



NatWest
Group

National Westminster Bank Plc

Q1 2024 Pillar 3

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Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements 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 NWB Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWB Group in respect of, but not limited to: its economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NatWest Group's strategy, its climate and sustainability related targets, its access to adequate sources of liquidity and funding, increasing competition from incumbents, challengers and new entrants and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NWB Group's exposure to, operational risk, conduct risk, cyber, data and IT risk, financial crime 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, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, and general economic and political conditions and the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or the NWB Group's actual results are discussed in the NWB Plc's 2023 Annual Report and Accounts (ARA). The forward-looking statements contained in this document speak only as of the date of this document and NWB Plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the Pillar 3 disclosures for National Westminster Bank Plc (NWB Plc) as at 31 March 2024. It should be read in conjunction with the Q1 2024 NatWest Holdings Group Pillar 3 report, which is published in the same location at: investors.natwestgroup.com/reports-archive/2024.

NWB Plc is incorporated in the United Kingdom and is a wholly-owned subsidiary of NatWest Holdings Limited ('NWH Ltd'). NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

Based on the criteria set out in the UK CRR, NatWest Group primarily defines its large subsidiaries in scope 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.

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

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

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

A subset of the Pillar 3 templates that are required to be disclosed on a quarter basis were not applicable to NWB Plc at 31 March 2024 and have therefore not been included in this report. These excluded disclosures are listed below, together with a summary of the reason for their exclusion.

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

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

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

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

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

Key points

CET1 ratio

11.9%

(Q4 2023 – 11.6%)

The CET1 ratio increased by 30 basis points to 11.9% due to a £0.7 billion increase in CET1 capital, partially offset by a £2.8 billion increase in RWAs. The CET1 increase was mainly driven by a £0.6 billion profit in the period.

RWAs

£124.5bn

(Q4 2023 – £121.7bn)

Total RWAs increased by £2.8 billion to £124.5 billion mainly reflecting:

- An increase in credit risk RWAs of £1 billion, primarily due to drawdowns and new facilities within Commercial & Institutional in addition to an increase in unsecured lending within Retail Banking. There was also an increase in IRB Temporary Model Adjustment related to mortgages within Retail Banking.
- An increase in operational risk RWAs of £1.6 billion, primarily driven by the annual recalculation and higher income compared to 2020.

UK leverage ratio

4.8%

(Q4 2023 – 4.5%)

The leverage ratio increased by 30 basis points to 4.8% driven by a £0.7 billion increase in Tier 1 capital. There was a £1.2 billion reduction in leverage exposure due to a decrease in other financial assets partially offset by an increase in regulatory derivatives.

UK average leverage ratio

4.6%

(Q4 2023 – 4.5%)

The average leverage ratio increased by 10 basis points to 4.6%. There was a £0.1 billion increase in 3 month average Tier 1 capital and a £4.8 billion decrease in average leverage exposure. The key drivers in the average leverage exposure were a decrease in other financial assets, regulatory derivatives and regulatory adjustments.

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

UK KM1: Key metrics

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

	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	14,823	14,082	14,320	13,609	13,640
2 Tier 1 capital	17,101	16,360	16,563	15,852	15,883
3 Total capital	20,497	19,798	20,011	19,235	19,343
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	124,523	121,740	117,745	116,811	116,122
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	11.9	11.6	12.2	11.7	11.7
6 Tier 1 ratio (%)	13.7	13.4	14.1	13.6	13.7
7 Total capital ratio (%)	16.5	16.3	17.0	16.5	16.7
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	1.6	1.5	1.4	1.4	1.4
UK 7b Additional AT1 SREP requirements (%)	0.5	0.6	0.5	0.5	0.5
UK 7c Additional Tier 2 SREP requirements (%)	0.7	0.7	0.7	0.7	0.7
UK 7d Total SREP own funds requirements (%)	10.8	10.8	10.6	10.6	10.6
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (1)	1.8	1.8	1.8	0.9	0.9
11 Combined buffer requirement (%)	4.3	4.3	4.3	3.4	3.4
UK 11a Overall capital requirements (%)	15.1	15.1	14.9	14.0	14.0
12 CET1 available after meeting the total SREP own funds requirements (%)	5.7	5.4	6.3	5.8	5.8
Leverage ratio					
13 Total exposure measure excluding claims on central banks	358,649	359,897	362,422	363,052	349,719
14 Leverage ratio excluding claims on central banks (%)	4.8	4.5	4.6	4.4	4.5
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.8	4.5	4.5	4.3	4.5
UK 14b Leverage ratio including claims on central banks (%)	4.2	4.0	4.1	3.9	4.1
UK 14c Average leverage ratio excluding claims on central banks (%)	4.6	4.5	4.4	4.4	4.5
UK 14d Average leverage ratio including claims on central banks (%)	4.1	4.1	4.0	4.0	4.0
UK 14e Countercyclical leverage ratio buffer (%) (1)	0.6	0.6	0.6	0.3	0.3
Liquidity coverage ratio (2)					
15 Total high-quality liquid assets (HQLA) (weighted value-average)					
UK 16a Cash outflows - Total weighted value					
UK 16b Cash inflows - Total weighted value					
16 Total net cash outflows (adjusted value)					
17 Liquidity coverage ratio (%)					
Net stable funding ratio (2)					
18 Total available stable funding					
19 Total required stable funding					
20 NSFR ratio (%)					

(1) The institution specific countercyclical capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB is currently being maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWB Plc CCyB.

(2) Under the UK DoLSub waiver NWB Plc liquidity and funding are managed and disclosed at the sub-group level rather than entity level.

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

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

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

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWB 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.

	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m
Available capital (amounts) - transitional					
1 Common equity tier 1	14,823	14,082	14,320	13,609	13,640
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	14,755	13,913	14,145	13,441	13,466
3 Tier 1 capital	17,101	16,360	16,563	15,852	15,883
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	17,033	16,191	16,388	15,684	15,709
5 Total capital	20,497	19,798	20,011	19,235	19,343
6 Total capital as if IFRS 9 transitional arrangements had not been applied	20,509	19,830	20,049	19,267	19,368
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	124,523	121,740	117,745	116,811	116,122
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	124,512	121,716	117,723	116,787	116,094
Capital ratios					
	%	%	%	%	%
9 Common equity tier 1 ratio	11.9	11.6	12.2	11.7	11.7
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	11.9	11.4	12.0	11.5	11.6
11 Tier 1 ratio	13.7	13.4	14.1	13.6	13.7
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	13.7	13.3	13.9	13.4	13.5
13 Total capital ratio	16.5	16.3	17.0	16.5	16.7
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	16.5	16.3	17.0	16.5	16.7
Leverage ratio					
15 Leverage ratio exposure measure (£m)	358,649	359,897	362,422	363,052	349,719
16 Leverage ratio (%)	4.8	4.5	4.6	4.4	4.5
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.8	4.5	4.5	4.3	4.5

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

UK OV1: Overview of risk-weighted exposure amounts

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

		a		b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements	
		31 March 2024 £m	31 December 2023 £m	31 March 2024 £m	
1	Credit risk (excluding counterparty credit risk)	106,867	105,860	8,549	
2	Of which: standardised approach	11,158	11,219	893	
3	Of which: the foundation IRB (FIRB) approach	-	-	-	
4	Of which: slotting approach	9,342	9,106	747	
UK 4a	Of which: equities under the simple risk-weighted approach	-	-	-	
5	Of which: the advanced IRB (AIRB) approach	86,367	85,535	6,909	
5a	Of which: non-credit obligation assets	3,038	3,034	243	
6	Counterparty credit risk	857	713	69	
7	Of which: standardised approach	234	138	19	
8	Of which: internal model method (IMM)	-	-	-	
UK 8a	Of which: exposures to a CCP	144	65	12	
UK 8b	Of which: credit valuation adjustment (CVA)	215	69	17	
9	Of which: other counterparty credit risk	264	441	21	
15	Settlement risk	-	-	-	
16	Securitisation exposures in the non-trading book (after the cap)	861	836	69	
17	Of which: SEC-IRBA approach	492	514	39	
18	Of which: SEC-ERBA (including IAA)	24	59	2	
19	Of which: SEC-SA approach	345	263	28	
UK 19a	Of which: 1,250%/deduction	-	-	-	
20	Position, foreign exchange and commodities risk (market risk)	15	12	1	
21	Of which: standardised approach	15	12	1	
22	Of which: IMA	-	-	-	
UK 22a	Large exposures	-	-	-	
23	Operational risk	15,923	14,319	1,274	
UK 23a	Of which: basic indicator approach	-	-	-	
UK 23b	Of which: standardised approach	15,923	14,319	1,274	
UK 23c	Of which: advanced measurement approach	-	-	-	
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	4,866	4,743	389	
29	Total	124,523	121,740	9,962	

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

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

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

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

	a
	RWAs £m
1 At 31 December 2023	91,606
2 Asset size	680
3 Asset quality	230
4 Model updates	208
7 Foreign exchange movements	(53)
9 At 31 March 2024	92,671

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

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- The increase in asset size RWAs primarily related to drawdowns and new facilities within Commercial & Institutional. There was also an increase in unsecured lending products within Retail Banking. These movements were partially offset by a reduction related to the composition of the bonds portfolio and collateral within Group Treasury and mortgages in Retail Banking.
- The rise in RWAs for asset quality mainly reflected PD deterioration within Commercial & Institutional and was partially offset by customers moving into default within Commercial & Institutional.
- The increase in RWAs for model updates was primarily due to an increase in the internal ratings based Temporary Model Adjustment, mainly related to mortgages within Retail Banking.
- The decrease in foreign exchange movements RWAs was mainly a result of sterling strengthening against the euro during the period.

Annex XI: Leverage

UK LR2 – LRCom: Leverage ratio common disclosure

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

		31 March 2024 £m	31 December 2023 £m
Capital and total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	358,649	359,897
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.8	4.5
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.8	4.5
UK-25c	Leverage ratio including claims on central banks (%)	4.2	4.0
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.6	0.6
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.6	0.6
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	359,984	364,826
UK-32	Average total exposure measure including claims on central banks	401,755	404,702
UK-33	Average leverage ratio excluding claims on central banks (%)	4.6	4.5
UK-34	Average leverage ratio including claims on central banks (%)	4.1	4.1

(1) NWB plc is a LREQ firm and is therefore subject to the additional quarterly disclosures for averaging and the countercyclical leverage ratio buffer.