



NatWest
Group

NatWest Group 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 NatWest Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NatWest Group plc in respect of, but not limited to: its economic and political risks, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of its strategy, its climate and sustainability-related targets, increasing competition from incumbents, challengers and new entrants and disruptive technologies, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, 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 NatWest 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, 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 NatWest Group plc's actual results are discussed in NatWest Group plc's 2023 Annual Report on Form 20-F, NatWest Group plc's Interim Management Statement for Q1 2024 on Form 6-K, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Group plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the consolidated Pillar 3 disclosures for NatWest Group as at 31 March 2024, which complement those in the NatWest Group Q1 2024 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/reports-archive/2024

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

The disclosures for NatWest Group 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 Pillar 3 disclosures required for NatWest Group's ring-fenced body sub-group (NWH Group) and those required for NatWest Group's large subsidiaries (National Westminster Bank Plc, The Royal Bank of Scotland plc, NatWest Markets Plc, Coutts & Company, The Royal Bank of Scotland International Limited and RBS Holding N.V.) will be published separately around WD30 to coincide with supervisory reporting remittance dates. They will be available on the NatWest Group website, located at investors.natwestgroup.com/reports-archive/2024

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. Any rows or columns that are not applicable have not been shown.

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

13.5%

(Q4 2023 – 13.4%)

The CET1 ratio increased by 10 basis points to 13.5%. The increase in the CET1 ratio was due to a £0.6 billion increase in CET1 capital, partially offset by a £3.3 billion increase in RWAs.

The CET1 capital increase was mainly driven by an attributable profit for ordinary shareholders of £0.9 billion partially offset by a foreseeable ordinary dividend accrual of £0.4 billion.

RWAs

£186.3bn

(Q4 2023 – £183.0bn)

Total RWAs increased by £3.3 billion to £186.3 billion mainly reflecting:

- an increase in credit risk RWAs of £1.7 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 following the annual recalculation and higher income compared to 2020.

UK leverage ratio

5.1%

(Q4 2023 – 5.0%)

The leverage ratio increased by 10 basis points to 5.1% mainly due to a £0.6 billion increase in Tier 1 capital while the leverage exposure remained static during the period.

UK average leverage ratio

5.0%

(Q4 2023 – 5.0%)

The average leverage ratio remained static at 5.0%. There was a £0.1 billion increase in 3-month average Tier 1 capital and a £2.0 billion decrease in average leverage exposure. The key drivers in the average leverage exposure were a decrease in other assets and an increase in regulatory deductions.

LCR average

143%

(Q4 2023 – 141%)

The Liquidity Coverage Ratio (LCR) increased 2% compared to Q4 2023 from 141% to 143%, mainly due to increased issuance coupled with reduced customer lending (including contingent obligations) offset by a reduction in customer deposits.

NSFR average

137%

(Q4 2023 – 138%)

The Net Stable Funding Ratio (NSFR) was 137% compared to 138% in prior quarter. The decrease is due to higher lending slightly offset by higher 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 in respect to ECL provisions. The transitional relief 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	31 December 2023	30 September 2023	30 June 2023	31 March 2023
	£m	£m	£m	£m	£m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	25,068	24,440	24,585	24,013	25,650
2 Tier 1 capital	28,943	28,315	28,460	27,888	29,525
3 Total capital	34,980	33,632	33,945	33,325	35,002
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	186,295	182,989	181,553	177,544	178,135
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	13.5	13.4	13.5	13.5	14.4
6 Tier 1 ratio (%)	15.5	15.5	15.7	15.7	16.6
7 Total capital ratio (%)	18.8	18.4	18.7	18.8	19.6
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	1.8	1.8	1.7	1.7	1.7
UK 7b Additional AT1 SREP requirements (%)	0.6	0.6	0.6	0.6	0.6
UK 7c Additional Tier 2 SREP requirements (%)	0.8	0.8	0.7	0.7	0.7
UK 7d Total SREP own funds requirements (%)	11.2	11.2	11.0	11.0	11.0
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)	1.7	1.7	1.7	0.9	0.8
11 Combined buffer requirement (%)	4.2	4.2	4.2	3.4	3.3
UK 11a Overall capital requirements (%)	15.4	15.4	15.2	14.4	14.3
12 CET1 available after meeting the total SREP own funds requirements (%)	7.1	7.1	7.3	7.3	8.2
Leverage ratio					
13 Total exposure measure excluding claims on central banks	562,831	562,843	563,481	552,595	543,513
14 Leverage ratio excluding claims on central banks (%)	5.1	5.0	5.1	5.0	5.4
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.1	5.0	5.0	5.0	5.4
UK 14b Leverage ratio including claims on central banks (%)	4.3	4.3	4.2	4.2	4.5
UK 14c Average leverage ratio excluding claims on central banks (%)	5.0	5.0	5.0	5.2	5.4
UK 14d Average leverage ratio including claims on central banks (%)	4.2	4.2	4.2	4.3	4.4
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)	154,770	155,485	160,287	168,676	182,133
UK 16a Cash outflows - Total weighted value	119,602	122,306	126,100	130,566	135,309
UK 16b Cash inflows - Total weighted value	11,605	11,998	13,056	14,168	14,592
16 Total net cash outflows (adjusted value)	107,997	110,308	113,044	116,398	120,717
17 Liquidity coverage ratio (%) (2)	143	141	142	145	151
Net stable funding ratio					
18 Total available stable funding	408,908	407,678	411,008	416,023	423,884
19 Total required stable funding	298,862	295,992	292,545	290,684	288,904
20 NSFR ratio (%) (3)	137	138	140	143	147

(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 countercyclical leverage ratio buffer is set at 35% of NatWest Group plc 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 and 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. NatWest Group has elected to take advantage of the transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	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	25,068	24,440	24,585	24,013	25,650
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	24,994	24,238	24,362	23,790	25,430
3 Tier 1 capital	28,943	28,315	28,460	27,888	29,525
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	28,869	28,113	28,237	27,665	29,305
5 Total capital	34,980	33,632	33,945	33,325	35,002
6 Total capital as if IFRS 9 transitional arrangements had not been applied	35,004	33,686	33,993	33,360	35,031
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	186,295	182,989	181,553	177,544	178,135
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	186,292	182,972	181,525	177,507	178,098
Capital ratios					
	%	%	%	%	%
9 Common equity tier 1 ratio	13.5	13.4	13.5	13.5	14.4
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	13.4	13.2	13.4	13.4	14.3
11 Tier 1 ratio	15.5	15.5	15.7	15.7	16.6
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.5	15.4	15.6	15.6	16.5
13 Total capital ratio	18.8	18.4	18.7	18.8	19.6
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	18.8	18.4	18.7	18.8	19.7
Leverage ratio					
15 Leverage ratio exposure measure (£m)	562,831	562,843	563,481	552,595	543,513
16 Leverage ratio (%)	5.1	5.0	5.1	5.0	5.4
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	5.0	5.0	5.0	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	31 December 2023		31 March 2024
		£m	£m		£m
1	Credit risk (excluding counterparty credit risk)	145,593	144,047		11,648
2	Of which: standardised approach	18,948	18,375		1,516
3	Of which: the foundation IRB (FIRB) approach	-	-		-
4	Of which: slotting approach	12,917	12,747		1,033
UK 4a	Of which: equities under the simple risk-weighted approach	1,265	1,224		101
5	Of which: the advanced IRB (AIRB) approach (1)	112,463	111,701		8,998
5a	Of which: non-credit obligation assets	3,970	4,199		318
6	Counterparty credit risk	7,604	7,719		608
7	Of which: standardised approach	1,340	1,159		107
8	Of which: internal model method (IMM)	3,796	4,117		304
UK 8a	Of which: exposures to a CCP	244	136		20
UK 8b	Of which: credit valuation adjustment (CVA)	1,135	1,042		91
9	Of which: other counterparty credit risk	1,089	1,265		86
15	Settlement risk	-	2		-
16	Securitisation exposures in the non-trading book (after the cap)	3,825	3,660		306
17	Of which: SEC-IRBA approach	552	578		44
18	Of which: SEC-ERBA (including IAA)	347	408		28
19	Of which: SEC-SA approach	2,877	2,629		230
UK 19a	Of which: 1,250%/deduction	49	45		4
20	Position, foreign exchange and commodities risk (market risk)	7,452	7,363		596
21	Of which: standardised approach	1,235	1,045		99
22	Of which: IMA	6,217	6,318		497
UK 22a	Large exposures	-	-		-
23	Operational risk	21,821	20,198		1,746
UK 23a	Of which: basic indicator approach	-	-		-
UK 23b	Of which: standardised approach	21,821	20,198		1,746
UK 23c	Of which: advanced measurement approach	-	-		-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,819	1,917		146
29	Total	186,295	182,989		14,904

(1) Of which £380 million RWAs (31 December 2023 – £518 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	119,733
2 Asset size	977
3 Asset quality	136
4 Model updates	296
7 Foreign exchange movements	(111)
9 At 31 March 2024	121,031

(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 in bonds 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 I: Key metrics and overview of risk-weighted assets continued

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

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

	a
	RWAs £m
1 At 31 December 2023	4,117
2 Asset size	(283)
3 Credit quality of counterparties	3
7 Foreign exchange movements	(41)
9 At 31 March 2024	3,796

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

Q1 2024

- IMM RWAs decreased, mainly reflecting an overall reduction in asset size as well as the strengthening of sterling against the euro over the period.

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

	a	b	c	e	f	g
	Value-at-risk (VaR)	Stressed value-at-risk (SVaR)	Incremental risk charge	Other risks-not-in-VaR	Total RWAs	Total own funds requirements
	£m	£m	£m	£m	£m	£m
1 At 31 December 2023	1,698	2,501	814	1,305	6,318	505
1a <i>Regulatory adjustment (1)</i>	<i>(1,290)</i>	<i>(1,951)</i>	<i>(169)</i>	<i>-</i>	<i>(3,410)</i>	<i>(273)</i>
1b <i>RWAs at 31 December 2023 (end of day)</i>	<i>408</i>	<i>550</i>	<i>645</i>	<i>1,305</i>	<i>2,908</i>	<i>232</i>
2 <i>Movement in risk levels</i>	<i>(92)</i>	<i>(54)</i>	<i>440</i>	<i>(151)</i>	<i>143</i>	<i>12</i>
3 <i>Model updates/changes</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(116)</i>	<i>(116)</i>	<i>(9)</i>
8a <i>RWAs at 31 March 2024 (end of day)</i>	<i>316</i>	<i>496</i>	<i>1,085</i>	<i>1,038</i>	<i>2,935</i>	<i>235</i>
8b <i>Regulatory adjustment (1)</i>	<i>1,426</i>	<i>1,847</i>	<i>9</i>	<i>-</i>	<i>3,282</i>	<i>262</i>
8 At 31 March 2024	1,742	2,343	1,094	1,038	6,217	497

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

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- Overall, market risk RWAs under the IMA fell during the first quarter.
- VaR-based RWAs were broadly unchanged. The moderate decrease in SVaR-based RWAs mainly related to sterling interest rate risk in options activity.
- The increase in the incremental risk charge mainly reflected increases in government and corporate bond positions.
- The decrease in RNIV-based RWAs was largely driven by risk reduction activity.

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 NatWest Group. 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	562,831	562,843
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.1	5.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.1	5.0
UK-25c	Leverage ratio including claims on central banks (%)	4.3	4.3
Additional leverage ratio disclosure requirements – leverage ratio buffers			
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			
UK-31	Average total exposure measure excluding claims on central banks	569,267	571,225
UK-32	Average total exposure measure including claims on central banks	670,718	677,479
UK-33	Average leverage ratio excluding claims on central banks (%)	5.0	5.0
UK-34	Average leverage ratio including claims on central banks (%)	4.2	4.2

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

		Total unweighted value (average)				Total weighted value (average)			
		31 March 2024 12 £m	31 December 2023 12 £m	31 March 2023 12 £m	31 December 2022 12 £m	31 March 2024 12 £m	31 December 2023 12 £m	31 March 2023 12 £m	31 December 2022 12 £m
Number of data points used in the calculation of averages									
High - quality liquid assets									
1	Total high-quality liquid assets (HQLA)					154,770	155,485	160,287	168,676
Cash - outflows									
2	Retail deposits and deposits from small business customers, of which:	256,611	255,992	257,908	261,985	18,884	19,120	19,680	20,352
3	Stable deposits	145,596	147,741	150,798	154,221	7,280	7,387	7,540	7,711
4	Less stable deposits	87,009	88,906	92,413	96,787	11,004	11,219	11,660	12,219
5	Unsecured wholesale funding	151,395	155,960	162,434	169,609	71,439	72,977	75,511	78,324
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	60,862	62,980	65,537	67,984	14,896	15,425	16,065	16,676
7	Non-operational deposits (all counterparties)	86,129	89,234	93,533	99,108	52,139	53,806	56,082	59,131
8	Unsecured debt	4,404	3,746	3,364	2,517	4,404	3,746	3,364	2,517
9	Secured wholesale funding					1,093	964	893	875
10	Additional requirements	81,582	81,987	81,559	81,530	23,233	23,300	22,949	23,040
11	Outflows related to derivative exposures and other collateral requirements	6,759	7,131	7,455	7,678	6,530	6,841	7,147	7,287
12	Outflows related to loss of funding on debt products	83	146	63	63	83	146	63	63
13	Credit and liquidity facilities	74,740	74,710	74,041	73,789	16,620	16,313	15,739	15,690
14	Other contractual funding obligations	17,263	12,444	10,836	12,082	1,890	2,175	2,321	2,639
15	Other contingent funding obligations	49,717	50,255	51,569	51,525	3,063	3,770	4,746	5,336
16	Total cash outflows					119,602	122,306	126,100	130,566
Cash - inflows									
17	Secured lending (e.g. reverse repos)	54,328	49,346	45,065	44,328	944	857	820	780
18	Inflows from fully performing exposures	7,335	7,459	8,190	8,999	5,929	6,038	6,726	7,520
19	Other cash inflows	17,012	13,936	13,138	13,602	4,732	5,103	5,510	5,868
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	78,675	70,741	66,393	66,929	11,605	11,998	13,056	14,168
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	76,552	68,566	64,169	64,440	11,605	11,998	13,056	14,168
Total adjusted value									
UK-21	Liquidity buffer					154,770	155,485	160,287	168,676
22	Total net cash outflows					107,997	110,308	113,044	116,398
23	Liquidity coverage ratio (%)					143	141	142	145

Annex XIII: Liquidity continued

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

LCR inputs and results over time

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

All figures included in the table represent a 12-month rolling average. The average LCR for the 12 months to 31 March 2024 has increased 2% over the previous quarter, from 141% to 143%, mainly due to increased issuance coupled with reduced customer lending (including contingent obligations) offset by a reduction in customer deposits.

Concentration of funding sources

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

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (70%) and Level 1 high quality securities (26%). Level 2 securities account for 4%.

Derivative exposures and potential collateral calls

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

Currency mismatch in the LCR

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