NatWest Holdings Group
Q1 2023 Pillar 3

Contents

Presentation of information

This document presents the interim consolidated Pillar 3 disclosures for NatWest Holdings Group (NWH Group) as at 31 March 2023.

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 IFRS9 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. NatWest Group plc primarily determines its large subsidiaries, in accordance with the UK CRR requirements, as those designated as an O-SII firm by the PRA or with a value of total assets equal to or greater than €30 billion.

NWH Ltd's large subsidiaries as at 31 March 2023 were:

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

In addition, under the EU CRR rules, Ulster Bank Ireland DAC (UBIDAC) is also considered a large subsidiary of NWH Ltd as the entity continues to be designated as an O-SII firm by its supervisors.

The Pillar 3 disclosures for NWH Ltd's large subsidiaries are provided in separate documents. Disclosures for large subsidiaries that are non-UK entities are calculated in accordance with regulatory requirements applicable in the countries in which they are incorporated. These are published in the same location and are available on the NatWest Group website, located at: investors.natwestgroup.com/reports-archive/2023

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 2023 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

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.

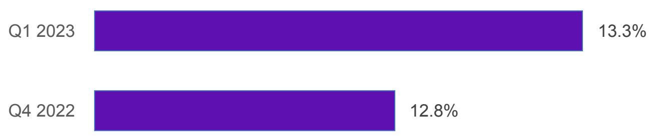
In this report, in line with the regulatory framework, the term credit risk excludes counterparty credit risk, unless specifically indicated otherwise.

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 available on natwestgroup.com

Capital, liquidity and funding
NatWest Holdings Group - Key points

CET1 ratio

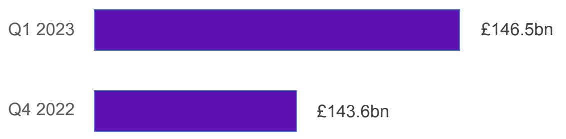


The CET1 ratio increased by 50 basis points to 13.3%. The increase was due to a £1.1 billion increase in CET1 capital, partially offset by a £2.9 billion increase in RWAs.

The CET1 increase was mainly driven by a £1.2 billion attributable profit offset by:

- a £0.1 billion decrease in the IFRS 9 transitional adjustment, primarily due to the annual update in the dynamic stage transition percentage and the end of transition on the static and historic stages.

RWAs



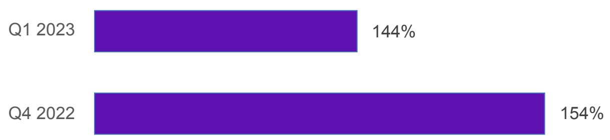
Total RWAs increased by £2.9 billion to £146.5 billion mainly reflecting:

- an increase in credit risk RWAs of £1.6 billion, primarily due to drawdowns and new facilities in Commercial and Institutional. This was partially offset by improved risk metrics.
- an increase in operational risk RWAs of £1.1 billion following the annual recalculation.
- an increase in counterparty credit risk RWAs of £0.2 billion, due to an increase in exposures.

UK leverage ratio

The leverage ratio increased by 10 basis points to 5.5%. The increase was due to a £1.1 billion increase in Tier 1 capital, partially offset by an £8.9 billion increase in leverage exposure. The key driver in the leverage exposure was an increase in other financial assets.

LCR average



The average liquidity coverage ratio (LCR) for the three months to 31 March 2023 decreased 10% over the period from 154% to 144%. The main drivers include a reduction in customer deposits (wholesale and retail), and increased customer lending.

NSFR average

The average net stable funding ratio (NSFR) was 145% compared to 149% at YE 2022. The decrease is due to lower deposits combined with higher lending.

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 extended CRR2 grandfathering provisions and 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.

		NWH Group				
		31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
Available own funds (amounts)		**£m**	£m	£m	£m	£m
1	Common equity tier 1 (CET1) capital	**19,505**	18,426	18,949	18,769	19,721
2	Tier 1 capital	**23,187**	22,108	22,631	22,451	23,403
3	Total capital	**28,831**	27,100	28,003	27,655	28,450
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**146,518**	143,574	142,637	144,465	142,021
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	**13.3**	12.8	13.3	13.0	13.9
6	Tier 1 ratio (%)	**15.8**	15.4	15.9	15.5	16.5
7	Total capital ratio (%)	**19.7**	18.9	19.6	19.1	20.0
Additional own funds requirements based on SREP (as a percentage risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**1.4**	1.4	1.5	1.4	1.5
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	0.6	0.7	0.6
UK 7d	Total SREP own funds requirements (%)	**10.6**	10.6	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)	**0.9**	0.9	0.0	0.0	0.0
UK 10a	Other Systemically Important Institution buffer (%)	**1.5**	1.5	1.5	1.5	1.5
11	Combined buffer requirement (%)	**4.9**	4.9	4.0	4.0	4.0
UK 11a	Overall capital requirements (%)	**15.5**	15.5	14.6	14.6	14.6
12	CET1 available after meeting the total SREP own funds requirements (%) (2)	**7.4**	6.9	7.3	7.1	7.9
Leverage ratio						
13	Total exposure measure excluding claims on central banks	**421,792**	412,906	417,683	420,093	420,304
14	Leverage ratio excluding claims on central banks (%)	**5.5**	5.4	5.4	5.3	5.6
Additional leverage ratio disclosure requirements						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.3	5.3	5.3	5.5
UK 14b	Leverage ratio including claims on central banks (%)	**4.7**	4.3	4.2	4.0	4.2
UK 14c	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.4	5.4	5.5	5.5
UK 14d	Average leverage ratio including claims on central banks (%)	**4.5**	4.3	4.1	4.2	4.1
UK 14e	Countercyclical leverage ratio buffer (%)	**0.3**	0.3	0.0	0.0	0.0
Liquidity coverage ratio						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**137,346**	150,282	160,257	160,810	156,754
UK 16a	Cash outflows - Total weighted value	**102,450**	105,814	107,012	106,045	103,529
UK 16b	Cash inflows - Total weighted value	**7,726**	8,634	8,431	8,120	7,908
16	Total net cash outflows (adjusted value)	**94,724**	97,180	98,581	97,925	95,621
17	Liquidity coverage ratio (%) (3)	**144**	154	163	164	164
Net stable funding ratio (4)						
18	Total available stable funding	**370,206**	376,909			
19	Total required stable funding	**254,980**	253,576			
20	NSFR ratio (%)	**145**	149			

(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) 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.
(4) 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 ratios have not been restated.
(5) The following rows are not presented in the table above because they are not applicable: UK8a, UK9a and 10.

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.

		NWH Group				
		31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	Available capital (amounts) - transitional	**£m**	£m	£m	£m	£m
1	Common equity tier 1	**19,505**	18,426	18,949	18,769	19,721
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**19,278**	18,052	18,571	18,453	19,294
3	Tier 1 capital	**23,187**	22,108	22,631	22,451	23,403
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**22,960**	21,734	22,253	22,135	22,976
5	Total capital	**28,831**	27,100	28,003	27,655	28,450
6	Total capital as if IFRS 9 transitional arrangements had not been applied	**28,864**	27,135	28,034	27,726	28,347
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	**146,518**	143,574	142,637	144,465	142,021
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	**146,481**	143,503	142,557	144,432	141,992
	Capital ratios	**%**	%	%	%	%
9	Common equity tier 1 ratio	**13.3**	12.8	13.3	13.0	13.9
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**13.2**	12.6	13.0	12.8	13.6
11	Tier 1 ratio	**15.8**	15.4	15.9	15.5	16.5
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**15.7**	15.1	15.6	15.3	16.2
13	Total capital ratio	**19.7**	18.9	19.6	19.1	20.0
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	**19.7**	18.9	19.7	19.2	20.0
	Leverage ratio					
15	Leverage ratio exposure measure (£m)	**421,792**	412,906	417,683	420,093	420,304
16	Leverage ratio (%)	**5.5**	5.4	5.4	5.3	5.6
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	**5.4**	5.3	5.3	5.3	5.5

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 2023	31 December 2022
	Capital and total exposure measure	**£m**	£m
UK-24b	Total exposure measure excluding claims on central banks	**421,792**	412,906
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**5.5**	5.4
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.5**	5.3
UK-25c	Leverage ratio including claims on central banks (%)	**4.7**	4.3
	Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.825**	0.825
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 (%)	**0.3**	0.3
	Additional leverage ratio disclosure requirements - disclosure of mean values		
UK-31	Average total exposure measure excluding claims on central banks	**419,400**	411,581
UK-32	Average total exposure measure including claims on central banks	**498,889**	526,041
UK-33	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.4
UK-34	Average leverage ratio including claims on central banks (%)	**4.5**	4.3

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

Q1 2023

NWH Group average leverage ratio decreased from 5.4% to 5.3% in the quarter. This was driven by an increase in average leverage exposure primarily due to an increase in balance sheet other assets. The 3-month average Tier 1 capital remained static quarter on quarter.

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 2023	31 December 2022	30 September 2022	30 June 2022	**31 March 2023**	31 December 2022	30 September 2022	30 June 2022
	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)					**137,346**	150,282	160,257	160,810
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	**258,628**	262,174	262,096	259,692	**20,098**	20,491	20,534	20,333
3	*Stable deposits*	***156,567***	*158,894*	*160,422*	*161,045*	***7,828***	*7,945*	*8,021*	*8,052*
4	*Less stable deposits*	***94,948***	*97,013*	*97,249*	*95,905*	***11,969***	*12,245*	*12,254*	*12,065*
5	Unsecured wholesale funding	**155,011**	161,821	165,424	165,857	**67,859**	71,122	72,803	72,568
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***63,438***	*65,088*	*65,902*	*66,537*	***15,547***	*15,959*	*16,163*	*16,321*
7	*Non-operational deposits (all counterparties)*	***90,790***	*96,207*	*98,999*	*98,773*	***51,529***	*54,637*	*56,117*	*55,700*
8	*Unsecured debt*	***783***	*526*	*523*	*547*	***783***	*526*	*523*	*547*
9	Secured wholesale funding					**6**	6	5	—
10	Additional requirements	**54,352**	53,634	53,985	54,339	**8,860**	8,610	8,606	8,551
11	*Outflows related to derivative exposures and other collateral requirements*	***2,026***	*2,016*	*2,072*	*2,182*	***2,008***	*1,938*	*1,868*	*1,851*
12	*Outflows related to loss of funding on debt products*	***63***	—	—	—	***63***	—	—	—
13	*Credit and liquidity facilities*	***52,263***	*51,618*	*51,913*	*52,157*	***6,789***	*6,672*	*6,738*	*6,700*
14	Other contractual funding obligations	**477**	465	540	524	**13**	16	9	9
15	Other contingent funding obligations	**49,253**	48,512	46,622	45,256	**5,614**	5,569	5,055	4,584
16	Total cash outflows					**102,450**	105,814	107,012	106,045
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**8,382**	8,997	9,682	10,426	**1**	—	—	—
18	Inflows from fully performing exposures	**6,802**	7,851	7,707	7,373	**5,328**	6,333	6,177	5,818
19	Other cash inflows	**10,364**	10,428	10,404	10,478	**2,397**	2,301	2,254	2,302
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	**25,548**	27,276	27,793	28,277	**7,726**	8,634	8,431	8,120
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	**25,548**	27,276	27,793	28,277	**7,726**	8,634	8,431	8,120
	Total adjusted value								
UK-21	Liquidity buffer					**137,346**	150,282	160,257	160,810
22	Total net cash outflows					**94,724**	97,180	98,581	97,925
23	Liquidity coverage ratio (%)					**144**	154	163	164

UK LIQ1: Quantitative information of LCR continued

		UK DoLSub							
		Total unweighted value (average)				Total weighted value (average)			
		31 March 2023	31 December 2022	30 September 2022	30 June 2022	**31 March 2023**	31 December 2022	30 September 2022	30 June 2022
	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)					**132,954**	145,498	154,616	154,519
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	**253,751**	254,906	252,957	249,528	**19,778**	20,017	19,934	19,664
3	*Stable deposits*	***153,436***	*154,227*	*154,462*	*154,343*	***7,672***	*7,711*	*7,723*	*7,717*
4	*Less stable deposits*	***93,323***	*94,635*	*94,279*	*92,614*	***11,803***	*12,002*	*11,950*	*11,728*
5	Unsecured wholesale funding	**152,151**	157,631	160,629	161,040	**67,603**	70,178	71,657	71,506
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***62,313***	*63,664*	*64,326*	*64,946*	***15,265***	*15,603*	*15,769*	*15,924*
7	*Non-operational deposits (all counterparties)*	***89,055***	*93,441*	*95,780*	*95,547*	***51,555***	*54,049*	*55,365*	*55,035*
8	*Unsecured debt*	***783***	*526*	*523*	*547*	***783***	*526*	*523*	*547*
9	Secured wholesale funding					**6**	6	5	—
10	Additional requirements	**57,570**	57,399	56,242	54,895	***10,948***	10,981	10,454	9,754
11	*Outflows related to derivative exposures and other collateral requirements*	***2,000***	*2,020*	*2,112*	*2,239*	***1,982***	*1,943*	*1,908*	*1,908*
12	*Outflows related to loss of funding on debt products*	***63***	—	—	—	***63***	—	—	—
13	*Credit and liquidity facilities*	***55,507***	*55,379*	*54,130*	*52,656*	***8,903***	*9,038*	*8,546*	*7,846*
14	Other contractual funding obligations	**690**	700	739	666	**230**	256	212	155
15	Other contingent funding obligations	**48,008**	47,576	45,825	44,490	**5,599**	5,546	5,022	4,538
16	Total cash outflows					**104,164**	106,984	107,284	105,617
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**8,682**	9,297	9,867	10,555	**171**	170	118	62
18	Inflows from fully performing exposures	**7,456**	7,808	7,764	7,721	**6,154**	6,477	6,419	6,360
19	Other cash inflows	**10,530**	10,559	10,505	10,578	**2,569**	2,441	2,366	2,414
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	***26,668***	27,664	28,136	28,854	**8,894**	9,088	8,903	8,836
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	**26,668**	27,664	28,136	28,854	**8,894**	9,088	8,903	8,836
	Total adjusted value								
UK-21	Liquidity buffer					**132,954**	145,498	154,616	154,519
22	Total net cash outflows					**95,270**	97,896	98,381	96,781
23	Liquidity coverage ratio (%)					**139**	148	157	160

UK LIQB: Qualitative information on LCR

LCR inputs & 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 2023 has decreased 10% over the previous quarter, from 154% to 144%. The main drivers include a reduction of customer deposits (wholesale and retail), and increased customer lending.

UK DoLSub

The average LCR ratio for the 12 months to 31 March 2023 has decreased 9% over the previous quarter, from 148% to 139%. The main drivers include a reduction of customer deposits (wholesale and retail), and increased customer lending.

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 and UK DoLSub HQLA is primarily held in Level 1 cash and central bank reserves (86%) and Level 1 high quality securities (12%), Level 2 securities account for (2%).

Derivative exposures and potential collateral calls

NWH Group and UK DoLSub actively manage their 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 3-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, the 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. NWH Group and UK DoLSub manage currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.

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.

		NWH Group		
		a	b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements
		31 March 2023 £m	31 December 2022 £m	31 March 2023 £m
1	Credit risk (excluding counterparty credit risk)	127,094	125,479	10,168
2	*Of which: standardised approach*	*19,638*	*19,870*	*1,571*
3	*Of which: the foundation IRB (FIRB) approach*	—	—	—
4	*Of which: slotting approach*	*11,183*	*10,796*	*895*
UK 4a	*Of which: equities under the simple risk-weighted approach*	—	—	—
5	*Of which: the advanced IRB (AIRB) approach*	*96,273*	*94,813*	*7,702*
6	Counterparty credit risk	667	483	53
7	*Of which: standardised approach*	*244*	*219*	*20*
8	*Of which: internal model method (IMM)*	—	—	—
UK 8a	*Of which: exposures to a CCP*	*14*	*41*	*1*
UK 8b	*Of which: credit valuation adjustment (CVA)*	*216*	*137*	*17*
9	*Of which: other counterparty credit risk*	*193*	*86*	*15*
15	Settlement risk	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	192	182	15
17	*Of which: SEC-IRBA approach*	—	—	—
18	*Of which: SEC-ERBA (including IAA)*	*4*	—	—
19	*Of which: SEC-SA approach*	*188*	*182*	*15*
UK 19a	*Of which: 1,250%/deduction*	—	—	—
20	*Position, foreign exchange and commodities risk (market risk)*	208	208	17
21	*Of which: standardised approach*	*208*	*208*	*17*
22	*Of which: IMA*	—	—	—
UK 22a	Large exposures	—	—	—
23	Operational risk	18,357	17,222	1,469
UK 23a	*Of which: basic indicator approach*	—	—	—
UK 23b	*Of which: standardised approach*	*18,357*	*17,222*	*1,469*
UK 23c	*Of which: advanced measurement approach*	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	1,224	1,281	98
29	**Total**	146,518	143,574	11,722

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

RWA movement table

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 and non-credit obligation assets.

		NWH Group
		a
		RWAs
		£m
1	At 31 December 2022	101,810
2	Asset size	2,748
3	Asset quality	(292)
4	Model updates	(307)
7	Foreign exchange movements	(243)
9	**At 31 March 2023**	**103,716**

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

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- The uplift in asset size primarily related to increases in Commercial & Institutional as a result of drawdowns and new facilities. Further uplifts were mainly due to increased exposures in Retail Banking. These increases were partially offset by a fall in items held in the course of treasury related management activities.
- The decrease caused by model updates was mainly due to adjustments as a result of new regulations applicable to IRB models from 1 January 2022. There were further decreases as a result of loss given default model changes.
- The reduction in RWAs for asset quality primarily related to improved risk metrics within Commercial & Institutional.
- The reduction due to foreign exchange movements was mainly a result of sterling strengthening against the US dollar and euro during the period.