NatWest Holdings Group
Q1 2024 Pillar 3

Contents

Forward-looking statements

This document may contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘commit’, ‘believe’, ‘should’, ‘intend’, ‘will’, ‘plan’, ‘could’, ‘probability’, ‘risk’, ‘Value-at-Risk (VaR)’, ‘target’, ‘goal’, ‘objective’, ‘may’, ‘endeavour’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NatWest Holdings Group’s future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NatWest Holdings Group in respect of, but not limited to: its credit risk; its capital, liquidity and funding risk; its non-traded market risk; its pension risk; its compliance and conduct risk; its financial crime risk; its climate risk; its operational risk; its model risk; and its reputational risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions, the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Holdings Group’s actual results are discussed in NatWest Holdings Limited’s 2023 Annual Report and Accounts, and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Holdings Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the consolidated Pillar 3 disclosures for NatWest Holdings Group (NWH Group) as at 31 March 2024.

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

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

Under the PRA disclosure framework, large subsidiaries of NatWest Group plc are also required to complete a reduced set of disclosures depending on their listed/non-listed status. Based on the criteria set out in the UK CRR, NatWest Group plc 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 great than €30 billion.

NWH Ltd's large subsidiaries as at 31 March 2024 were:

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

The Pillar 3 disclosures for NWH Ltd's large subsidiaries are provided in separate documents. These are published in the same location and are available on the NatWest Group website, located at: investors.natwestgroup.com/reports-archive/2024

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

A subset of the Pillar 3 templates that are required to be disclosed on a quarterly basis were not applicable to NWH Group at 31 March 2024 and have therefore not been included in the report. 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 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

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.

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

12.9%

(Q4 2023 – 12.7%)

The CET1 ratio increased by 20 basis points to 12.9% due to a £0.8 billion increase in CET1 capital, partially offset by a £3.1 billion increase in RWAs. The CET1 increase was mainly driven by a £0.8 billion profit in the period.

RWAs

£153.5bn

(Q4 2023 - £150.4bn)

Total RWAs increased by £3.1 billion to £153.5 billion mainly reflecting:

- An increase in credit risk RWAs of £1.8 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 of in IRB Temporary Model Adjustment related to mortgages within Retail Banking.
- An increase in operational risk RWAs of £1.1 billion, primarily driven by the annual recalculation and higher income compared to 2020.

UK leverage ratio

5.4%

(Q4 2023 – 5.3%)

The leverage ratio increased by 10 basis points to 5.4%. There was a £0.2 billion increase in Tier 1 capital and a £6.5 billion decrease in leverage exposure. In addition to CET1 movements above there was an internal AT1 redemption of £0.6 billion. The key drivers in the leverage exposure included a decrease in other financial assets partially offset by an increase in off balance sheet items.

UK average leverage ratio

5.3%

(Q4 2023 – 5.3%)

The average leverage ratio remained static at 5.3%. There was a £0.7 billion increase in 3 month average Tier 1 capital and a £7.2 billion decrease in leverage exposure. The key drivers in the average leverage exposure were a decrease in other financial assets and regulatory adjustments.

LCR average

133%

(Q4 2023 - 130%)

The Liquidity Coverage Ratio (LCR) increased 3% compared to Q4 2023 from 130% to 133%, mainly due to increased issuance coupled with reduced customer lending (including contingent obligations) offset by a reduction in customer deposits.

NSFR average

134%

(Q4 2023 - 135%)

The Net Stable Funding Ratio (NSFR) was 134% compared to 135% in the prior quarter. The decrease was mainly driven by reduced wholesale deposits offset by increased retail deposits.

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

UK KM1: Key metrics

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

		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	**19,852**	19,063	19,787	18,961	19,505
2	Tier 1 capital	**22,978**	22,745	23,469	22,643	23,187
3	Total capital	**28,379**	27,671	29,086	28,218	28,831
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**153,505**	150,428	147,063	146,229	146,518
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	**12.9**	12.7	13.5	13.0	13.3
6	Tier 1 ratio (%)	**15.0**	15.1	16.0	15.5	15.8
7	Total capital ratio (%)	**18.5**	18.4	19.8	19.3	19.7
Additional own funds requirements based on SREP (as a percentage risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**1.6**	1.6	1.4	1.4	1.4
UK 7b	Additional AT1 SREP requirements (%)	**0.5**	0.5	0.5	0.5	0.5
UK 7c	Additional Tier 2 SREP requirements (%)	**0.7**	0.7	0.7	0.7	0.7
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
UK 10a	Other Systemically Important Institution buffer (%)	**1.5**	1.5	1.5	1.5	1.5
11	Combined buffer requirement (%)	**5.8**	5.8	5.8	4.9	4.9
UK 11a	Overall capital requirements (%)	**16.6**	16.6	16.4	15.5	15.5
12	CET1 available after meeting the total SREP own funds requirements (%)	**6.9**	6.6	7.6	7.1	7.4
Leverage ratio						
13	Total exposure measure excluding claims on central banks	**424,648**	431,113	430,627	430,594	421,792
14	Leverage ratio excluding claims on central banks (%)	**5.4**	5.3	5.4	5.3	5.5
Additional leverage ratio disclosure requirements						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.2	5.4	5.2	5.4
UK 14b	Leverage ratio including claims on central banks (%)	**4.6**	4.6	4.7	4.5	4.7
UK 14c	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.3	5.3	5.4	5.3
UK 14d	Average leverage ratio including claims on central banks (%)	**4.6**	4.6	4.6	4.6	4.5
UK 14e	Countercyclical leverage ratio buffer (%) (1)	**0.6**	0.6	0.6	0.3	0.3
Liquidity coverage ratio						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**105,927**	106,798	112,816	123,023	137,346
UK 16a	Cash outflows - Total weighted value	**85,499**	88,473	92,887	97,532	102,450
UK 16b	Cash inflows - Total weighted value	**5,968**	6,040	6,594	7,309	7,726
16	Total net cash outflows (adjusted value)	**79,531**	82,433	86,293	90,223	94,724
17	Liquidity coverage ratio (%) (2)	**133**	130	131	136	144
Net stable funding ratio						
18	Total available stable funding	**352,300**	352,155	355,380	361,681	370,206
19	Total required stable funding	**262,536**	261,428	259,626	257,606	254,980
20	NSFR ratio (%) (3)	**134**	135	137	140	145

(1) The institution specific countercyclical capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB rate is currently being maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWH Group CCyB.
(2) The Liquidity Coverage Ratio (LCR) uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table.
(3) The Net Stable Funding Ratio (NSFR) is calculated as an average of the preceding four quarters.
(4) The following rows are not presented in the table above because they are not applicable: UK8a, UK9a and 10.

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

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

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWH Group has elected to take advantage of the transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	Available capital (amounts) - transitional	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m
1	Common equity tier 1	**19,852**	19,063	19,787	18,961	19,505
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**19,774**	18,856	19,560	18,733	19,278
3	Tier 1 capital	**22,978**	22,745	23,469	22,643	23,187
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**22,900**	22,538	23,242	22,415	22,960
5	Total capital	**28,379**	27,671	29,086	28,218	28,831
6	Total capital as if IFRS 9 transitional arrangements had not been applied	**28,404**	27,728	29,136	28,255	28,864
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	**153,505**	150,428	147,063	146,229	146,518
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	**153,501**	150,411	147,035	146,192	146,481
	Capital ratios	**%**	%	%	%	%
9	Common equity tier 1 ratio	**12.9**	12.7	13.5	13.0	13.3
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**12.9**	12.5	13.3	12.8	13.2
11	Tier 1 ratio	**15.0**	15.1	16.0	15.5	15.8
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**14.9**	15.0	15.8	15.3	15.7
13	Total capital ratio	**18.5**	18.4	19.8	19.3	19.7
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	**18.5**	18.4	19.8	19.3	19.7
	Leverage ratio					
15	Leverage ratio exposure measure (£m)	**424,648**	431,113	430,627	430,594	421,792
16	Leverage ratio (%)	**5.4**	5.3	5.4	5.3	5.5
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	**5.4**	5.2	5.4	5.2	5.4

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)	**132,056**	130,240	**10,564**
2	*Of which: standardised approach*	***16,607***	*15,906*	***1,329***
3	*Of which: the foundation IRB (FIRB) approach*	-	-	-
4	*Of which: slotting approach*	***11,722***	*11,502*	***938***
UK 4a	*Of which: equities under the simple risk-weighted approach*	-	-	-
5	*Of which: the advanced IRB (AIRB) approach (1)*	***103,727***	*102,832*	***8,297***
5a	*of which non-credit obligation assets*	***3,916***	*4,184*	***313***
6	Counterparty credit risk	**948**	719	**75**
7	*Of which: standardised approach*	***277***	*137*	***21***
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)*	***264***	*77*	***21***
9	*Of which: other counterparty credit risk*	***263***	*440*	***21***
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	**921**	899	**74**
17	*Of which: SEC-IRBA approach*	***552***	*577*	***44***
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)	**135**	213	**11**
21	*Of which: standardised approach*	***135***	*213*	***11***
22	*Of which: IMA*	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	**19,445**	18,357	**1,556**
UK 23a	*Of which: basic indicator approach*	-	-	-
UK 23b	*Of which: standardised approach*	***19,445***	*18,357*	***1,556***
UK 23c	*Of which: advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	**929**	959	**74**
29	**Total**	**153,505**	150,428	**12,280**

(1) Of which £3.4 million RWAs (31 December 2023 - £3 million) relate to equity IRB under the probability of default/loss given default approach.
(2) The amount is shown for information only, as these exposures are already included in rows 1 and 2.

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

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

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

		a RWAs £m
1	At 31 December 2023	**110,147**
2	Asset size	**1,152**
3	Asset quality	**81**
4	Model updates	**222**
7	Foreign exchange movements	**(72)**
9	At 31 March 2024	**111,530**

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

		NWH Group	
		31 March 2024	31 December 2023
Capital and total exposure measure		£m	£m
UK-24b	Total exposure measure excluding claims on central banks	**424,648**	431,113
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**5.4**	5.3
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.2
UK-25c	Leverage ratio including claims on central banks (%)	**4.6**	4.6
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	**1.125**	1.125
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.525**	0.525
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	**427,381**	434,536
UK-32	Average total exposure measure including claims on central banks	**493,844**	500,425
UK-33	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.3
UK-34	Average leverage ratio including claims on central banks (%)	**4.6**	4.6

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

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

		NWH Group							
		Total unweighted value (average)				Total weighted value (average)			
		31 March 2024	31 December 2023	30 September 2023	30 June 2023	**31 March 2024**	31 December 2023	30 September 2023	30 June 2023
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**105,927**	106,798	112,816	123,023
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	**248,215**	247,681	249,741	253,935	**18,097**	18,314	18,856	19,497
3	*Stable deposits*	***144,902***	*147,043*	*150,081*	*153,479*	***7,245***	*7,352*	*7,504*	*7,674*
4	*Less stable deposits*	***82,480***	*84,231*	*87,525*	*91,530*	***10,398***	*10,594*	*11,014*	*11,526*
5	Unsecured wholesale funding	**126,190**	131,092	138,004	146,004	**54,841**	56,797	59,900	63,530
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***54,662***	*56,612*	*58,909*	*61,189*	***13,353***	*13,840*	*14,414*	*14,984*
7	*Non-operational deposits (all counterparties)*	***69,328***	*72,591*	*77,332*	*83,664*	***39,288***	*41,068*	*43,723*	*47,395*
8	*Unsecured debt*	***2,200***	*1,889*	*1,763*	*1,151*	***2,200***	*1,889*	*1,763*	*1,151*
9	Secured wholesale funding					**6**	5	2	6
10	Additional requirements	**55,600**	55,923	55,493	54,913	**9,401**	9,512	9,326	9,127
11	*Outflows related to derivative exposures and other collateral requirements*	***2,168***	*2,190*	*2,193*	*2,097*	***2,098***	*2,145*	*2,171*	*2,094*
12	*Outflows related to loss of funding on debt products*	***83***	*146*	*63*	*63*	***83***	*146*	*63*	*63*
13	*Credit and liquidity facilities*	***53,349***	*53,587*	*53,237*	*52,753*	***7,220***	*7,221*	*7,092*	*6,970*
14	Other contractual funding obligations	**980**	712	615	580	**136**	125	113	97
15	Other contingent funding obligations	**46,673**	47,398	48,805	48,883	**3,018**	3,720	4,690	5,275
16	Total cash outflows					**85,499**	88,473	92,887	97,532
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**13,225**	11,382	9,584	8,790	**62**	23	2	1
18	Inflows from fully performing exposures	**5,177**	5,222	5,771	6,415	**3,824**	3,855	4,361	4,996
19	Other cash inflows	**9,668**	9,758	9,859	10,047	**2,082**	2,162	2,231	2,312
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	**28,070**	26,362	25,214	25,252	**5,968**	6,040	6,594	7,309
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	**28,070**	26,362	25,214	25,252	**5,968**	6,040	6,594	7,309
	Total adjusted value								
UK-21	Liquidity buffer					**105,927**	106,798	112,816	123,023
22	Total net cash outflows					**79,531**	82,433	86,293	90,223
23	Liquidity coverage ratio (%)					**133**	130	131	136

Annex XIII: Liquidity continued

UK LIQ1: Quantitative information of LCR continued

		UK DoLSub							
		Total unweighted value (average)				Total weighted value (average)			
		31 March 2024	31 December 2023	30 September 2023	30 June 2023	**31 March 2024**	31 December 2023	30 September 2023	30 June 2023
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**105,198**	105,754	110,914	119,973
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	**248,041**	247,354	248,694	251,268	**18,066**	18,292	18,785	19,319
3	*Stable deposits*	***144,793***	*146,825*	*149,418*	*151,776*	***7,240***	*7,341*	*7,471*	*7,589*
4	*Less stable deposits*	***82,437***	*84,124*	*87,158*	*90,618*	***10,393***	*10,583*	*10,977*	*11,433*
5	Unsecured wholesale funding	**127,498**	132,208	138,196	144,781	**56,202**	58,235	60,975	64,006
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***54,644***	*56,493*	*58,539*	*60,463*	***13,348***	*13,810*	*14,322*	*14,803*
7	*Non-operational deposits (all counterparties)*	***70,654***	*73,826*	*77,894*	*83,167*	***40,654***	*42,536*	*44,890*	*48,052*
8	*Unsecured debt*	***2,200***	*1,889*	*1,763*	*1,151*	***2,200***	*1,889*	*1,763*	*1,151*
9	Secured wholesale funding					**6**	4	2	6
10	Additional requirements	**54,343**	55,179	56,018	56,915	***9,587***	9,898	10,226	10,664
11	*Outflows related to derivative exposures and other collateral requirements*	***2,104***	*2,126*	*2,129*	*2,052*	***2,034***	*2,081*	*2,107*	*2,049*
12	*Outflows related to loss of funding on debt products*	***83***	*146*	*63*	*63*	***83***	*146*	*63*	*63*
13	*Credit and liquidity facilities*	***52,156***	*52,907*	*53,826*	*54,800*	***7,470***	*7,671*	*8,056*	*8,552*
14	Other contractual funding obligations	**1,018**	752	684	706	**174**	165	183	223
15	Other contingent funding obligations	**44,475**	45,223	46,836	47,168	**3,017**	3,718	4,686	5,265
16	Total cash outflows					**87,052**	90,312	94,857	99,483
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**13,224**	11,382	9,636	8,898	**62**	23	55	109
18	Inflows from fully performing exposures	**6,033**	6,108	6,576	7,012	**4,793**	4,857	5,308	5,751
19	Other cash inflows	**9,726**	9,870	10,023	10,224	**2,140**	2,275	2,397	2,493
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	***28,983***	27,360	26,235	26,134	**6,995**	7,155	7,760	8,353
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	**28,983**	27,360	26,235	26,134	**6,995**	7,155	7,760	8,353
	Total adjusted value								
UK-21	Liquidity buffer					**105,198**	105,754	110,914	119,973
22	Total net cash outflows					**80,057**	83,157	87,097	91,130
23	Liquidity coverage ratio (%)					**132**	127	127	131

Annex XIII: Liquidity continued

UK LIQB: Qualitative information on LCR

LCR inputs and results over time

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

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

NWH Group
The average LCR ratio for the 12 months to 31 March 2024 has increased 3% over the previous quarter, from 130% to 133%, mainly due to increased issuance coupled with reduced customer lending (including contingent obligations) offset by a reduction in customer deposits.

UK DoLSub
The average LCR ratio for the 12 months to 31 March 2024 has decreased 5% over the previous quarter, from 127% to 132%, mainly due to increased issuance coupled with reduced customer lending (including contingent obligations) offset by a reduction in customer deposits.

Concentration of funding sources

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

Liquidity buffer composition

NWH Group
The NWH Group HQLA is primarily held in Level 1 cash and central bank reserves (67%) and Level 1 high quality securities (28%), Level 2 securities account for (5%).

UK DoLSub
The UK DoLSub HQLA is primarily held in Level 1 cash and central bank reserves (67%) and Level 1 high quality securities (28%), Level 2 securities account for (5%).

Derivative exposures and potential collateral calls

NWH Group and UK DoLSub actively manage its derivative exposures and potential calls with derivative outflows under stress captured within the Historical Look Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a three-notch downgrade of the credit ratings of the entities within NWH Group are also captured.

Currency mismatch in the LCR

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