



# National Westminster Bank Plc

## H1 2022 Pillar 3 Supplement

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## Presentation of information

This document presents the Pillar 3 disclosures for National Westminster Bank Plc (NWB Plc) at 30 June 2022.

NWB Plc is incorporated in the United Kingdom and is a large, listed subsidiary of NatWest Group. Based on the criteria set out in the CRR, NatWest Group primarily defines its large subsidiaries as those designated as an Other Systemically Important Institution (O-SII) by the national competent authority or those with total assets equal to or greater than €30 billion.

NWB Plc being a large subsidiary of NatWest Group is subject to the disclosure requirements set out in the Level of Application part of the PRA Rulebook.

Disclosures for large subsidiaries of NatWest Group that are UK entities 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 disclosures required under the PRA framework are substantially equivalent to those required by Part Eight of the EU CRR.

The liquidity disclosures completed at UK Domestic Liquidity Subgroup (UK DoLSub) level are published in the NWH Group Pillar 3 document. 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. The NWH Group Pillar 3 document is available on the NatWest Group website, located at [natwestgroup.com/results](https://natwestgroup.com/results).

Within this document, row and column references are based on those prescribed in the PRA templates. Any rows or columns that are not applicable have not been shown. Where applicable, comparatives are not provided for first-time disclosures.

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

<b>PRA template reference</b>	<b>Template name</b>	<b>Reasons for exclusion</b>
UK LIQ1	Quantitative information on LCR	Refer to UK DoLSub LIQ1 disclosure in the NWH Group Pillar 3 document
UK LIQB	Qualitative information on LCR, which complements template UK LIQ1	Refer to UK DoLSub LIQB disclosure in the NWH Group Pillar 3 document
UK LIQ2	Net Stable Funding Ratio (NSFR)	Disclosure does not commence until 2023 based on PRA guidance in PS17/21 and CP3/22
UK CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
UK CQ2	Quality of forbearance	Threshold for disclosure not met
UK CQ6	Collateral valuation - loans and advances	Threshold for disclosure not met
UK CQ7	Collateral obtained by taking possession and execution processes	Collateral obtained by taking possession is not recognised on the balance sheet
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Collateral obtained by taking possession is not recognised on the balance sheet & threshold not met
UK CR10.5	Equity exposures under the simple risk-weighted approach	No reportable exposures

# Capital, liquidity and funding

## Key points

### CET1 ratio

**HY 2022** 11.6%

**YE 2021** 16.1%

The CET1 ratio decreased by 450 basis points to 11.6%. The decrease was due to a £20.0 billion increase in RWAs and a £1.6 billion decrease in CET1 capital.

The CET1 decrease was mainly driven by:

- foreseeable dividend accrual of £2.3 billion;
- a £0.2 billion decrease in the IFRS 9 transitional adjustment;
- the removal of adjustment for prudential amortisation on software development costs of £0.4 billion; and
- other reserve movements.

These reductions were partially offset by the £1.7 billion profit attributable to ordinary shareholders in the period.

### RWAs

**HY 2022** £106.2bn

**YE 2021** £86.2bn

Total RWAs increased by £20.0 billion to £106.2 billion during H1 2022 reflecting:

- An increase in credit risk RWAs of £19.7 billion, due to model adjustments applied as a result of the new regulations applicable to IRB models from 1 January 2022. This was partially offset by improved risk metrics in Commercial & Institutional and Retail Banking.
- An increase in counterparty risk RWAs of £0.2 billion, driven by an increase in exposures.
- An increase in operational risk RWAs of £0.1 billion due to the annual recalculation.

### UK leverage ratio

**HY 2022** 4.3%

**YE 2021** 4.8%

The leverage ratio at 30 June 2022 was 4.3% and was calculated in accordance with changes to the UK's leverage ratio framework which were introduced by the PRA and came into effect from 1 January 2022. As at 31 December 2021, the UK leverage ratio was 4.8%, which was calculated under the prior year's UK leverage methodology. The key driver of the decrease is a £1.4 billion decrease in Tier 1 capital.

## IFRS 9-FL<sup>(1)</sup>: 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 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.

		NWB Plc				
		30 June 2022 £m	31 March 2022 £m	31 December 2021 £m	31 September 2021 £m	30 June 2021 £m
<b>Available capital (amounts) - transitional</b>						
1	Common equity tier 1	<b>12,335</b>	13,802	13,924	14,682	14,713
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	<b>12,127</b>	13,541	13,495	14,255	13,963
3	Tier 1 capital	<b>14,591</b>	15,917	16,039	16,977	16,821
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	<b>14,383</b>	15,656	15,610	16,370	16,071
5	Total capital	<b>17,503</b>	18,709	18,945	19,888	19,779
6	Total capital as if IFRS 9 transitional arrangements had not been applied	<b>17,537</b>	18,775	18,770	19,529	19,284
<b>Risk-weighted assets (amounts)</b>						
7	Total risk-weighted assets	<b>106,211</b>	103,987	86,217	85,674	85,892
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	<b>106,180</b>	103,965	86,190	85,637	85,857
<b>Capital ratios</b>		%	%	%	%	%
9	Common equity tier 1 ratio	<b>11.6</b>	13.3	16.1	17.3	17.1
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>11.4</b>	13.0	15.7	16.6	16.3
11	Tier 1 ratio	<b>13.7</b>	15.3	18.6	19.8	19.6
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>13.5</b>	15.1	18.1	19.1	18.7
13	Total capital ratio	<b>16.5</b>	18.0	22.0	23.2	23.0
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	<b>16.5</b>	18.1	21.8	22.8	22.5
<b>Leverage ratio (2)</b>						
15	Leverage ratio exposure measure (£m)	<b>340,086</b>	338,123	426,681	412,246	401,880
16	Leverage ratio (%)	<b>4.3</b>	4.7	3.8	4.1	4.2
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	<b>4.2</b>	4.6	3.7	4.0	4.0

(1) The requirement to complete this table until the end of transitional period is based on EBA guidelines (EBA/GL/2018/01) and has been on shored in the UK disclosure framework via a joint Statement of Policy by the Bank of England and PRA.

(2) From 1 January 2022, the leverage metrics for UK entities are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

## Capital, liquidity and funding continued

### UK CC1: Composition of regulatory own funds

The table below sets out the capital resources on a transitional basis. Regulatory adjustments comprise deductions from own funds and prudential filters. The table also includes a cross reference to the corresponding rows in template UK CC2 to facilitate full reconciliation of accounting and regulatory own funds.

		NWB Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
	30 June 2022 £m		31 December 2021 £m
<b>CET1 capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	<b>3,903</b>	3,904
	<i>Of which: ordinary shares</i>	<b>1,678</b>	1,678
	<i>Of which: share premium</i>	<b>2,225</b>	2,226
2	Retained earnings	<b>9,924</b>	10,622
3	Accumulated other comprehensive income (and other reserves)	<b>484</b>	905
UK-3a	Funds for general banking risk	—	—
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	—	—
5	Minority interests (amount allowed in consolidated CET1)	—	—
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	—	—
6	<b>CET1 capital before regulatory adjustments</b>	<b>14,311</b>	15,431
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	(-) Additional value adjustments	<b>(29)</b>	(12)
8	(-) Intangible assets (net of related tax liability)	<b>(1,227)</b>	(703)
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	<b>(496)</b>	(541)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	<b>225</b>	2
12	(-) Negative amounts resulting from the calculation of expected loss amounts	—	—
13	(-) Any increase in equity that results from securitised assets	—	—
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—	—
15	(-) Defined-benefit pension fund assets	—	—
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments	—	—
17	(-) Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	—	—
18	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (above the 10% threshold and net of eligible short positions)	—	—
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	<b>(570)</b>	(607)
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	—	—
UK-20b	<i>(-) Of which: qualifying holdings outside the financial sector</i>	—	—
UK-20c	<i>(-) Of which: securitisation positions</i>	—	—
UK-20d	<i>(-) Of which: free deliveries</i>	—	—
21	(-) Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	—	—

## UK CC1: Composition of regulatory own funds continued

		NWB Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
		30 June 2022 £m	31 December 2021 £m
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
22	(-) Amount exceeding the 17.65% threshold	(84)	(73)
23	(-) Of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	(56)	(49)
25	(-) Of which: deferred tax assets arising from temporary differences	(28)	(24)
UK-25a	(-) Losses for the current financial period	—	—
UK-25b	(-) Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items in so far as such tax charges reduce the amount up to which those items may be used to cover risks or losses	—	—
27	(-) Qualifying Additional Tier 1 (AT1) deductions that exceed the AT1 items of the institution	—	—
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	205	427
28	Total regulatory adjustments to CET1	(1,976)	(1,507)
29	CET1 capital	12,335	13,924
<b>AT1 capital: instruments</b>			
30	Capital instruments and the related share premium accounts	2,518	2,377
31	Of which: classified as equity under applicable accounting standards	2,518	2,377
32	Of which: classified as liabilities under applicable accounting standards	—	—
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1 as described in Article 486 (3) CRR	—	—
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	—	—
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	—	—
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	—	—
35	Of which: instruments issued by subsidiaries subject to phase out	—	—
36	AT1 capital before regulatory adjustments	2,518	2,377
<b>AT1 capital: regulatory adjustments</b>			
37	(-) Direct, indirect and synthetic holdings by an institution of own AT1 instruments	—	—
38	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	—	—
39	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(262)	(262)
42	(-) Qualifying T2 deductions that exceed the T2 items of the institution	—	—
42a	Other regulatory adjustments to AT1 capital	—	—
43	Total regulatory adjustments to AT1 capital	(262)	(262)
44	AT1 capital	2,256	2,115
45	Tier 1 capital (T1 = CET1 + AT1)	14,591	16,039

Capital, liquidity and funding continued

UK CC1: Composition of regulatory own funds continued

		NWB Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
		30 June 2022 £m	31 December 2021 £m
<b>T2 capital: instruments</b>			
46	Capital instruments and the related share premium accounts	3,171	(j) 3,102
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	—	(j) 54
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	—	—
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	—	—
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in 5 or 34) issued by subsidiaries and held by third parties	—	—
49	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	—	—
50	Credit risk adjustments	7	117
51	T2 capital before regulatory adjustments	3,178	3,273
<b>T2 capital: regulatory adjustments</b>			
52	(-) Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	—	—
53	(-) Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	—	—
54	(-) Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	—	—
55	(-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(266)	(367)
UK-56a	(-) Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution	—	—
UK-56b	(-) Other regulatory adjustments to T2 capital	—	—
57	Total regulatory adjustments to T2 capital	(266)	(367)
58	T2 capital	2,912	2,906
59	Total capital (TC = T1 + T2)	17,503	18,945
60	Total risk exposure amount	106,211	86,217
<b>Capital ratios and buffers</b>			
61	CET1 (as a percentage of total risk exposure amount)	11.6%	16.1%
62	T1 (as a percentage of total risk exposure amount)	13.7%	18.6%
63	Total capital (as a percentage of total risk exposure amount)	16.5%	22.0%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8.2%	8.5%
65	<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%
66	<i>Of which: counter cyclical buffer requirement</i>	0.0%	0.0%
67	<i>Of which: systemic risk buffer requirement</i>	—	—
UK-67a	<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	—	—
68	CET1 available to meet buffers (as a percentage of risk exposure amount) (1)	5.9%	10.1%

## UK CC1: Composition of regulatory own funds continued

		NWB Plc	
		30 June 2022 £m	Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation 31 December 2021 £m
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2	2
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	1,242	1,411
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR met)	608	678
<b>Available caps on the inclusion of provisions in T2</b>			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	154	135
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	7	117
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	480	371
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements	—	—
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	—	—
82	Current cap on AT1 instruments subject to phase out arrangements	—	29
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—
84	Current cap on T2 instruments subject to phase out arrangements	—	123
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—

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

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

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

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

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

	NWB Plc		
	As at period end 30 June 2022		
	a	b	
		Under regulatory	
	Balance sheet	scope of	
	as at period end	consolidation	
	as at period end	as at period end	
	£m	£m	References
<b>Assets</b>			
Cash and balances at central banks	101,394	101,394	
Derivatives	3,555	3,555	
Loans to banks - amortised cost	4,489	4,489	
Loans to customers - amortised cost	262,529	262,529	
Other financial assets	20,561	20,561	
Intangible assets	1,227	1,227	(d)
Property, plant and equipment	1,934	1,934	
Current and deferred tax assets	1,393	1,393	
<i>of which: DTAs that rely on future profitability and do not arise from temporary differences</i>	496	496	(e)
Prepayments, accrued income and other assets	798	798	
<i>of which: defined benefit pension fund assets</i>	—	—	(f)
Investment in group undertakings	2,119	2,119	
Amounts due from holding companies and fellow subsidiaries	28,562	28,562	
<b>Total assets</b>	<b>428,561</b>	<b>428,561</b>	
<b>Liabilities</b>			
Bank deposits	20,966	20,966	
Customer deposits	300,164	300,164	
Derivatives	2,464	2,464	
Other financial liabilities	4,866	4,866	(j)
Provisions, deferred income and other liabilities	2,742	2,742	
Retirement benefit liabilities	11	11	
Current and deferred tax liabilities	0	0	
<i>of which: defined benefit pension scheme assets</i>	—	—	(g)
Subordinated liabilities	209	209	(j)
Notes in circulation	856	856	
Amounts due from holding companies and fellow subsidiaries	77,154	77,154	(j)
<b>Total liabilities</b>	<b>409,432</b>	<b>409,432</b>	
<b>Shareholders' Equity</b>			
Non-controlling interests	—	—	
Owners' equity			
Called up share capital	1,678	1,678	(a)
Reserves	17,451	17,451	
<i>of which: amount eligible for retained earnings</i>	12,224	12,224	(b)
<i>of which: amount eligible for accumulated OCI and other reserves</i>	484	484	(c) & (i)
<i>of which: amount of other equity instruments</i>	2,518	2,518	(h)
<i>of which: share premium accounts</i>	2,225	2,225	(k)
<b>Total shareholders' equity</b>	<b>19,129</b>	<b>19,129</b>	

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

## 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.

		NWB Plc		
		a	b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements
		30 June 2022 £m	31 March 2022 £m	30 June 2022 £m
1	Credit risk (excluding counterparty credit risk)	92,245	89,658	7,380
2	Of which: standardised approach	12,348	12,412	988
3	Of which: the foundation IRB (FIRB) approach	—	—	—
4	Of which: slotting approach	7,129	6,293	570
UK 4a	Of which: equities under the simple risk-weighted approach	—	—	—
5	Of which: the advanced IRB (AIRB) approach	72,768	70,953	5,822
6	Counterparty credit risk	839	503	67
7	Of which: standardised approach	329	254	26
8	Of which: internal model method (IMM)	—	—	—
UK 8a	Of which: exposures to a CCP	50	62	4
UK 8b	Of which: credit valuation adjustment (CVA)	88	88	7
9	Of which: other counterparty credit risk	372	99	30
15	Settlement risk	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	121	784	10
17	Of which: SEC-IRBA approach	—	674	—
18	Of which: SEC-ERBA (including IAA)	—	—	—
19	Of which: SEC-SA approach	121	110	10
UK 19a	Of which: 1,250%/deduction	—	—	—
20	Position, foreign exchange and commodities risk (market risk)	14	50	1
21	Of which: standardised approach	14	50	1
22	Of which: IMA	—	—	—
UK 22a	Large exposures	—	—	—
23	Operational risk	12,992	12,992	1,039
UK 23a	Of which: basic indicator approach	—	—	—
UK 23b	Of which: standardised approach	12,992	12,992	1,039
UK 23c	Of which: advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	4,626	5,176	370
29	Total	106,211	103,987	8,497

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

## 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.

		NWB Plc
		a
		RWAs
		£m
1	At 31 December 2021	57,852
2	Asset size	590
3	Asset quality	(127)
4	Model updates	15,948
7	Foreign exchange movements	106
9	<b>At 31 March 2022</b>	<b>74,369</b>
2	Asset size	1,725
3	Asset quality	(1,398)
4	Model updates	(26)
7	Foreign exchange movements	326
8	Other	2,109
9	<b>At 30 June 2022</b>	<b>77,105</b>

(1) The following rows are not presented in the table because they had zero values for the period: June 2022 row (5) methodology and policy and row (6) Acquisitions and disposals (March 2022 row (5) methodology and policy, row (6) acquisitions and disposals and row (8) Other).

### Q2 2022

- The uplift in asset size was mainly as a result of increases within Retail Banking, primarily within the mortgage portfolio. There were further uplifts in RWAs as a result of increased drawdowns and new facilities within Commercial & Institutional.
- The RWA increase relating to foreign exchange movements was mainly a result of sterling weakening against the US dollar during the period.
- The decrease in RWAs relating to asset quality primarily reflected improved risk metrics in Commercial & Institutional and Retail Banking in the period.
- The decrease in RWAs relating to model updates was mainly due to adjustments as a result of new regulations applicable to IRB models from 1 January 2022.
- The increase in the other category reflected changes in the regulatory treatment of certain structured transactions.

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

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

		NWB Plc	
		30 June 2022	31 March 2022
		£m	£m
1	Total assets as per published financial statements	428,561	422,341
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	—	—
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—	—
4	(Adjustment for exemption of exposures to central banks)	(90,136)	(83,842)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (1) of Article 429a(1) of the CRR)	—	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(4)	(61)
7	Adjustment for eligible cash pooling transactions	—	—
8	Adjustment for derivative financial instruments	(395)	(224)
9	Adjustment for securities financing transactions (SFTs)	3,184	1,212
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	28,071	28,225
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(54)	(42)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(21,329)	(21,422)
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	—	—
12	Other adjustments	(7,812)	(8,064)
13	Total exposure measure	340,086	338,123

## UK LR2 - LRCom: Leverage ratio common disclosure

The table below shows the leverage ratio common disclosure on a transitional basis. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		NWB Plc	
		30 June 2022	31 March 2022
		£m	£m
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	394,719	387,010
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	—	—
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(2,106)	(1,577)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	—	—
5	(General credit risk adjustments to on-balance sheet items)	—	—
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(2,238)	(2,210)
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	390,375	383,223
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	3,203	2,355
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	—	—
9	Add-on amounts for PFE associated with SA-CCR derivatives transactions	2,062	1,857
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	—	—
UK-9b	Exposure determined under the original exposure method	—	—
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	—	—
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	—	—
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—	—
11	Adjusted effective notional amount of written credit derivatives	—	—
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	—	—
13	Total derivative exposures	5,265	4,212
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	28,869	30,954
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(4,188)	(4,410)
16	Counterparty credit risk exposure for SFT assets	3,184	1,212
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	—	—
UK-17	Agent transaction exposures	—	—
UK-17a	(Exempted CCP leg of client cleared SFT exposures)	—	—
18	Total securities financing transaction exposures	27,865	27,756
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	91,929	89,391
20	(Adjustments for conversion to credit equivalent amounts)	(63,858)	(61,166)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	(25)	(29)
22	Off-balance sheet exposures	28,046	28,196

## UK LR2 - LRCom: Leverage ratio common disclosure continued

		NWB Plc	
		30 June 2022 £m	31 March 2022 £m
<b>Excluded exposures</b>			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(21,329)	(21,422)
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	—	—
UK-22g	(Excluded excess collateral deposited at triparty agents)	—	—
UK-22k	(Total exempted exposures)	(21,329)	(21,422)
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	14,591	15,917
24	Total exposure measure including claims on central banks	430,222	421,965
UK-24a	(-) Claims on central banks excluded	(90,136)	(83,842)
UK-24b	Total exposure measure excluding claims on central banks	340,086	338,123
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	4.3	4.7
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.2	4.6
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	4.3	4.7
UK-25c	Leverage ratio including claims on central banks (%)	3.4	3.8
26	Regulatory minimum leverage ratio requirement (%) <sup>(1)</sup>		
<b>Additional leverage ratio disclosure requirements - leverage ratio buffers <sup>(1)</sup></b>			
27	Leverage ratio buffer (%)		
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)		
UK-27b	Of which: countercyclical leverage ratio buffer (%)		
<b>Additional leverage ratio disclosure requirements - disclosure of mean values <sup>(1)</sup></b>			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
UK-31	Average total exposure measure excluding claims on central banks		
UK-32	Average total exposure measure including claims on central banks		
UK-33	Average leverage ratio excluding claims on central banks		
UK-34	Average leverage ratio including claims on central banks		

(1) NWB Plc is not an LREQ firm therefore not subject to the additional leverage ratio disclosure requirements.

(2) The prior period values are as at 31 March 2022 to provide a comparable view of the leverage metrics based on the current requirements in the Leverage Ratio (CRR) part of the PRA rulebook

**UK LR3- LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

The table below shows the breakdown of the leverage ratio exposures on a transitional basis.

		NWB Plc	
		30 June	31 March
		2022	2022
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	<b>281,573</b>	280,089
UK-2	Trading book exposures	—	—
UK-3	Banking book exposures, of which:	<b>281,573</b>	280,089
UK-4	Covered bonds	<b>4,130</b>	3,977
UK-5	Exposures treated as sovereigns	<b>26,163</b>	30,826
UK-6	Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	<b>4,362</b>	4,394
UK-7	Institutions	<b>6,061</b>	4,452
UK-8	Secured by mortgages of immovable properties	<b>181,475</b>	177,152
UK-9	Retail exposures	<b>13,111</b>	12,233
UK-10	Corporate	<b>35,372</b>	32,417
UK-11	Exposures in default	<b>2,663</b>	2,442
UK-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	<b>8,236</b>	12,196

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

As part of the banking reforms introduced by Basel III, a countercyclical capital buffer is required to ensure banks take account of the macro-financial environment when assessing adequate capital requirements. The buffer is to help protect banks during periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. This regime is intended to help reduce the risk that the supply of credit will be constrained during a period of economic downturn, which in turn could undermine the performance of the real economy and consequently result in additional credit losses in the banking system.

The table below summarises NWB Plc's total exposures and own funds requirements based on country of economic operation of the customer. Where applicable, a countercyclical capital buffer rate is applied to the own funds requirement for the geographic region to capture an additional countercyclical requirement.

General credit and trading book exposures exclude those with central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. The exposures below therefore differ from those presented in the credit risk section.

	NWB Plc												
	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures		Market risk		Securitisation exposures		Own fund requirements			Relevant credit exposures -			
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
30 June 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
<b>Breakdown by country</b>													
Norway	125	572	—	—	—	697	21	—	—	21	259	0.30	1.50
Hong Kong	—	59	—	—	—	59	1	—	—	1	12	0.01	1.00
Slovakia	—	1	—	—	—	1	—	—	—	—	—	—	1.00
Luxembourg	48	469	—	—	—	517	23	—	—	23	290	0.35	0.50
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Bulgaria	—	2	—	—	—	2	—	—	—	—	—	—	0.50
<b>Total (countries with existing CCyB rates)</b>	<b>173</b>	<b>1,103</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,276</b>	<b>45</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>561</b>	<b>0.66</b>	
United Kingdom	19,778	262,852	—	—	811	283,441	6,059	—	9	6,068	75,845	88.90	
US	13	4,665	—	—	—	4,678	146	—	—	146	1,822	2.14	
France	72	1,720	—	—	109	1,901	70	—	1	71	885	1.04	
<b>Total (countries with own funds requirement weights 1% and above)</b>	<b>19,863</b>	<b>269,237</b>	<b>—</b>	<b>—</b>	<b>920</b>	<b>290,020</b>	<b>6,275</b>	<b>—</b>	<b>10</b>	<b>6,285</b>	<b>78,552</b>	<b>92.08</b>	
<b>Total (rest of the world below 1% requirement)</b>	<b>1,482</b>	<b>8,402</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,884</b>	<b>495</b>	<b>—</b>	<b>—</b>	<b>495</b>	<b>6,197</b>	<b>7.26</b>	
<b>Total</b>	<b>21,518</b>	<b>278,742</b>	<b>—</b>	<b>—</b>	<b>920</b>	<b>301,180</b>	<b>6,815</b>	<b>—</b>	<b>10</b>	<b>6,825</b>	<b>85,310</b>	<b>100.00</b>	

## UK CCyB2: Amount of institution-specific countercyclical capital buffer

	NWB Plc 30 June 2022 £m
1 Total risk exposure amount	106,211
2 Institution specific countercyclical capital buffer	0.01%
3 Institution specific countercyclical capital buffer requirement (1)	7

- (1) In response to COVID-19 many countries reduced their CCyB rates. In December 2021, the Financial Policy Committee announced an increase in the UK CCyB rate from 0% to 1% effective from 13 December 2022. A further increase from 1% to 2% was announced on 5 July 2022, effective 5 July 2023. In June 2022, the Central Bank of Ireland announced that the CCyB on Irish exposures will increase from 0% to 0.5%, applicable from 15 June 2023. This is the first step towards a gradual increase which, conditional on macro-financial developments, would see a CCyB of 1.5% announced by mid-2023.

# Credit risk

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

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off and collateral and financial guarantees received by portfolio and exposure class.

		NWB Plc														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	Collateral and financial guarantees received	
		Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3	Total	Of which: Stage 1	Of which: Stage 2	Total	Of which: Stage 2	Of which: Stage 3		On performing exposures	On non-performing exposures
30 June 2022		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	103,697	103,697	—	—	—	—	(9)	(9)	—	—	—	—	—	2	—
010	Loans and advances	289,946	271,091	18,734	3,506	149	3,349	(1,007)	(279)	(728)	(1,104)	(13)	(1,091)	(179)	228,756	2,172
020	Central banks	1,903	1,903	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	2,471	2,413	57	—	—	—	—	—	—	—	—	—	—	2,235	—
040	Credit institutions	11,596	11,596	—	—	—	—	(10)	(10)	—	—	—	—	—	—	—
050	Other financial corporations	44,421	44,291	130	66	—	66	(18)	(12)	(6)	(19)	—	(19)	—	25,658	2
060	Non-financial corporations	54,197	45,628	8,507	1,135	57	1,078	(467)	(98)	(369)	(329)	(4)	(325)	(23)	35,178	790
070	Of which: SMEs	15,822	12,919	2,881	815	24	790	(200)	(37)	(163)	(180)	(1)	(179)	—	13,965	597
080	Households	175,358	165,260	10,040	2,305	92	2,205	(512)	(159)	(353)	(756)	(9)	(747)	(156)	165,685	1,380
090	Debt securities	20,797	20,190	18	—	—	—	(4)	(4)	—	—	—	—	—	—	—
100	Central banks	37	37	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	12,461	12,461	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
120	Credit institutions	6,129	5,522	18	—	—	—	(2)	(2)	—	—	—	—	—	—	—
130	Other financial corporations	2,146	2,146	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
140	Non-financial corporations	24	24	—	—	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance sheet exposures	91,500	86,114	5,386	377	8	362	(54)	(13)	(41)	—	—	—		7,131	59
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—		—	—
170	General governments	745	713	32	—	—	—	—	—	—	—	—	—		249	—
180	Credit institutions	7,721	7,718	3	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	9,008	8,950	58	—	—	—	—	—	—	—	—	—		115	—
200	Non-financial corporations	40,564	37,211	3,353	101	4	96	(25)	(5)	(20)	—	—	—		5,883	51
210	Households	33,462	31,522	1,940	276	4	266	(29)	(8)	(21)	—	—	—		884	8
220	Total	505,940	481,092	24,138	3,883	157	3,711	(1,074)	(305)	(769)	(1,104)	(13)	(1,091)	(179)	235,889	2,231

(1) The gross NPL ratio for NWB Plc is 1.19% as at 30 June 2022. Cash balances at central banks and other demand deposits were excluded from the ratio calculation

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

**UK CR1-A: Maturity of exposures**

The table below shows a breakdown of gross carrying amount net of related accumulated impairment, provisions and accumulated change in fair value due to credit risk.

NWB Plc						
	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
30 June 2022	£m	£m	£m	£m	£m	£m
1 Loans and advances	38,091	8,955	49,078	195,217	—	291,341
2 Debt securities	-	2,328	10,232	8,233	—	20,793
3 Total	38,091	11,283	59,310	203,450	—	312,134

**UK CR2: Changes in the stock of non-performing loans and advances**

The table below shows movements of gross carrying amounts of non-performing loans and advances during the period.

	NWB Plc
	a
	Gross carrying amount £m
010 Initial stock of non-performing loans and advances	2,927
020 Inflows to non-performing portfolios	1,313
030 Outflows from non-performing portfolios	(734)
040 Outflows due to write-offs	(115)
050 Outflow due to other situations	(619)
060 Final stock of non-performing loans and advances	3,506

## UK CQ1: Credit quality of forborne exposures

The table below shows gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collateral and financial guarantees received by portfolio and exposure class.

	NWB Plc							
	a	b	c	d	e		f	g
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne £m	Non-performing forborne £m	Of which: defaulted £m	Of which: impaired £m	On performing forborne exposures £m	On non-performing forborne exposures £m	£m	£m
30 June 2022								
005 Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
010 Loans and advances	2,928	949	848	864	(150)	(242)	2,548	617
020 <i>Central banks</i>	—	—	—	—	—	—	—	—
030 <i>General governments</i>	28	—	—	—	—	—	28	—
040 <i>Credit institutions</i>	—	—	—	—	—	—	—	—
050 <i>Other financial corporations</i>	85	21	21	21	(4)	(8)	22	—
060 <i>Non-financial corporations</i>	2,473	344	282	287	(134)	(127)	1,743	160
070 <i>Households</i>	342	584	545	556	(12)	(107)	755	457
080 Debt securities	—	—	—	—	—	—	—	—
090 Loan commitments given	549	51	46	46	(4)	—	174	36
100 Total	3,477	1,000	894	910	(154)	(242)	2,722	653

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

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

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by geography. Geographical analysis is based on the country of operation of the customer.

	NWB Plc						
	a	b	c	d	e	f	g
	Gross carrying/nominal amount £m	Of which: non-performing £m	Of which: defaulted £m	Of which: subject to impairment £m	Accumulated impairment £m	Provisions on off-balance-sheet commitments and financial guarantees given £m	Accumulated negative changes in fair value due to credit risk on non-performing exposures £m
30 June 2022							
010 <b>On-balance sheet exposures</b>	314,249	3,506	3,315	313,534	(2,115)	—	—
020 <i>UK</i>	290,444	3,421	3,230	289,729	(1,984)	—	—
030 <i>Rol</i>	1,591	1	1	1,591	(3)	—	—
040 <i>Other Western Europe</i>	8,509	26	26	8,509	(74)	—	—
050 <i>US</i>	7,590	—	—	7,590	(11)	—	—
060 <i>Other countries</i>	6,115	58	58	6,115	(43)	—	—
070 <b>Off-balance sheet exposures</b>	91,877	377	357	—	—	(54)	—
080 <i>UK</i>	70,113	338	318	—	—	(51)	—
090 <i>Rol</i>	7,690	—	—	—	—	—	—
100 <i>Other Western Europe</i>	7,650	39	39	—	—	(3)	—
110 <i>US</i>	5,114	—	—	—	—	—	—
120 <i>Other countries</i>	1,310	—	—	—	—	—	—
130 <b>Total</b>	406,126	3,883	3,672	313,534	(2,115)	(54)	—

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent greater than 98% of total exposure.

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

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

The table below shows gross carrying amount of performing and non-performing exposures to non-financial corporations and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by industry.

NWB Plc						
	a	b	c	d	e	f
	Gross carrying amount £m	Of which: non-performing £m	Of which: defaulted £m	Of which: loans and advances subject to impairment £m	Accumulated impairment £m	Accumulated negative changes in fair value due to credit risk on non-performing exposures £m
30 June 2022						
010 Agriculture, forestry and fishing	2,420	36	24	2,420	(47)	—
020 Mining and quarrying	204	35	35	204	(26)	—
030 Manufacturing	4,436	66	51	4,426	(56)	—
040 Electricity, gas, steam and air conditioning supply	3,068	—	—	3,068	(35)	—
050 Water supply	1,658	5	5	1,658	(6)	—
060 Construction	3,655	220	217	3,655	(69)	—
070 Wholesale and retail trade	6,757	92	89	6,751	(104)	—
080 Transport and storage	2,437	30	29	2,435	(47)	—
090 Accommodation and food service activities	3,332	137	121	3,332	(124)	—
100 Information and communication	3,796	31	31	3,792	(24)	—
110 Financial and insurance activities	2	—	—	2	—	—
120 Real estate activities	13,206	84	83	13,206	(76)	—
130 Professional, scientific and technical activities	2,673	64	62	2,673	(28)	—
140 Administrative and support service activities	3,042	80	75	3,002	(68)	—
150 Public administration and defence, compulsory social security	137	1	1	137	(1)	—
160 Education	433	13	9	433	(5)	—
170 Human health services and social work activities	2,645	85	78	2,645	(42)	—
180 Arts, entertainment and recreation	913	13	13	913	(24)	—
190 Other services	518	143	143	518	(14)	—
200 Total	55,332	1,135	1,066	55,270	(796)	—

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

### UK CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table below shows net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques as recognised under the applicable accounting framework regardless of whether these techniques are recognised under CRR. The credit risk exposures in scope of this template are presented irrespective of whether the standardised approach or the IRB approach is used for RWA calculation. Counterparty credit risk exposures are excluded.

		NWB Plc				
		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
		£m	£m	£m	£m	£m
30 June 2022						
1	Loans and advances	159,957	235,072	221,834	9,096	—
2	Debt securities	20,793	—	—	—	—
3	Total	180,750	235,072	221,834	9,096	—
4	Of which: non-performing exposures	192	2,210	1,486	686	—
5	Of which: defaulted	157	2,076	1,365	680	—

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

## UK CR4: Standardised approach – Credit risk exposures and CRM effects

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and CCFs as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

NWB Plc						
	a	b	c	d	e	f
	Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
	£m	£m	£m	£m	£m	%
30 June 2022						
1 Central governments or central banks	92,782	501	93,350	258	1,521	2
2 Regional governments or local authorities	—	166	—	—	—	—
3 Public sector entities	—	—	—	—	—	—
4 Multilateral development banks	—	—	—	—	—	—
5 International organisations	—	—	—	—	—	—
6 Institutions	14,472	29,562	14,472	14,697	2,722	9
7 Corporates	16,937	6,996	16,376	349	3,307	20
8 Retail	688	1,688	690	—	455	66
9 Secured by mortgages on immovable property	2,332	201	2,331	95	1,127	46
10 Exposures in default	46	46	43	6	70	145
11 Items associated with particularly high risk	—	—	—	—	—	—
12 Covered bonds	—	—	—	—	—	—
13 Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14 Collective investment undertakings	—	—	—	—	—	—
15 Equity	1,245	—	1,245	—	3,108	250
16 Other items	42	—	42	—	38	92
17 Total	128,544	39,160	128,549	15,405	12,348	9

## UK CR7: IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques

The table below shows the effect of credit derivatives on the calculation of IRB approach capital requirements by AIRB exposure class. The table excludes counterparty credit risk, securitisations, equity exposures and non-credit obligation assets.

		NWB Plc	
		30 June 2022	
		a	b
		Pre-credit derivatives RWAs £m	Actual RWAs £m
5	Exposures under AIRB	69,975	69,975
6	Central governments and central banks	1,241	1,241
7	Institutions	1,875	1,875
8	Corporates	27,135	27,135
8.1	<i>Of which: SME</i>	4,715	4,715
8.2	<i>Of which: specialised lending (2)</i>	—	—
8.3	<i>Of which: Other</i>	22,420	22,420
9	Retail	39,724	39,724
9.1	<i>Of which: secured by real estate SME - secured by immovable property collateral</i>	321	321
9.2	<i>Of which: secured by real estate non-SME - secured by immovable property collateral</i>	26,251	26,251
9.3	<i>Of which: qualifying revolving</i>	3,891	3,891
9.4	<i>Of which: other SMEs</i>	2,816	2,816
9.5	<i>Of which: other non-SME</i>	6,445	6,445
10	Total	69,975	69,975

(1) Rows 1 - 4.2 are not presented as NWB Plc does not use FIRB to calculate capital requirements for IRB exposures.

(2) Specialised lending exposures under the slotting approach are excluded.

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

The table below provides a view of the CRR credit risk mitigation techniques used in the capital requirements calculation for IRB exposures. These are presented by AIRB exposures class only as NWB Plc does not apply the FIRB method. The table excludes counterparty credit risk, securitisations and non-credit obligation assets.

A-IRB		NWB Plc														
		Credit risk mitigation techniques											Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs	
		Funded credit protection (FCP)														
		Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %	Part of exposures covered by credit derivatives %	RWA post all CRM assigned to the obligor exposure class £m	RWA with substitution effects £m	
30 June 2022		a	b	c	d	e	f	g	h	i	j	k	l	m	n	
1	Central governments and central banks	26,302	0.22	—	—	—	—	—	—	—	—	—	—	1,865	1,241	
2	Institutions	5,949	30.3	—	—	—	—	—	—	—	—	—	—	2,273	1,875	
3	Corporates	53,637	12.01	191.19	178.42	0.03	12.74	—	—	—	—	4.3	—	27,862	27,135	
3.1	Of which: SME	10,369	4.56	723.69	706.29	0.01	17.39	0.02	—	—	0.02	11.6	—	4,974	4,715	
3.2	Of which: specialised lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
3.3	Of which: other	43,268	13.79	63.57	51.92	0.03	11.62	—	—	—	—	2.55	—	22,888	22,420	
4	Retail	209,532	—	174.71	174.71	—	—	—	—	—	—	2.75	—	16,798	39,724	
4.1	Of which: immovable property SME	866	—	—	—	—	—	—	—	—	—	1.64	—	320	321	
4.2	Of which: immovable property non-SME	175,205	—	208.94	208.94	—	—	—	—	—	—	—	—	14,373	26,251	
4.3	Of which: qualifying revolving	16,430	—	—	—	—	—	—	—	—	—	—	—	505	3,891	
4.4	Of which: other SME	11,817	—	—	—	—	—	—	—	—	—	48.56	—	133	2,816	
4.5	Of which: other non-SME	5,214	—	—	—	—	—	—	—	—	—	—	—	1,467	6,445	
5	Total	295,420	2.81	158.62	156.31	—	2.31	—	—	—	—	2.73	—	48,798	69,975	

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

A-IRB		NWB Plc														
		Total exposures £m	Credit risk mitigation techniques										Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection (FCP)													
			Part of exposures covered by financial collaterals	Part of exposures covered by other eligible collaterals	Part of exposures covered by immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by other physical collaterals	Part of exposures covered by other funded credit protection	Part of exposures covered by cash on deposit	Part of exposures covered by life insurance policies	Part of exposures covered by instruments held by a third party	Part of exposures covered by guarantees	Part of exposures covered by credit derivatives	RWA post all CRM assigned to the obligor exposure class	RWA with substitution effects	
		%	%	%	%	%	%	%	%	%	%	%	£m	£m		
30 June 2022		a	b	c	d	e	f	g	h	i	j	k	l	m	n	
6	Specialised lending under the slotting approach	11,744	0.06	127.31	124.62	—	2.69	—	—	—	—	2.17	—	7,159	7,129	
7	Equity Exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

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

The table below shows IRB specialised lending exposures subject to the supervisory slotting approach analysed by type of lending and regulatory category. NWB plc does not have Object Finance and Commodities Finance exposures; therefore, those are not presented separately. It also excludes counterparty credit risk and securitisations. For specialised lending exposures under the PD/LGD method, refer to table UK CR7-A.

### CR10.1

		NWB Plc					
		a	b	c	d	e	f
		Specialised lending: project finance (slotting approach)					
		On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
30 June 2022	Remaining maturity						
Category 1	Less than 2.5 years	699	402	50%	986	395	—
	Equal to or more than 2.5 years	2,335	1,378	70%	3,544	2,065	15
Category 2	Less than 2.5 years	40	47	70%	62	43	—
	Equal to or more than 2.5 years	304	156	90%	436	323	3
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	16	—	115%	16	18	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	26	—	—	26	—	13
	Equal to or more than 2.5 years	9	—	—	9	—	5
Total	Less than 2.5 years	765	449	—	1,074	438	13
	Equal to or more than 2.5 years	2,664	1,534	—	4,005	2,406	23

### CR10.2

		NWB Plc					
		a	b	c	d	e	f
		Specialised lending: income-producing real estate and high volatility commercial real estate (slotting approach)					
		On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
30 June 2022	Remaining maturity						
Category 1	Less than 2.5 years	2,412	263	50%	2,524	1,261	—
	Equal to or more than 2.5 years	1,572	149	70%	1,654	1,158	7
Category 2	Less than 2.5 years	1,540	252	70%	1,722	1,206	7
	Equal to or more than 2.5 years	546	36	90%	580	522	5
Category 3	Less than 2.5 years	69	—	115%	69	80	2
	Equal to or more than 2.5 years	40	1	115%	41	47	1
Category 4	Less than 2.5 years	4	—	250%	4	10	—
	Equal to or more than 2.5 years	1	—	250%	1	1	—
Category 5	Less than 2.5 years	45	1	—	46	—	23
	Equal to or more than 2.5 years	23	2	—	24	—	13
Total	Less than 2.5 years	4,070	516	—	4,365	2,557	32
	Equal to or more than 2.5 years	2,182	188	—	2,300	1,728	24