM Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
		30 June 2023 £m	31 December 2022 £m
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
25	(-) Of which: deferred tax assets arising from temporary differences	—	—
UK-25a	(-) Losses for the current financial period	(278)	(149)
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 Additional Tier 1 (AT1) deductions that exceed the AT1 items of the institution	—	—
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	1	—
28	Total regulatory adjustments to CET1	(1,957)	(2,082)
29	CET1 capital	3,542	3,682
AT1 capital: instruments			
30	Capital instruments and the related share premium accounts	904	904
31	Of which: classified as equity under applicable accounting standards	904	904
32	Of which: classified as liabilities under applicable accounting standards	—	—
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1 as described in Article 486 (3) CRR	—	—
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	—	—
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	—	—
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	—	—
35	Of which: instruments issued by subsidiaries subject to phase out	—	—
36	AT1 capital before regulatory adjustments	904	904
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)	(225)	(225)
42	(-) Qualifying Tier 2 deductions that exceed the Tier 2 items of the institution	—	—
42a	Other regulatory adjustments to AT1 capital	—	—
43	Total regulatory adjustments to AT1 capital	(225)	(225)
44	AT1 capital	679	679
45	Tier 1 capital (Tier 1 = CET1 + AT1)	4,221	4,361

Capital, liquidity and funding continued
UK CC1: Composition of regulatory own funds continued

		NWM Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
		30 June 2023 £m	31 December 2022 £m
Tier 2 capital: instruments			
46	Capital instruments and the related share premium accounts	1,012	(i) 1,555
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from Tier 2 as described in Article 486(4) CRR	—	—
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from Tier 2	—	—
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from Tier 2	—	—
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in 5 or 34) issued by subsidiaries and held by third parties	—	—
49	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	—	—
50	Credit risk adjustments	28	27
51	Tier 2 capital before regulatory adjustments	1,040	1,582
Tier 2 capital: regulatory adjustments			
52	(-) Direct, indirect and synthetic holdings by an institution of own Tier 2 instruments and subordinated loans	—	—
53	(-) Direct, indirect and synthetic holdings of the Tier 2 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 and indirect holdings of the Tier 2 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 and indirect holdings by the institution of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(420)	(441)
UK-56a	(-) Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution	—	—
UK-56b	(-) Other regulatory adjustments to Tier 2 capital	—	—
57	Total regulatory adjustments to Tier 2 capital	(420)	(441)
58	Tier 2 capital	620	1,141
59	Total capital (TC = Tier 1 + Tier 2)	4,841	5,502
60	Total risk exposure amount	20,159	21,422
Capital ratios and buffers			
61	CET1 (as a percentage of total risk exposure amount)	17.6%	17.2%
62	T1 (as a percentage of total risk exposure amount)	20.9%	20.4%
63	Total capital (as a percentage of total risk exposure amount)	24.0%	25.7%
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) Article 104 (1) CRD plus combined buffer requirement in accordance with Article 128 (6) CRD) expressed as a percentage of risk exposure amount)	10.2%	10.1%
65	<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%
66	<i>Of which: counter cyclical buffer requirement</i>	0.6%	0.5%
67	<i>Of which: systemic risk buffer requirement</i>	—	—
UK-67a	<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	—	—
68	CET1 available to meet buffers (as a percentage of risk exposure amount) ⁽¹⁾	10.5%	10.1%

Capital, liquidity and funding continued
UK CC1: Composition of regulatory own funds continued

		NWM Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2022
		30 June 2023 £m	£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)	194	148
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)	528	555
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)	—	—
Available caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	—
77	Cap on inclusion of credit risk adjustments in Tier 2 under standardised approach	28	31
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	28	27
79	Cap for inclusion of credit risk adjustments in Tier 2 under internal ratings-based approach	28	28
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 Tier 2 instruments subject to phase out arrangements	—	—
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	—	—

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

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

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

Capital, liquidity and funding continued

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

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

	NWM Plc		
	As at period end 30 June 2023		
	a	b	
	Balance sheet as in published financial statements as at period end	Under regulatory scope of consolidation as at period end	
	£m	£m	References
Assets			
Cash and balances at central banks	14,124	14,124	
Trading assets	26,453	26,453	
Derivatives	78,737	78,737	
Settlement balances	4,856	4,856	
Loans to banks - amortised cost	889	889	
Loans to customers - amortised cost	8,828	8,828	
Other financial assets	11,063	11,063	
Property, plant and equipment	5	5	
Current and deferred tax assets	249	249	
<i>of which: DTAs that rely on future profitability and do not arise from temporary differences</i>	—	—	(d)
Prepayments, accrued income and other assets	333	333	
<i>of which: defined benefit pension fund assets</i>	248	248	(e)
Investment in group undertakings	2,473	2,473	
Amounts due from holding companies and fellow subsidiaries	7,996	7,996	
Total assets	156,006	156,006	
Liabilities			
Bank deposits	2,574	2,574	
Customer deposits	3,618	3,618	
Settlement balances	3,734	3,734	
Trading liabilities	32,674	32,674	
Derivatives	74,093	74,093	
Other financial liabilities	20,062	20,062	
Provisions, deferred income and other liabilities	333	333	
Current and deferred tax liabilities	87	87	
<i>of which: defined benefit pension scheme assets</i>	82	82	(f)
Subordinated liabilities	19	19	(i)
Amounts due to holding companies and fellow subsidiaries	12,687	12,687	(i)
Total liabilities	149,881	149,881	
Shareholders' Equity			
Non-controlling interests			
Owners' equity			
Called up share capital	400	400	(a)
Reserves	5,725	5,725	
<i>of which: amount eligible for retained earnings</i>	3,430	3,430	(b)
<i>of which: amount eligible for accumulated OCI and other reserves</i>	(555)	(555)	(c) & (h)
<i>of which: amount of other equity instruments</i>	904	904	(g)
<i>of which: share premium accounts</i>	1,946	1,946	(j)
Total shareholders' equity	6,125	6,125	

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

Capital, liquidity and funding continued

UK OV1: Overview of risk-weighted exposure amounts

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

		NWM Plc		
		a	b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements
		30 June 2023	31 March 2023	30 June 2023
		£m	£m	£m
1	Credit risk (excluding counterparty credit risk)	5,228	5,588	418
2	Of which: standardised approach	2,268	2,367	181
3	Of which: the foundation IRB (FIRB) approach	—	—	—
4	Of which: slotting approach	255	227	20
UK 4a	Of which: equities under the simple risk-weighted approach	—	—	—
5	Of which: the advanced IRB (AIRB) approach (1)	2,705	2,994	217
6	Counterparty credit risk	6,207	5,339	497
7	Of which: standardised approach	1,198	823	96
8	Of which: internal model method (IMM)	3,534	3,032	283
UK 8a	Of which: exposures to a CCP	62	57	5
UK 8b	Of which: credit valuation adjustment (CVA)	870	974	70
9	Of which: other counterparty credit risk	543	453	43
15	Settlement risk	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	1,716	1,646	137
17	Of which: SEC-IRBA approach	—	—	—
18	Of which: SEC-ERBA (including IAA)	82	135	7
19	Of which: SEC-SA approach	1,586	1,462	126
UK 19a	Of which: 1,250%/deduction	48	49	4
20	Position, foreign exchange and commodities risk (market risk)	5,686	6,278	455
21	Of which: standardised approach	387	404	31
22	Of which: IMA	5,299	5,874	424
UK 22a	Large exposures	—	—	—
23	Operational risk	1,322	1,322	106
UK 23a	Of which: basic indicator approach	—	—	—
UK 23b	Of which: standardised approach	1,322	1,322	106
UK 23c	Of which: advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,320	1,360	106
29	Total	20,159	20,173	1,613

(1) Of which £11 million RWAs (31 March 2023 - £14 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.

Capital, liquidity and funding continued

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

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

	NWM Plc a
	RWAs £m
1 At 31 December 2022	3,031
2 Asset size	132
3 Asset quality	2
4 Model updates	(8)
7 Foreign exchange movements	(40)
9 At 31 March 2023	3,117
2 Asset size	(197)
3 Asset quality	(16)
4 Model updates	16
7 Foreign exchange movements	(74)
9 At 30 June 2023	2,846

(1) The following rows are not presented because they had zero values for the quarter ended 30 June 2023: (5) methodology and policy, (6) acquisitions and disposals, and (8) other.

Q2 2023

- The reduction in RWAs in Q2 2023 was driven mainly by a decrease in asset size as a result of settled syndicate deals combined with a foreign exchange rate effect due to sterling strengthening against the US dollar and euro during the period.

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

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

	NWM Plc a
	RWAs £m
1 At 31 December 2022	3,105
2 Asset size	(37)
3 Credit quality of counterparties	19
7 Foreign exchange movements	(55)
9 At 31 March 2023	3,032
2 Asset size	(377)
3 Credit quality of counterparties	2
7 Foreign exchange movements	(68)
8 Other (1)	945
9 At 30 June 2023	3,534

(1) Reflects the call of a portfolio credit default swap.

(2) The following rows are not presented because they had zero values for the period: (4) model updates, (5) methodology and policy and (6) acquisitions and disposals.

Q2 2023

- IMM RWAs increased, mainly due to the call of a portfolio credit default swap, resulting in a decrease in credit risk mitigation benefit. This was partially offset by a reduction in asset size and by sterling strengthening against the US dollar and euro during the period.

Capital, liquidity and funding continued

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

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

NWM Plc						
	a	b	c	e	f	g
	Value-at-risk (VaR) £m	Stressed value-at-risk (SVaR) £m	Incremental risk charge £m	Other (Risks Not In VaR) (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1 At 31 December 2022	1,754	2,405	662	1,944	6,765	541
1a <i>Regulatory adjustment (1)</i>	(1,405)	(1,977)	—	—	(3,382)	(271)
1b <i>RWAs at 31 December 2022 (end of day)</i>	349	428	662	1,944	3,383	270
2 <i>Movement in risk levels</i>	(148)	50	159	(615)	(554)	(44)
3 <i>Model updates/changes</i>	—	5	—	28	33	3
8a <i>RWAs at 31 March 2023 (end of day)</i>	202	483	821	1,357	2,863	229
8b <i>Regulatory adjustment</i>	1,290	1,721	—	—	3,011	241
8 At 31 March 2023	1,492	2,204	821	1,357	5,874	470
1a <i>Regulatory adjustment (1)</i>	(1,290)	(1,721)	—	—	(3,011)	(242)
1b <i>RWAs at 31 March 2023 (end of day)</i>	202	483	821	1,357	2,863	228
2 <i>Movement in risk levels</i>	445	265	144	(47)	807	65
3 <i>Model updates/changes</i>	—	—	—	—	—	—
8a <i>RWAs at 30 June 2023 (end of day)</i>	647	748	965	1,310	3,670	293
8b <i>Regulatory adjustment</i>	716	857	56	—	1,629	131
8 At 30 June 2023	1,363	1,605	1,021	1,310	5,299	424

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

Q2 2023

- Overall, market risk RWAs under the IMA fell during the second quarter.
- The decreases in VaR and SVaR-based RWAs were mainly the result of a further reduction in the capital multiplier for NWM Plc during the quarter, due to a fall in the VaR back-testing exception count.
- The higher incremental risk charge was mostly due to longer bond positions.
- A prospective update to make the VaR model more sensitive to recent market conditions remains under review by the PRA. This impact is currently being capitalised through an RNIV.
- Overall, RNIV-based RWAs remained broadly unchanged in the quarter.

Capital, liquidity and funding continued

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

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

		NWM Plc	
		30 June 2023 £m	31 December 2022 £m
1	Total assets as per published financial statements	156,006	169,061
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	—	—
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—	—
4	(Adjustment for exemption of exposures to central banks)	(14,121)	(13,467)
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	(5,158)	(1,133)
7	Adjustment for eligible cash pooling transactions	—	—
8	Adjustment for derivative financial instruments	(62,512)	(78,683)
9	Adjustment for securities financing transactions (SFTs)	790	2,862
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	5,375	5,466
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(177)	(204)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(407)	(852)
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	(1,732)	(1,967)
13	Total exposure measure	78,064	81,083

Capital, liquidity and funding continued

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.

		NWM Plc	
		30 June 2023 £m	31 December 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	61,635	60,180
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)	(8,852)	(11,085)
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))	(1,909)	(2,168)
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	50,874	46,927
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	9,355	11,430
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	14,988	16,540
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	3,943	5,065
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(3,208)	(4,375)
13	Total derivative exposures	25,078	28,660
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	16,232	15,881
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(5,656)	(4,166)
16	Counterparty credit risk exposure for SFT assets	790	2,862
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	11,366	14,577
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	9,485	9,279
20	(Adjustments for conversion to credit equivalent amounts)	(4,209)	(4,038)
21	(General provisions deducted in determining Tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	(2)	(3)
22	Off-balance sheet exposures	5,274	5,238

Capital, liquidity and funding continued

UK LR2 - LRCom: Leverage ratio common disclosure continued

		NWM Plc	
		30 June 2023 £m	31 December 2022 £m
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(407)	(852)
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)	(407)	(852)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	4,221	4,361
24	Total exposure measure including claims on central banks	92,185	94,550
UK-24a	(-) Claims on central banks excluded	(14,121)	(13,467)
UK-24b	Total exposure measure excluding claims on central banks	78,064	81,083
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.4	5.4
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.4	5.4
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 (%)	5.4	5.4
UK-25c	Leverage ratio including claims on central banks (%)	4.6	4.6
26	Regulatory minimum leverage ratio requirement (%) (1)	3.25	
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.2	
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	—	
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.2	
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	12,449	
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	10,576	
UK-31	Average total exposure measure excluding claims on central banks	79,266	
UK-32	Average total exposure measure including claims on central banks	93,315	
UK-33	Average leverage ratio excluding claims on central banks	5.4	
UK-34	Average leverage ratio including claims on central banks	4.6	

(1) As of 1 January 2023, NWM Plc is subject to additional disclosure requirements for LREQ firms for averaging and the countercyclical leverage ratio buffer.

Q2 2023

NWM Plc average leverage ratio decreased from 5.5% to 5.4% in the quarter. There was a decrease in 3-month average Tier 1 capital partially offset by a small increase in average leverage exposure due to an increase in average balance sheet assets.

Capital, liquidity and funding continued

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.

		NWM Plc	
		30 June	31 December
		2023	2022
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	40,114	34,924
UK-2	Trading book exposures	16,132	12,435
UK-3	Banking book exposures, of which:	23,982	22,489
UK-4	Covered bonds	—	—
UK-5	Exposures treated as sovereigns	4,447	4,795
UK-6	Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	516	244
UK-7	Institutions	1,895	1,971
UK-8	Secured by mortgages of immovable properties	35	68
UK-9	Retail exposures	—	—
UK-10	Corporate	6,566	6,644
UK-11	Exposures in default	—	56
UK-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	10,523	8,711

Capital, liquidity and funding continued

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 table below summarises NWM plc'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 risk section.

	NatWest Markets Plc													
	a	b	c	d	e	f	g	h	i	j	k	l	m	
	Relevant credit exposures -													
	General credit exposures		Market risk		Own fund requirements									
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures 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	
30 June 2023	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
Breakdown by country (with existing CCyB rates)														
Denmark	—	119	—	39	—	158	1	—	—	1	17	0.17%	2.50%	
Norway	—	9	—	2	—	11	—	—	—	—	6	0.06%	2.50%	
Czech Republic	—	—	—	4	—	4	—	—	—	—	—	0.00%	2.50%	
Sweden	—	26	—	138	1	165	—	3	—	3	38	0.39%	2.00%	
Iceland	—	—	—	—	—	—	—	—	—	—	—	0.00%	2.00%	
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	0.00%	1.50%	
United Kingdom	1,434	5,393	14	381	5,626	12,848	317	29	69	415	5,186	52.67%	1.00%	
Netherlands	26	260	—	610	18	914	7	8	4	19	248	2.52%	1.00%	
Australia	1	15	—	71	—	87	1	—	—	1	8	0.08%	1.00%	
Hong Kong	—	1	—	—	—	1	—	—	—	—	1	0.01%	1.00%	
Slovakia	—	—	—	—	—	—	—	—	—	—	—	0.00%	1.00%	
Germany	2	247	—	48	4	301	7	4	—	11	138	1.40%	0.75%	
Luxembourg	3	2,794	—	21	—	2,818	50	2	—	52	648	6.58%	0.50%	
France	8	283	—	126	362	779	7	7	5	19	232	2.35%	0.50%	
Ireland	10	120	—	10	152	292	5	1	2	8	97	0.98%	0.50%	
Croatia	—	—	—	—	—	—	—	—	—	—	—	0.00%	0.50%	
Romania	—	—	—	—	—	—	—	—	—	—	—	0.00%	0.50%	
Total (countries with existing CCyB rates)	1,484	9,267	14	1,450	6,163	18,378	395	54	80	529	6,619	67.21%		

Capital, liquidity and funding continued

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

	NatWest Markets Plc												
	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Securitisation exposures	Total exposure value	Own fund requirements				Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total			
30 June 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)													
US	850	4,972	9	574	4,033	10,438	123	9	51	183	2,290	23.26%	—
Total (Countries with zero CCyB rates and with own funds requirement weights 1% and above)	850	4,972	9	574	4,033	10,438	123	9	51	183	2,290	23.26%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	176	1,845	4	3,694	396	6,115	55	14	6	75	937	9.53%	—
Total	2,510	16,084	27	5,718	10,592	34,931	573	77	137	787	9,846	100.00%	

Capital, liquidity and funding continued

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

	NatWest Markets Plc													
	a	b	c	d	e	f	g	h	i	j	k	l	m	
	Relevant credit exposures -						Own fund requirements							
	General credit exposures		Market risk		Securitisation exposures	Total exposure value	Relevant credit risk exposures -		Relevant credit exposures -		Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	
Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Credit risk			Relevant credit exposures - Market risk	Securitisation positions in the non trading book	Total					
31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country (with existing CCyB rates)														
Denmark	—	22	—	43	—	65	1	—	—	1	13	0.14%	2.00%	
Norway	—	10	—	7	—	17	—	—	—	1	7	0.08%	2.00%	
Iceland	—	—	—	—	—	—	—	—	—	—	—	0.00%	2.00%	
United Kingdom	1,586	5,846	18	152	5,142	12,744	313	19	63	395	4,938	50.93%	1.00%	
Sweden	—	14	—	162	—	176	—	1	—	1	9	0.09%	1.00%	
Hong Kong	—	1	—	—	—	1	—	—	—	—	1	0.01%	1.00%	
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	0.00%	1.00%	
Slovakia	—	—	—	—	—	—	—	—	—	—	—	0.00%	1.00%	
Romania	—	—	—	—	—	—	—	—	—	—	—	0.00%	0.50%	
Luxembourg	3	2,820	—	22	—	2,845	50	1	—	51	648	6.68%	0.50%	
Total (countries with existing CCyB rates)	1,589	8,713	18	386	5,142	15,848	364	21	63	449	5,616	57.93%		

Capital, liquidity and funding continued

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

	NatWest Markets Plc													
	a	b	c	d	e	f	g	h	i	j	k	l	m	
	Relevant credit exposures -													
	General credit exposures		Market risk		Own fund requirements									
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	
31 December 2022	£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)														
US	606	5,200	2	454	3,648	9,911	131	5	45	181	2,266	23.36%	—	
Netherlands	62	339	—	529	23	953	19	4	4	27	339	3.49%	—	
France	10	283	—	21	373	687	7	4	4	15	193	1.99%	—	
Ireland	12	213	—	1	157	384	12	1	2	15	186	1.92%	—	
Cayman Islands	5	670	—	—	—	675	15	—	—	15	184	1.90%	—	
Italy	48	120	—	23	7	197	10	3	—	13	158	1.63%	—	
Switzerland	35	162	—	53	—	250	6	2	—	8	102	1.05%	—	
Germany	—	210	—	21	4	235	5	2	—	7	83	0.85%	—	
Total (Countries with zero CCyB rates and with own funds requirement weights 1% and above)	778	7,197	2	1,102	4,212	13,292	205	21	55	281	3,511	36.19%		
Total (rest of the world with zero CCyB rate and below 1% requirement)	101	1,046	2	4,053	293	5,494	30	13	4	46	570	5.88%	—	
Total	2,468	16,956	22	5,541	9,647	34,634	599	55	122	776	9,697	100.00%		

Capital, liquidity and funding continued

UK CCyB2: Amount of institution-specific countercyclical capital buffer

		NWM Plc	
		30 June	31 December
		2023	2022
		£m	£m
1	Total risk exposure amount	20,159	21,422
2	Institution specific countercyclical capital buffer	0.63%	0.55%
3	Institution specific countercyclical capital buffer requirement ⁽¹⁾	126	117

(1) The Financial Policy Committee announced an increase in the UK CCyB rate from 1% to 2% effective from 5 July 2023. The Central Bank of Ireland (CBI) announced the CCyB on Irish exposures will increase from 0.5% to 1.0% from 24 November 2023. A further increase to 1.5% will be effective June 2024.

Capital, liquidity and funding continued

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 NWM Plc. The weightings applied reflect the stress factors applicable under the UK LCR rules. The values presented are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table. LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). NatWest Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity.

NWM Plc								
	Total unweighted value (average)				Total weighted value (average)			
	30 June	31 March	31 December	30 September	30 June	31 March	31 December	30 September
	2023	2023	2022	2022	2023	2023	2022	2022
	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)					19,671	19,112	17,896	17,422
Cash - outflows								
2 Retail deposits and deposits from small business customers, of which:	60	46	26	13	2	2	1	1
3 Stable deposits	10	9	6	4	—	—	—	—
4 Less stable deposits	10	10	6	4	1	1	1	1
5 Unsecured wholesale funding	2,072	1,816	2,062	1,911	1,614	1,387	1,638	1,536
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	—	—	—	—	—	—	—	—
7 Non-operational deposits (all counterparties)	1,187	1,074	1,073	940	729	645	649	565
8 Unsecured debt	885	742	989	971	885	742	989	971
9 Secured wholesale funding					768	851	930	875
10 Additional requirements	11,727	11,499	11,254	10,928	8,114	7,898	7,800	7,618
11 Outflows related to derivative exposures and other collateral requirements	5,333	5,157	5,114	4,976	5,014	4,826	4,787	4,698
12 Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13 Credit and liquidity facilities	6,394	6,342	6,140	5,952	3,100	3,072	3,013	2,920
14 Other contractual funding obligations	10,739	14,764	18,847	22,787	1,738	2,018	2,320	2,615
15 Other contingent funding obligations	1,900	1,892	2,008	2,081	9	9	10	10
16 Total cash outflows					12,245	12,165	12,699	12,655
Cash - inflows								
17 Secured lending (e.g. reverse repos)	16,924	20,745	24,028	27,105	803	627	561	409
18 Inflows from fully performing exposures	788	889	1,013	1,014	782	882	1,003	1,003
19 Other cash inflows	2,746	2,752	3,112	3,138	2,751	2,759	3,118	3,145
UK-19a (Difference between total weighted inflows 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	20,458	24,386	28,153	31,257	4,336	4,268	4,682	4,557
UK-20a Fully exempt inflows	—	—	—	—	—	—	—	—
UK-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
UK-20c Inflows subject to 75% cap	17,903	21,515	24,854	27,320	4,336	4,268	4,682	4,557
Total adjusted value								
UK-21 Liquidity buffer					19,671	19,112	17,896	17,422
22 Total net cash outflows					7,909	7,897	8,017	8,098
23 Liquidity coverage ratio (%)					253	247	226	216

Capital, liquidity and funding continued

UK LIQB: Qualitative information on LCR

LCR inputs & results over time

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

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

The average LCR ratio for the 12 months to 30 June 2023 has increased by 6% over the previous quarter, from 247% to 253%. The increase in the LCR is driven by our debt issuance programme with some offset in incremental new business lending.

Concentration of funding sources

NWM Plc covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repos, short positions, and derivative cash collateral provide approximately half of the balance sheet funding with the remainder funded by capital and MREL-eligible bonds (issued and down streamed by NatWest Group Plc), term unsecured, short-term unsecured and secured funding.

Wholesale unsecured funding includes a range of products including but not limited to bank deposits, commercial paper (CP), certificates of deposit (CDs) and medium-term notes (MTNs). Deposits, CP and CDs have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. MTN issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.

The primary risk to funding stability is refinancing – the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. NWM Plc monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (71%) and Level 1 high quality securities (27%), Level 2 securities account for (2%).

Derivative exposures and potential collateral calls

NWM Plc actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress captured under the Historical Look-Back Approach, which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a 3-notch downgrade of the NWM Plc credit rating are also captured.

Currency mismatch in the LCR

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

Capital, liquidity and funding continued

UK LIQ2: Net stable funding ratio

		NatWest Markets				
		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	6,435	—	—	1,420	7,855
2	Own funds	6,435	—	—	1,420	7,855
3	Other capital instruments		—	—	—	—
4	Retail Deposits		41	17	—	54
5	Stable deposits		19	8	—	26
6	Less stable deposits		22	9	—	28
7	Wholesale funding		30,719	3,615	20,868	23,847
8	Operational deposits		—	—	—	—
9	Other wholesale funding		30,719	3,615	20,868	23,847
10	Interdependent liabilities		—	—	—	—
11	Other liabilities	14,026	3,946	—	27	27
12	NSFR derivative liabilities	14,026				
13	All other liabilities and capital instruments not included in the above categories		3,946	—	27	27
14	Total available stable funding (ASF)					31,783
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					744
UK-15a	Assets encumbered for more than 12 months in cover pool		—	—	—	—
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		13,983	2,541	14,701	15,845
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		10,147	257	34	163
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		3,545	2,215	7,794	9,511
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		94	34	491	438
21	With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk		32	15	215	238
22	Performing residential mortgages, of which:		—	—	—	—
23	With a risk weight of less than or equal to 35% under the the Basel II Standardised Approach for credit risk		—	—	—	—
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		197	35	6,382	5,733
25	Interdependent assets		—	—	—	—
26	Other assets:	—	17,874	1	5,569	6,180
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		—	—	2,527	2,148
29	NSFR derivative assets		285	—	—	285
30	NSFR derivative liabilities before deduction of variation margin posted		14,026	—	—	701
31	All other assets not included in the above categories		3,563	1	3,041	3,045
32	Off-balance sheet items		6,959	—	—	348
33	Total RSF					23,117
34	Net Stable Funding Ratio (%)					137

Capital, liquidity and funding continued

UK LIQ2: Net stable funding ratio

		NatWest Markets				
31 December 2022		a	b	c	d	e
(In currency amount)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	6,793	—	—	1,530	8,322
2	Own funds	6,793	—	—	1,530	8,322
3	Other capital instruments		—	—	—	—
4	Retail Deposits		25	—	—	23
5	Stable deposits		12	—	—	11
6	Less stable deposits		13	—	—	12
7	Wholesale funding		39,675	3,529	18,868	22,025
8	Operational deposits		—	—	—	—
9	Other wholesale funding		39,675	3,529	18,868	22,025
10	Interdependent liabilities		—	—	—	—
11	Other liabilities		5,222	—	58	58
12	NSFR derivative liabilities	14,962				
13	All other liabilities and capital instruments not included in the above categories	14,962				
14	Total available stable funding (ASF)		5,222	—	58	58
						30,428
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					774
UK-15a	Assets encumbered for more than 12 months in cover pool		—	—	—	—
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		16,627	2,312	13,155	14,115
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		12,859	352	19	195
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		3,554	1,849	7,050	8,542
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		102	49	740	643
21	With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk		35	22	308	337
22	Performing residential mortgages, of which:		—	—	—	—
23	With a risk weight of less than or equal to 35% under the the Basel II Standardised Approach for credit risk		—	—	—	—
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		112	62	5,346	4,735
25	Interdependent assets		—	—	—	—
26	Other assets:	—	21,015	5	6,004	7,590
27	Physical traded commodities					—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				2,727	2,318
29	NSFR derivative assets		1,238			1,238
30	NSFR derivative liabilities before deduction of variation margin posted		14,962			747
31	All other assets not included in the above categories		4,816	5	3,277	3,287
32	Off-balance sheet items		6,700	—	—	335
33	Total RSF					22,814
34	Net Stable Funding Ratio (%)					133

Credit risk

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.

		NWM Plc														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value														
		Gross carrying amount/nominal amount						due to credit risk and provisions								
		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	Collateral and financial guarantees received	
Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	partial write-off	On performing exposures	On non-performing exposures		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
30 June 2023																
005	Cash balances at central banks and other demand deposits	14,679	14,679	—	—	—	(2)	(2)	—	—	—	—	—	—	—	
010	Loans and advances	18,913	18,717	153	29	—	29	(10)	(9)	(1)	(23)	—	(23)	—	555	4
020	Central banks	546	546	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	34	30	—	3	—	3	—	—	—	(3)	—	(3)	—	—	—
040	Credit institutions	4,171	4,134	37	—	—	—	(2)	(2)	—	—	—	—	—	10	—
050	Other financial corporations	13,694	13,626	67	—	—	—	(7)	(7)	—	—	—	—	—	441	—
060	Non-financial corporations	466	379	49	26	—	26	(1)	—	(1)	(20)	—	(20)	—	104	4
070	Of which: SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
080	Households	2	2	—	—	—	—	—	—	—	—	—	—	—	—	—
090	Debt securities	11,132	11,092	39	—	—	—	(7)	(5)	(2)	—	—	—	—	—	—
100	Central banks	131	131	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	4,052	4,052	—	—	—	—	(1)	—	(1)	—	—	—	—	—	—
120	Credit institutions	424	424	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	6,486	6,485	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
140	Non-financial corporations	39	—	39	—	—	—	(1)	—	(1)	—	—	—	—	—	—
150	Off-balance sheet exposures	8,659	7,988	671	4	—	4	(2)	(1)	(1)	(2)	—	(2)	—	240	1
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
170	General governments	193	193	—	—	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	413	410	3	—	—	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	6,740	6,638	102	—	—	—	(1)	(1)	—	—	—	—	—	141	—
200	Non-financial corporations	1,313	747	566	4	—	4	(1)	—	(1)	(2)	—	(2)	—	99	1
210	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
220	Total	53,383	52,476	863	33	—	33	(21)	(17)	(4)	(25)	—	(25)	—	795	5

Credit risk continued

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

NWM Plc															
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral and financial guarantees received		
	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
31 December 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	14,051	14,051	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
010 Loans and advances	13,774	13,503	228	89	—	49	(13)	(11)	(2)	(30)	—	(24)	—	988	46
020 Central banks	354	354	—	—	—	—	—	—	—	—	—	—	—	—	—
030 General governments	12	8	—	3	—	3	—	—	—	(3)	—	(3)	—	—	—
040 Credit institutions	2,288	2,271	17	—	—	—	(4)	(4)	—	—	—	—	—	3	—
050 Other financial corporations	10,733	10,639	94	—	—	—	(6)	(6)	—	—	—	—	—	858	—
060 Non-financial corporations	387	231	117	86	—	46	(3)	(1)	(2)	(27)	—	(21)	—	127	46
070 Of which: SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
080 Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
090 Debt securities	10,662	10,661	—	—	—	—	(6)	(6)	—	—	—	—	—	—	—
100 Central banks	104	104	—	—	—	—	—	—	—	—	—	—	—	—	—
110 General governments	4,353	4,353	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
120 Credit institutions	230	230	—	—	—	—	—	—	—	—	—	—	—	—	—
130 Other financial corporations	5,926	5,925	—	—	—	—	(4)	(4)	—	—	—	—	—	—	—
140 Non-financial corporations	49	49	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
150 Off-balance sheet exposures	8,351	7,252	1,099	4	—	4	(2)	(1)	(1)	(3)	—	(3)	—	231	1
160 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
170 General governments	42	42	—	—	—	—	—	—	—	—	—	—	—	—	—
180 Credit institutions	519	496	23	—	—	—	—	—	—	—	—	—	—	—	—
190 Other financial corporations	6,390	6,273	117	—	—	—	—	—	—	—	—	—	—	90	—
200 Non-financial corporations	1,400	441	959	4	—	4	(2)	(1)	(1)	(3)	—	(3)	—	141	1
210 Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
220 Total	46,838	45,467	1,327	93	—	53	(22)	(19)	(3)	(33)	—	(27)	—	1,219	47

(1) The gross NPL ratio for NWM Plc is 0.15% (31 December 2022 – 0.64%). Cash balances at central banks and other demand deposits were excluded from the ratio calculation.

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

Credit risk continued

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.

NWM Plc					
	a	b	c	d	e
	Net exposure value				
30 June 2023	On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	Total £m
1 Loans and advances	6,044	6,212	5,112	1,541	18,909
2 Debt securities	—	2,210	3,734	5,181	11,125
3 Total	6,044	8,422	8,846	6,722	30,034

NWM Plc					
	a	b	c	d	e
	Net exposure value				
31 December 2022	On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	Total £m
1 Loans and advances	2,211	4,891	5,290	1,428	13,820
2 Debt securities	—	2,969	3,871	3,816	10,656
3 Total	2,211	7,860	9,161	5,244	24,476

(1) Exposures classified as held-for-trading 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.

		NWM Plc
		a
		Gross carrying amount £m
30 June 2023		
010 Initial stock of non-performing loans and advances		89
020 Inflows to non-performing portfolios		8
030 Outflows from non-performing portfolios		(68)
040 Outflows due to write-offs		(1)
050 Outflow due to other situations		(67)
060 Final stock of non-performing loans and advances		29

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

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

Credit risk continued

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.

		NWM Plc															
		a		b		c		d		e		f		g		h	
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collateral received and financial guarantees received on forborne exposures				Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures			
		Performing forborne £m	Non-performing forborne £m	Of which: Defaulted £m	Of which: Impaired £m	On performing forborne exposures £m	On non-performing forborne exposures £m										
30 June 2023																	
005	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	—	5	5	5	—	—	—	—	—	(1)	—	4	—	—	4	—
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
060	Non-financial corporations	—	5	5	5	—	—	—	—	—	(1)	—	4	—	—	4	—
070	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
080	Debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
090	Loan commitments given	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
100	Total	—	5	5	5	—	—	—	—	—	(1)	—	4	—	—	4	—

Credit risk continued

UK CQ1: Credit quality of forborne exposures continued

		NWM Plc							
		a	b	c	d	e		g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
		Performing forborne	Non-performing forborne	Of which: Defaulted	Of which: Impaired	On performing forborne exposures	On non-performing forborne exposures	on forborne exposures	
		£m	£m	£m	£m	£m	£m	£m	£m
31 December 2022									
005	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
010	Loans and advances	43	25	25	25	(1)	(3)	64	22
020	Central banks	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	—	—	—	—	—	—	—	—
060	Non-financial corporations	43	25	25	25	(1)	(3)	64	22
070	Households	—	—	—	—	—	—	—	—
080	Debt securities	—	—	—	—	—	—	—	—
090	Loan commitments given	—	—	—	—	—	—	—	—
100	Total	43	25	25	25	(1)	(3)	64	22

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

Credit risk continued

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.

		NWM Plc						
		a	b	c	d	e	f	g
		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
30 June 2023								
010	On-balance sheet exposures	30,074	29	29	24,273	(40)	—	—
020	UK	10,914	13	13	7,922	(16)	—	—
030	Rol	154	—	—	118	—	—	—
040	Other Western Europe	6,004	9	9	4,165	(11)	—	—
050	US	10,598	—	—	10,053	(5)	—	—
060	Other countries	2,404	7	7	2,015	(8)	—	—
070	Off-balance sheet exposures	8,663	4	4	—	—	(4)	—
080	UK	2,636	—	—	—	—	—	—
090	Rol	77	—	—	—	—	—	—
100	Other Western Europe	1,783	4	4	—	—	(3)	—
110	US	3,210	—	—	—	—	(1)	—
120	Other countries	957	—	—	—	—	—	—
130	Total	38,737	33	33	24,273	(40)	(4)	—

Credit risk continued

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

		NWM Plc						
		a	b	c	d	e	f	g
		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
31 December 2022								
010	On-balance sheet exposures	24,525	89	89	22,496	(43)	—	(6)
020	UK	8,497	52	52	7,874	(20)	—	(6)
030	Rol	159	—	—	151	—	—	—
040	Other Western Europe	5,358	9	9	4,289	(10)	—	—
050	US	9,233	—	—	9,012	(4)	—	—
060	Other countries	1,278	28	28	1,170	(9)	—	—
070	Off-balance sheet exposures	8,355	4	4	—	—	(5)	—
080	UK	2,810	—	—	—	—	(1)	—
090	Rol	74	—	—	—	—	—	—
100	Other Western Europe	1,445	4	4	—	—	(3)	—
110	US	3,465	—	—	—	—	(1)	—
120	Other countries	561	—	—	—	—	—	—
130	Total	32,880	93	93	22,496	(43)	(5)	(6)

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent 91% of total exposure.

(2) Exposures classified as held-for-trading are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

Credit risk continued

UK CQ5: Credit quality of loans and advances to non-financial corporations 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.

		NWM Plc					
		a	b	c	d	e	f
							Accumulated negative changes in fair value due to credit risk on non-performing exposures
30 June 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	
010	Agriculture, forestry and fishing	—	—	—	—	—	—
020	Mining and quarrying	1	1	1	1	(1)	—
030	Manufacturing	23	7	7	7	(5)	—
040	Electricity, gas, steam and air conditioning supply	—	—	—	—	—	—
050	Water supply	—	—	—	—	—	—
060	Construction	8	2	2	2	(2)	—
070	Wholesale and retail trade	69	3	3	51	(3)	—
080	Transport and storage	1	—	—	1	—	—
090	Accommodation and food service activities	—	—	—	—	—	—
100	Information and communication	97	—	—	68	—	—
110	Financial and insurance activities	—	—	—	—	—	—
120	Real estate activities	63	9	9	25	(6)	—
130	Professional, scientific and technical activities	86	4	4	4	(4)	—
140	Administrative and support service activities	71	—	—	19	—	—
150	Public administration and defence, compulsory social security	—	—	—	—	—	—
160	Education	—	—	—	—	—	—
170	Human health services and social work activities	73	—	—	22	—	—
180	Arts, entertainment and recreation	—	—	—	—	—	—
190	Other services	—	—	—	—	—	—
200	Total	492	26	26	200	(21)	—

Credit risk continued

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry continued

NWM Plc						
	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 2022	£m	£m	£m	£m	£m	£m
010 Agriculture, forestry and fishing	—	—	—	—	—	—
020 Mining and quarrying	20	19	19	20	(2)	—
030 Manufacturing	86	8	8	54	(5)	—
040 Electricity, gas, steam and air conditioning supply	22	—	—	22	—	—
050 Water supply	—	—	—	—	—	—
060 Construction	4	2	2	2	(2)	—
070 Wholesale and retail trade	39	3	3	32	(3)	—
080 Transport and storage	2	1	1	2	(1)	—
090 Accommodation and food service activities	—	—	—	—	—	—
100 Information and communication	50	—	—	45	—	—
110 Financial and insurance activities	—	—	—	—	—	—
120 Real estate activities	160	48	48	82	(5)	(6)
130 Professional, scientific and technical activities	22	4	4	4	(4)	—
140 Administrative and support service activities	24	—	—	21	(1)	—
150 Public administration and defence, compulsory social security	13	—	—	13	—	—
160 Education	—	—	—	—	—	—
170 Human health services and social work activities	30	1	1	23	(1)	—
180 Arts, entertainment and recreation	1	—	—	—	—	—
190 Other services	—	—	—	—	—	—
200 Total	473	86	86	320	(24)	(6)

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

Credit risk continued

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.

		NWM Plc				
		a	b	c	d	e
		Unsecured carrying amount £m	Secured carrying amount £m	Of which: secured by collateral £m	Of which: secured by financial guarantees £m	Of which: secured by credit derivatives £m
30 June 2023						
1	Loans and advances	32,996	590	458	101	—
2	Debt securities	11,125	—	—	—	—
3	Total	44,121	590	458	101	—
4	Of which: non-performing exposures	1	5	4	—	—
5	Of which: defaulted	1	5	4	—	—

		NWM Plc				
		a	b	c	d	e
		Unsecured carrying amount £m	Secured carrying amount £m	Of which: secured by collateral £m	Of which: secured by financial guarantees £m	Of which: secured by credit derivatives £m
31 December 2022						
1	Loans and advances	26,812	1,058	916	118	—
2	Debt securities	10,656	—	—	—	—
3	Total	37,468	1,058	916	118	—
4	Of which: non-performing exposures	—	59	26	20	—
5	Of which: defaulted	—	59	26	20	—

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

Credit risk continued

UK CR4: Standardised approach – Credit risk exposures 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.

		NWM Plc					
		a	b	c	d	e	f
		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
		£m	£m	£m	£m	£m	%
30 June 2023							
1	Central governments or central banks	8,554	—	8,608	9	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—
4	Multilateral development banks	484	—	484	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	1,534	334	1,534	149	655	39
7	Corporates	1,100	449	1,046	204	279	22
8	Retail	—	—	—	—	—	—
9	Secured by mortgages on immovable property	—	—	—	—	—	—
10	Exposures in default	—	—	—	—	—	—
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	541	—	541	—	1,333	246
16	Other items	1	—	1	—	1	100
17	Total	12,214	783	12,214	362	2,268	18

		NWM Plc					
		a	b	c	d	e	f
		Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
		£m	£m	£m	£m	£m	%
31 December 2022							
1	Central governments or central banks	7,840	—	7,876	18	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—
4	Multilateral development banks	202	—	202	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	1,655	458	1,655	211	712	38
7	Corporates	1,184	832	1,148	423	348	22
8	Retail	—	—	—	—	—	—
9	Secured by mortgages on immovable property	—	—	—	—	—	—
10	Exposures in default	—	—	—	—	—	—
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	562	—	562	—	1,387	247
16	Other items	1	—	1	—	1	100
17	Total	11,444	1,290	11,444	652	2,448	20

Credit risk continued

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.

		NWM Plc			
		a		a	
		30 June 2023		31 December 2022	
		Pre-credit derivatives RWAs £m	Actual RWAs £m	Pre-credit derivatives RWAs £m	Actual RWAs £m
5	Exposures under AIRB	2,591	2,591	2,732	2,732
6	Central governments and central banks	410	410	324	324
7	Institutions	171	171	124	124
8	Corporates	2,010	2,010	2,284	2,284
8.1	Of which: SME	—	—	—	—
8.3	Of which: Other	2,010	2,010	2,284	2,284
9	Retail	—	—	—	—
9.1	Of which: Secured by real estate SME	—	—	—	—
	- Secured by immovable property collateral	—	—	—	—
9.2	Of which: Secured by real estate non-SME	—	—	—	—
	- Secured by immovable property collateral	—	—	—	—
9.3	Of which: Qualifying revolving	—	—	—	—
9.4	Of which: Other SME	—	—	—	—
9.5	Of which: Other non-SME	—	—	—	—
10	Total	2,591	2,591	2,732	2,732

(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

Credit risk continued

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 exposures class only as NWM plc does not apply the FIRB method. The table excludes counterparty credit risk, securitisations and non-credit obligation assets.

A-IRB		NWM Plc														
			Credit risk mitigation techniques										Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWEAs	
			Funded credit protection (FCP)													
			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 exposures class £m	RWA with substitution effects £m
30 June 2023		a	b	c	d	e	f	g	h	i	j	k	l	m	n	
1	Central governments and central banks	10,385	—	—	—	—	—	—	—	—	—	0.01	—	615	410	
2	Institutions	416	—	—	—	—	—	—	—	—	—	—	—	392	171	
3	Corporates	8,660	0.03	6.17	6.16	—	0.01	—	—	—	—	0.24	—	2,436	2,010	
3.1	Of which: SME	3	—	—	—	—	—	—	—	—	—	—	—	—	—	
3.3	Of which: Other	8,657	0.03	6.18	6.16	—	0.01	—	—	—	—	0.24	—	2,436	2,010	
4	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Of which: Immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.1	SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.2	Of which: Immovable property non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.3	Of which: Qualifying revolving	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.4	Of which: Other SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.5	Of which: Other non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5	Total	19,461	0.01	2.75	2.74	—	0.01	—	—	—	—	0.11	—	3,443	2,591	

Credit risk continued

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

A-IRB		NWM Plc													
		Credit risk mitigation techniques											Credit risk mitigation method in the calculation of RWEAs		
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)				
		Total exposures	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	RWEA post all CRM assigned to the obligor exposures class	RWEA with substitution effects
£m	%	%	%	%	%	%	%	%	%	%	%	£m	£m		
30 June 2023		a	b	c	d	e	f	g	h	i	j	k	l	m	n
6	Specialised lending under the slotting approach	441	—	—	—	—	—	—	—	—	—	—	—	326	255
7	Equity Exposures	4	—	—	—	—	—	—	—	—	—	—	—	13	11
8	Total	445	—	—	—	—	—	—	—	—	—	—	—	339	266

Credit risk continued

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

NWM Plc														
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 assigned to the obligor exposure class £m	RWA with substitution effects £m	
31 December 2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n
1 Central governments and central banks	10,623	—	—	—	—	—	—	—	—	—	0.01	—	523	324
2 Institutions	398	—	—	—	—	—	—	—	—	—	—	—	527	124
3 Corporates	8,526	0.07	13.63	12.78	—	0.85	—	—	—	—	0.80	—	2,829	2,284
3.1 Of which: SME	3	0.59	27.52	27.52	—	—	—	—	—	—	5.19	—	—	—
3.2 Of which: Specialised lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3.3 Of which: Other	8,523	0.07	12.78	12.78	—	0.85	—	—	—	—	0.80	—	2,829	2,284
4 Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.1 Of which: Immovable property SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.2 Of which: Immovable property non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.3 Of which: Qualifying revolving	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.4 Of which: Other SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.5 Of which: Other non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Total	19,547	0.03	5.95	5.57	—	—	—	—	—	—	—	—	3,879	2,732

Credit risk continued

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

A-IRB		NWM Plc													
		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 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	447	1.02	31.91	26.74	—	5.17	—	—	—	—	9.00	—	310	299
7	Equity Exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Total	447	1.02	31.91	26.74	—	5.17	—	—	—	—	9.00	—	310	299

Credit risk continued

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. NWM Plc does not have Object Finance and Commodities Finance and equity exposures; therefore, those are not presented separately.

CR10.1

		NWM Plc					
		a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
		On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
30 June 2023	Remaining maturity						
Category 1	Less than 2.5 years	63	—	50%	63	25	—
	Equal to or more than 2.5 years	384	171	70%	549	300	2
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	22	—	90%	23	15	—
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	1	—	115%	1	1	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	1	—	—	1	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total	Less than 2.5 years	64	—		64	25	—
	Equal to or more than 2.5 years	407	171		573	316	2

		NWM Plc					
		a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
		On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
31 December 2022	Remaining maturity						
Category 1	Less than 2.5 years	—	—	50%	22	10	—
	Equal to or more than 2.5 years	107	126	70%	581	316	2
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	22	—	90%	22	15	—
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	1	2	115%	8	9	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	19	—	—	20	—	11
Total	Less than 2.5 years	—	—		22	10	—
	Equal to or more than 2.5 years	149	128		631	340	13

Credit risk continued

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

CR10.2

		NWM Plc					
		a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
		£m	£m	%	£m	£m	£m
30 June 2023	Remaining maturity						
Category 1	Less than 2.5 years	—	—	50%	—	—	—
	Equal to or more than 2.5 years	1	—	70%	1	1	—
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	47	4	90%	51	45	—
Category 3	Less than 2.5 years	40	—	115%	40	46	1
	Equal to or more than 2.5 years	—	—	115%	—	—	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	2	—	250%	2	5	—
Category 5	Less than 2.5 years	44	—	—	44	—	4
	Equal to or more than 2.5 years	1	—	—	1	—	1
Total	Less than 2.5 years	84	—	—	84	46	5
	Equal to or more than 2.5 years	51	4	—	55	51	1

		NWM Plc					
		a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
		£m	£m	%	£m	£m	£m
31 December 2022	Remaining maturity						
Category 1	Less than 2.5 years	—	—	50%	1	—	—
	Equal to or more than 2.5 years	—	—	70%	1	1	—
Category 2	Less than 2.5 years	49	—	70%	50	36	—
	Equal to or more than 2.5 years	39	4	90%	57	50	—
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	—	—	115%	4	5	—
Category 4	Less than 2.5 years	34	—	250%	34	84	3
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	41	—	—	41	—	20
	Equal to or more than 2.5 years	4	—	—	4	—	3
Total	Less than 2.5 years	124	—	—	126	120	23
	Equal to or more than 2.5 years	43	4	—	66	56	3