



NatWest Markets Plc

H1 2022 Pillar 3 Supplement

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Forward-looking statements

This document contains 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 NWM Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWM Group in respect of, but not limited to: its economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), NWM Group's strategic and structural change and implementation of NatWest Group's purpose-led strategy, its ESG and climate related targets, its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, the impact of the COVID-19 pandemic, 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, the transition of LIBOR and IBOR rates to alternative risk free rates and NWM 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, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions, the impact of climate related risks and the transitioning to a net zero economy and the impact of the COVID-19 pandemic. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWM Group's actual results are discussed in NWM Plc's 2021 Annual Report and Accounts (ARA), NWM Plc's Registration Document, NWM Plc's Interim Results for Q1 2022 and H1 2022 and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the consolidated Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) at 30 June 2022.

NWM 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.

NWM 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 presented 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.

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 have not been 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 NWM 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.

PRA template reference	Template name	Reasons for exclusion
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 and 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 16.4%

YE 2021 17.9%

The CET1 ratio decreased by 150 basis points to 16.4%. The decrease is due to a £0.8 billion increase in RWAs and a £0.2 billion decrease in CET1 capital.

The CET1 decrease is mainly driven by:

- foreseeable dividend accrual of £0.2 billion; and
- other reserve movements.

MREL

HY 2022 £8.6bn

YE 2021 £9.6bn

Total MREL for NWM Plc at 30 June 2022 was £8.6 billion, or 36.8% of RWAs, down from £9.6 billion or 42.1% of RWAs at 31 December 2021. The reduction in the period was largely due to the redemption of a €1.1 billion internal instrument issued to NatWest Group plc.

RWA

HY 2022 £23.5bn

YE 2021 £22.7bn

Total RWAs increased by £0.8 billion to £23.5 billion during H1 2022 reflecting:

- An increase to credit risk RWAs of £0.7 billion primarily driven by new syndicates and loans in Commercial & Institutional.
- An increase in market risk RWAs of £0.4 billion, driven by a raised capital multiplier impacting VaR and SVaR calculations.
- An increase in counterparty credit risk RWAs of £0.2 billion, following the implementation of SA-CCR impacting the RWA calculation for the non-internally modelled exposure.
- A decrease in operational risk RWAs of £0.5 billion following the annual recalculation.

UK leverage ratio

HY 2022 4.4%

YE 2021 4.8%

The leverage ratio at 30 June 2022 is 4.4% and has been 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.

LCR

HY 2022 218%

YE 2021 224%

The average LCR ratio has decreased 6% compared to YE 2021.

IFRS 9-FL⁽¹⁾: 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. NWM 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.

		NWM Plc				
		30 June 2022 £m	31 March 2022 £m	31 December 2021 £m	31 September 2021 £m	30 June 2021 £m
Available capital (amounts) - transitional						
1	Common equity Tier 1	3,837	4,005	4,072	4,553	4,969
2	Common equity Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	3,837	4,005	4,071	4,549	4,965
3	Tier 1 capital	4,514	4,686	4,755	5,231	5,864
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	4,514	4,686	4,754	5,227	5,860
5	Total capital	5,597	5,764	5,870	6,463	7,100
6	Total capital as if IFRS 9 transitional arrangements had not been applied	5,597	5,764	5,869	6,459	7,096
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	23,456	24,063	22,686	23,445	24,582
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	23,456	24,063	22,685	23,441	24,578
Capital ratios		%	%	%	%	%
9	Common equity Tier 1 ratio	16.4	16.6	17.9	19.4	20.2
10	Common equity Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.4	16.6	17.9	19.4	20.2
11	Tier 1 ratio	19.2	19.5	21.0	22.3	23.9
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.2	19.5	21.0	22.3	23.8
13	Total capital ratio	23.9	24.0	25.9	27.6	28.9
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.9	24.0	25.9	27.6	28.9
Leverage ratio (2)						
15	Leverage ratio exposure measure (£m)	102,238	100,712	110,603	122,124	124,600
16	Leverage ratio (%)	4.4	4.7	4.3	4.3	4.7
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.4	4.7	4.3	4.3	4.7

(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.

		NWM Plc	
		30 June 2022 £m	31 December 2021 £m
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	
CET1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,346	2,346
	<i>Of which: ordinary shares</i>	400	400
	<i>Of which: share premium</i>	1,946	1,946
2	Retained earnings	3,824	5,094
3	Accumulated other comprehensive income (and other reserves)	(219)	(155)
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	CET1 capital before regulatory adjustments	5,951	7,285
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	(-) Additional value adjustments	(229)	(227)
8	(-) Intangible assets (net of related tax liability)	—	—
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)	—	—
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	133	(46)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	(6)	(11)
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)	47
15	(-) Defined-benefit pension fund assets	(205)	(202)
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)	(1,770)	(1,685)
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	(-) of which: qualifying holdings outside the financial sector	—	—
UK-20c	(-) of which: securitisation positions	—	—
UK-20d	(-) of which: free deliveries	—	—
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)	—	—
22	(-) Amount exceeding the 17.65% threshold	—	—
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	—	—

UK CC1: Composition of regulatory own funds continued

		NWM 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
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
25	(-) Of which: deferred tax assets arising from temporary differences	—	—
UK-25a	(-) Losses for the current financial period	(22)	(1,090)
UK-25b	(-) Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar 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)	—	1
28	Total regulatory adjustments to CET1	(2,114)	(3,213)
29	CET1 capital	3,837	4,072
AT1 capital: instruments			
30	Capital instruments and the related share premium accounts	904	904
31	Of which: classified as equity under applicable accounting standards	904	904
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	904	904
AT1 capital: regulatory adjustments			
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)	(227)	(221)
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	(227)	(221)
44	AT1 capital	677	683
45	Tier 1 capital (T1 = CET1 + AT1)	4,514	4,755

UK CC1: Composition of regulatory own funds continued

		NWM Plc	
		30 June 2022	31 December 2021
		£m	£m
T2 capital: instruments			
46	Capital instruments and the related share premium accounts	1,516	1,451
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	—	39
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	1	26
51	T2 capital before regulatory adjustments	1,517	1,516
T2 capital: regulatory adjustments			
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)	(434)	(401)
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	(434)	(401)
58	T2 capital	1,083	1,115
59	Total capital (TC = T1 + T2)	5,597	5,870
60	Total risk exposure amount	23,456	22,686
Capital ratios and buffers			
61	CET1 (as a percentage of total risk exposure amount)	16.4%	17.9%
62	T1 (as a percentage of total risk exposure amount)	19.2%	21.0%
63	Total capital (as a percentage of total risk exposure amount)	23.9%	25.9%
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) Article 104 (1) CRD plus combined buffer requirement in accordance with Article 128 (6) CRD) expressed as a percentage of risk exposure amount)	10.3%	10.4%
65	<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%
66	<i>Of which: counter cyclical buffer requirement</i>	—	—
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⁾	8.6%	10.1%

UK CC1: Composition of regulatory own funds continued

		NWM Plc	
		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2021
		30 June 2022 £m	£m
Amounts below the thresholds for deduction (before risk weighting)			
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)	147	282
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)	561	576
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 are met)	—	—
Available caps on the inclusion of provisions in T2			
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	31	32
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	1	26
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	31	26
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
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	—	500
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	—	278
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—

(1) Row 68: 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 and 71.

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.

NWM Plc			
As at period end 30 June 2022			
	a	b	
	Balance sheet as at period end	Under regulatory scope of consolidation as at period end	References
	£m	£m	
Assets			
Cash and balances at central banks	13,956	13,956	
Trading assets	43,966	43,966	
Derivatives	105,761	105,761	
Settlement balances	7,433	7,433	
Loans to banks - amortised cost	888	888	
Loans to customers - amortised cost	8,053	8,053	
Other financial assets	9,664	9,664	
Intangible assets	—	—	(d)
Property, plant and equipment	9	9	
Current and deferred tax assets	322	322	
of which: DTAs that rely on future profitability and do not arise from temporary differences	—	—	(e)
Prepayments, accrued income and other assets	377	377	
of which: defined benefit pension fund assets	309	309	(f)
Investment in group undertakings	2,539	2,539	
Amounts due from holding companies and fellow subsidiaries	8,581	8,581	
Total assets	201,549	201,549	
Liabilities			
Bank deposits	2,196	2,196	
Customer deposits	3,066	3,066	
Settlement balances	5,533	5,533	
Trading liabilities	51,369	51,369	
Derivatives	99,228	99,228	
Other financial liabilities	18,182	18,182	(j)
Provisions, deferred income and other liabilities	326	326	
Retirement benefit liabilities	61	61	
Current and deferred tax liabilities	219	219	
of which: defined benefit pension scheme assets	104	104	(g)
Subordinated liabilities	598	598	(j)
Amounts due to holding companies and fellow subsidiaries	13,758	13,758	(j)
Total liabilities	194,536	194,536	
Shareholders' Equity			
Non-controlling interests	—	—	
Owners' equity			
Called up share capital	400	400	(a)
Reserves	6,613	6,613	
of which: amount eligible for retained earnings	3,982	3,982	(b)
of which: amount eligible for accumulated OCI and other reserves	(219)	(219)	(c) & (i)
of which: amount of other equity instruments	904	904	(h)
of which: share premium accounts	1,946	1,946	(k)
Total shareholders' equity	7,013	7,013	

(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 the 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.

		NWM Plc		
		a	b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements
		30 June 2022	31 March 2022	30 June 2022
		£m	£m	£m
1	Credit risk (excluding counterparty credit risk)	6,416	6,657	513
2	Of which: standardised approach	2,442	2,622	195
3	Of which: the foundation IRB (FIRB) approach	—	—	—
4	Of which: slotting approach	483	247	39
UK 4a	Of which: equities under the simple risk-weighted approach	—	—	—
5	Of which: the advanced IRB (AIRB) approach (1)	3,491	3,788	279
6	Counterparty credit risk	6,850	7,468	548
7	Of which: standardised approach	1,035	173	83
8	Of which: internal model method (IMM)	3,777	3,722	302
UK 8a	Of which: exposures to a CCP	84	96	7
UK 8b	Of which: credit valuation adjustment (CVA)	1,429	1,395	114
9	Of which: other counterparty credit risk	525	512	42
15	Settlement risk	1	3	—
16	Securitisation exposures in the non-trading book (after the cap)	1,364	1,159	109
17	Of which: SEC-IRBA approach	—	—	—
18	Of which: SEC-ERBA (including IAA)	105	102	8
19	Of which: SEC-SA approach	1,198	984	96
UK 19a	Of which: 1,250%/deduction	61	73	5
20	Position, foreign exchange and commodities risk (market risk)	7,347	7,298	588
21	Of which: standardised approach	388	418	31
22	Of which: IMA	6,959	6,880	557
UK 22a	Large exposures	—	—	—
23	Operational risk	1,478	1,478	118
UK 23a	Of which: basic indicator approach	—	—	—
UK 23b	Of which: standardised approach	1,478	1,478	118
UK 23c	Of which: advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,402	1,431	112
29	Total	23,456	24,063	1,876

(1) Of which £16 million RWAs (31 March 2022 - £38 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.

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.

	NWM Plc
	a
	RWAs
	£m
1 At 31 December 2021	3,258
2 Asset size	737
3 Asset quality	(81)
7 Foreign exchange movements	36
9 At 31 March 2022	3,950
2 Asset size	(200)
3 Asset quality	2
7 Foreign exchange movements	149
9 At 30 June 2022	3,901

(1) The following rows are not presented in the table because they had zero values for the period: (4) Model updates, (5) Methodology and policy, (6) Acquisitions and disposals, and (8) Other.

Q2 2022

- The overall decrease in asset size was mainly a result of the settlement of underwriting syndicates' accounts in the period.
- The RWA increase due to foreign exchange movements was mainly a result of sterling weakening against the US dollar during the period.

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

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

	NWM Plc
	a
	RWAs
	£m
1 At 31 December 2021	3,735
2 Asset size	(49)
3 Credit quality of counterparties	(5)
7 Foreign exchange movements	41
9 At 31 March 2022	3,722
2 Asset size	(55)
3 Credit quality of counterparties	(20)
7 Foreign exchange movements	130
9 At 30 June 2022	3,777

(1) The following rows are not presented in the table because they had zero values for the period: (4) Model updates, (5) Methodology and policy, (6) Acquisitions and disposals, and (8) Other.

Q2 2022

- The increase in RWAs due to foreign exchange movements reflected continued sterling weakening against the US dollar in the quarter. It was partly offset by a reduction in asset size.

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).

NWM Plc						
	a	b	c	e	f	g
	Value-at-risk (VaR) £m	Stressed value-at-risk (SVaR) £m	Incremental risk charge £m	Other (Risks Not In VaR) (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1 At 31 December 2021	1,314	2,345	1,277	1,554	6,490	519
1a Regulatory adjustment ⁽¹⁾	(976)	(1,748)	(104)	—	(2,828)	(226)
1b RWAs at 31 December 2021 (end of day)	338	597	1,173	1,554	3,662	293
2 Movement in risk levels	(52)	73	(491)	(102)	(572)	(46)
3 Model updates/changes	1	—	—	(322)	(321)	(26)
8a RWAs at 31 March 2022 (end of day)	287	670	682	1,130	2,769	221
8b Regulatory adjustment	1,460	2,429	222	—	4,111	329
8 At 31 March 2022	1,747	3,099	904	1,130	6,880	550
1a Regulatory adjustment ⁽¹⁾	(1,460)	(2,429)	(222)	—	(4,111)	(329)
1b RWAs at 31 March 2022 (end of day)	287	670	682	1,130	2,769	221
2 Movement in risk levels	76	(58)	357	(39)	336	27
3 Model updates/changes	—	—	—	—	—	—
8a RWAs at 30 June 2022 (end of day)	363	612	1,039	1,091	3,105	248
8b Regulatory adjustment	993	2,861	—	—	3,854	309
8 At 30 June 2022	1,356	3,473	1,039	1,091	6,959	557

- (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 in the table because they had zero values for the period or are not used by NWM plc: 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.

Q2 2022

- Overall, market risk RWAs broadly remained unchanged in Q2 2022.
- The increase in SVaR-based RWAs was mainly due to an increase in foreign exchange risk.
- The decrease in VaR-based RWAs was mainly the result of decreased interest rate risk.
- The increase in the incremental risk charge notably reflects migration from LIBOR to risk-free reference rates.
- RNIV-based RWAs were broadly unchanged.

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.

		NWM Plc	
		30 June 2022 £m	31 March 2022 £m
1	Total assets as per published financial statements	201,549	192,254
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)	(13,926)	(12,469)
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	(5,533)	(5,297)
7	Adjustment for eligible cash pooling transactions	—	—
8	Adjustment for derivative financial instruments	(84,487)	(77,655)
9	Adjustment for securities financing transactions (SFTs)	2,382	2,047
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	5,454	5,142
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(238)	(259)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(895)	(969)
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	(2,068)	(2,082)
13	Total exposure measure	102,238	100,712

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.

		NWM Plc	
		30 June 2022 £m	31 March 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	73,730	72,746
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)	(11,356)	(11,547)
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))	(2,304)	(2,340)
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	60,070	58,859
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	13,339	10,754
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	18,624	19,633
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	5,141	3,685
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(4,475)	(3,255)
13	Total derivative exposures	32,629	30,817
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	29,276	30,826
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(12,688)	(13,311)
16	Counterparty credit risk exposure for SFT assets	2,382	2,047
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	18,970	19,562
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	9,391	8,849
20	(Adjustments for conversion to credit equivalent amounts)	(4,000)	(3,936)
21	(General provisions deducted in determining Tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	(1)	(1)
22	Off-balance sheet exposures	5,390	4,912

UK LR2 - LRCom: Leverage ratio common disclosure continued

		NWM Plc	
		30 June 2022	31 March 2022
		£m	£m
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(895)	(969)
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)	(895)	(969)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	4,514	4,686
24	Total exposure measure including claims on central banks	116,164	113,181
UK-24a	(-) Claims on central banks excluded	(13,926)	(12,469)
UK-24b	Total exposure measure excluding claims on central banks	102,238	100,712
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.4	4.7
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.4	4.7
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 (%)	4.4	4.7
UK-25c	Leverage ratio including claims on central banks (%)	3.9	4.1
26	Regulatory minimum leverage ratio requirement (%) (1)		
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
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 (%)		
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
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) NWM 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.

		NWM Plc	
		30 June	31 March
		2022	2022
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	61,399	61,670
UK-2	Trading book exposures	38,883	39,695
UK-3	Banking book exposures, of which:	22,516	21,975
UK-4	Covered bonds	—	—
UK-5	Exposures treated as sovereigns	4,967	4,863
UK-6	Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	306	228
UK-7	Institutions	1,990	1,902
UK-8	Secured by mortgages of immovable properties	70	83
UK-9	Retail exposures	—	—
UK-10	Corporate	6,782	6,453
UK-11	Exposures in default	19	19
UK-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	8,382	8,427

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 table below summarises NWM 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.

	NatWest Markets Plc												
	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk			Own fund requirements							
	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	Securitisation exposures 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	%	%
Breakdown by country													
Norway	—	13	—	—	—	13	—	—	—	—	6	0.06	1.50
Hong Kong	—	1	—	—	—	1	—	—	—	—	1	0.01	1.00
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00
Luxembourg	3	2,124	—	19	41	2,187	46	2	1	49	605	5.65	0.50
Czech Republic	—	—	—	4	—	4	—	—	—	—	—	—	0.50
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Total (countries with existing CCyB rates)	3	2,138	—	23	41	2,205	46	2	1	49	612	5.72	
United Kingdom	1,731	6,502	16	194	4,473	12,916	352	20	57	429	5,362	50.05	
United States	628	6,748	9	91	2,518	9,994	167	5	32	204	2,550	23.80	
Netherlands	65	333	—	15	237	650	24	5	9	38	469	4.38	
Ireland	16	292	—	5	571	884	16	1	7	24	300	2.80	
Cayman Islands	4	807	—	10	124	945	17	—	1	18	225	2.10	
Italy	61	104	—	9	37	211	13	1	—	14	174	1.63	
Guernsey	—	533	—	—	—	533	9	—	—	9	119	1.11	
Total (countries with own funds requirement weights 1% and above)	2,505	15,319	25	324	7,960	26,133	598	32	106	736	9,199	85.87	
Total (rest of the world below 1% requirement)	138	1,952	5	1,770	63	3,928	53	17	2	72	901	8.41	
Total	2,646	19,409	30	2,117	8,064	32,266	697	51	109	857	10,712	100.00	

UK CCyB2: Amount of institution-specific countercyclical capital buffer

	NWM Plc
	30 June 2022
	£m
1 Total risk exposure amount	23,456
2 Institution specific countercyclical capital buffer	0.03%
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.

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 NWM Plc. 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.

		NWM Plc							
		Total unweighted value (average)				Total weighted value (average)			
		30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2022	31 March 2022	31 December 2021	30 September 2021
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)					16,815	16,705	17,357	18,274
Cash - outflows									
2	Retail deposits and deposits from small business customers, of which:	—	—	—	—	—	—	—	—
3	Stable deposits	—	—	—	—	—	—	—	—
4	Less stable deposits	—	—	—	—	—	—	—	—
5	Unsecured wholesale funding	1,735	1,577	1,315	1,363	1,412	1,285	1,070	1,138
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	—	—	—	—	—	—	—	—
7	Non-operational deposits (all counterparties)	879	803	707	728	555	511	462	503
8	Unsecured debt	856	774	608	635	857	774	608	635
9	Secured wholesale funding					832	702	624	672
10	Additional requirements	10,143	10,000	10,157	10,241	7,191	7,336	7,534	7,555
11	Outflows related to derivative exposures and other collateral requirements	4,745	5,010	5,275	5,424	4,565	4,884	5,185	5,315
12	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	5,398	4,990	4,882	4,817	2,626	2,452	2,349	2,240
14	Other contractual funding obligations	25,188	25,388	25,810	26,094	2,463	2,409	2,196	1,948
15	Other contingent funding obligations	2,187	2,243	2,265	2,340	10	11	11	11
16	Total cash outflows					11,908	11,743	11,435	11,324
Cash - inflows									
17	Secured lending (e.g. reverse repos)	31,069	32,260	33,356	34,127	332	287	237	259
18	Inflows from fully performing exposures	996	898	769	766	986	888	763	759
19	Other cash inflows	2,808	2,853	2,614	2,539	2,807	2,854	2,614	2,538
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	34,873	36,011	36,739	37,432	4,125	4,029	3,614	3,556
UK-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
UK-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	30,245	30,794	31,878	33,070	4,125	4,029	3,614	3,556
Total adjusted value									
UK-21	Liquidity buffer					16,815	16,705	17,357	18,274
22	Total net cash outflows					7,783	7,714	7,821	7,768
23	Liquidity coverage ratio (%)					218	219	224	238

(1) The following rows are not presented in the table because they had zero values for the period: rows UK-19a, UK-19b, UK-20a, UK-20b.

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

Qualitative information	30 June 2022
Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	<p>The LCR aims to ensure that Banks hold a sufficient reserve of High-Quality Liquid Assets (HQLA) to survive a period of liquidity stress lasting 30 calendar days.</p> <p>The LCR is prepared in accordance with the Liquidity Coverage Ratio (CRR) part of the PRA Rulebook, subject to modification of Article 10(1)(c)(i), (ii) and (iv), Article 10(1)(d)(i) and Article 11(1)(b) effective from 1 January 2022, as per Directive given by PRA under section 138A of FSMA.</p> <p>Following the UK exit from the European Union the relevant BCBS liquidity standards have been incorporated into the UK regulatory framework by inclusion in the Prudential Regulatory Authority (PRA) Rulebook. The UK liquidity rules came into effect on 1 January 2022, prior to this NWM Plc was subject to similar rules due to the onshoring of the Capital Requirements Regulation (575/2013) (CRR).</p> <p>All figures included in the table represent a 12 month rolling average for the period July 2021 to June 2022.</p>
Explanations on the changes in the LCR over time	<p>As at 30 June 2022 the LCR ratio for NWM Plc was 206% or £9 billion of excess over the regulatory minimum of 100%. This compares to 274% as at 31 July 2021 or £11 billion of excess over the regulatory minimum of 100%. The decrease in the excess is driven by planned return of excess capital, including redemption of internal MREL to NatWest Group plc.</p> <p>There were minimal movements in our average LCR ratio for the 12 months to 30 June 2022 which was 218% down 1% on the previous quarter.</p>
Explanations on the actual concentration of funding sources	<p>NWM Plc covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repo, short positions and derivative cash collateral provide approximately, over half of the balance sheet funding with the remainder funded by capital and MREL-eligible bonds (issued and downstreamed by NatWest Group plc), term unsecured, short term unsecured and secured funding</p> <p>Wholesale funding includes a range of products including but not limited to bank deposits, commercial paper (CP), certificates of deposit (CD), secured notes, structured notes and medium term notes (MTN). Deposits, CP and CD have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. Note issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.</p> <p>The primary risk to funding stability is refinancing, the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. NWM Plc monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.</p>
High-level description of the composition of the institution's liquidity buffer	HQLA is primarily held in Level 1 cash and central bank reserves (77%) and Level 1 high quality securities (23%).
Derivative exposures and potential collateral calls	NWM Plc actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress are captured under 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 NWM Plc credit ratings are also captured.
Currency mismatch in the LCR	The LCR is calculated for EUR, USD and GBP which have been identified as significant currencies (having liabilities >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). NWM Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	We do not consider anything else of material relevance for disclosure.

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.

	NWM 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							Accumulated partial write-off	Collateral and financial guarantees received	
	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					On performing exposures	On non-performing exposures
	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				
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m				
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	14,693	14,692	1	—	—	—	(1)	(1)	—	—	—	—	—	—	—	
010 Loans and advances	18,723	18,610	67	62	—	62	(5)	(4)	(1)	(33)	—	(33)	—	499	27	
020 Central banks	763	762	—	—	—	—	—	—	—	—	—	—	—	8	—	
030 General governments	96	92	—	3	—	3	—	—	—	(2)	—	(2)	—	—	1	
040 Credit institutions	3,436	3,436	—	—	—	—	—	—	—	—	—	—	—	—	—	
050 Other financial corporations	14,053	14,053	—	—	—	—	(4)	(4)	—	—	—	—	—	403	—	
060 Non-financial corporations	375	267	67	59	—	59	(1)	—	(1)	(31)	—	(31)	—	88	26	
070 Of which: SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
080 Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
090 Debt securities	9,963	9,961	—	2	—	2	(3)	(3)	—	—	—	—	—	—	—	
100 Central banks	104	103	—	—	—	—	—	—	—	—	—	—	—	—	—	
110 General governments	4,623	4,623	—	—	—	—	—	—	—	—	—	—	—	—	—	
120 Credit institutions	202	202	—	—	—	—	—	—	—	—	—	—	—	—	—	
130 Other financial corporations	4,987	4,986	—	2	—	2	(3)	(3)	—	—	—	—	—	—	—	
140 Non-financial corporations	47	47	—	—	—	—	—	—	—	—	—	—	—	—	—	
150 Off-balance sheet exposures	8,475	8,240	234	11	—	11	(1)	(1)	—	(3)	—	(3)	—	123	2	
160 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
170 General governments	41	41	—	—	—	—	—	—	—	—	—	—	—	—	—	
180 Credit institutions	513	513	—	—	—	—	—	—	—	—	—	—	—	—	—	
190 Other financial corporations	6,290	6,252	37	—	—	—	—	—	—	—	—	—	—	59	—	
200 Non-financial corporations	1,631	1,434	197	11	—	11	(1)	(1)	—	(3)	—	(3)	—	64	2	
210 Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
220 Total	51,854	51,503	302	75	—	75	(10)	(9)	(1)	(36)	—	(36)	—	622	29	

(1) The gross NPL ratio for NWM Plc is 0.33% 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.

NWM Plc						
	a	b	c	d	e	f
	Net exposure value					
30 June 2022	On demand £m	<= 1 year £m	<= 5 years £m	> 5 years £m	No stated maturity £m	Total £m
1 Loans and advances	1,244	6,934	10,435	134	—	18,747
2 Debt securities	—	2,990	3,770	3,202	—	9,962
3 Total	1,244	9,924	14,205	3,336	—	28,709

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.

		NWM Plc
		a
		Gross carrying amount £m
010	Initial stock of non-performing loans and advances	61
020	Inflows to non-performing portfolios	21
030	Outflows from non-performing portfolios	(20)
040	Outflows due to write-offs	(6)
050	Outflow due to other situations	(14)
060	Final stock of non-performing loans and advances	62

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.

		NWM Plc							
		a	b	c	d	e	f	g	h
		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	43	36	36	36	—	(14)	62	21
020	Central banks	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	—	—	—	—	—	—	—	—
060	Non-financial corporations	43	36	36	36	—	(14)	62	21
070	Households	—	—	—	—	—	—	—	—
080	Debt securities	—	—	—	—	—	—	—	—
090	Loan commitments given	—	1	1	1	—	—	1	1
100	Total	43	37	37	37	—	(14)	63	22

(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.

		NWM 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	On-balance sheet exposures	28,750	64	64	20,813	(41)	—	—
020	UK	8,916	19	19	6,700	(12)	—	—
030	Rol	1,083	—	—	585	—	—	—
040	Other Western Europe	6,903	9	9	3,617	(8)	—	—
050	US	9,629	2	2	8,280	(2)	—	—
060	Other countries	2,219	34	34	1,631	(19)	—	—
070	Off-balance sheet exposures	8,486	11	11	—	—	(4)	—
080	UK	2,863	—	—	—	—	(2)	—
090	Rol	194	—	—	—	—	—	—
100	Other Western Europe	1,359	4	4	—	—	(2)	—
110	US	3,526	1	1	—	—	—	—
120	Other countries	544	6	6	—	—	—	—
130	Total	37,236	75	75	20,813	(41)	(4)	—

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent greater than 92% 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.

	NWM 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	—	—	—	—	—	—
020 Mining and quarrying	19	19	19	19	(4)	—
030 Manufacturing	83	3	3	57	(3)	—
040 Electricity, gas, steam and air conditioning supply	—	—	—	—	—	—
050 Water supply	—	—	—	—	—	—
060 Construction	2	2	2	2	(2)	—
070 Wholesale and retail trade	66	12	12	25	(10)	—
080 Transport and storage	2	1	1	2	(1)	—
090 Accommodation and food service activities	—	—	—	—	—	—
100 Information and communication	4	—	—	—	—	—
110 Financial and insurance activities	—	—	—	—	—	—
120 Real estate activities	146	17	17	105	(7)	—
130 Professional, scientific and technical activities	35	4	4	4	(4)	—
140 Administrative and support service activities	46	—	—	11	—	—
150 Public administration and defence, compulsory social security	—	—	—	—	—	—
160 Education	—	—	—	—	—	—
170 Human health services and social work activities	31	1	1	23	(1)	—
180 Arts, entertainment and recreation	—	—	—	—	—	—
190 Other services	—	—	—	—	—	—
200 Total	434	59	59	248	(32)	—

(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.

	NWM Plc				
	a	b	c	d	e
	Unsecured carrying amount £m	Secured carrying amount £m	Of which: secured by collateral £m	Of which: secured by financial guarantees £m	Of which: secured by credit derivatives £m
30 June 2022					
1 Loans and advances	32,879	560	470	56	—
2 Debt securities	9,962	—	—	—	—
3 Total	42,841	560	470	56	—
4 Of which: non-performing exposures	—	29	11	16	—
5 Of which: defaulted	—	30	11	16	—

(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.

		NWM 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
30 June 2022		£m	£m	£m	£m	£m	%
1	Central governments or central banks	8,313	—	8,313	—	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	1,511	447	1,511	206	723	42
7	Corporates	1,212	783	1,212	423	294	18
8	Retail	—	—	—	—	—	75
9	Secured by mortgages on immovable property	—	—	—	—	—	—
10	Exposures in default	—	—	1	—	1	100
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	574	—	574	—	1,414	247
16	Other items	50	—	50	—	10	20
17	Total	11,660	1,230	11,661	629	2,442	20

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.

		NWM Plc	
		a	b
		30 June 2022	
		Pre-credit derivatives RWAs £m	Actual RWAs £m
5	Exposures under AIRB	3,402	3,402
6	Central governments and central banks	384	384
7	Institutions	157	157
8	Corporates	2,861	2,861
8.1	Of which: SME	—	—
8.2	Of which: Specialised lending	—	—
8.3	Of which: Other	2,861	2,861
9	Retail	—	—
9.1	Of which: Secured by real estate SME - Secured by immovable property collateral	—	—
9.2	Of which: Secured by real estate non-SME - Secured by immovable property collateral	—	—
9.3	Of which: Qualifying revolving	—	—
9.4	Of which: Other SME	—	—
9.5	Of which: Other non-SME	—	—
10	Total	3,402	3,402

(1) Rows 1 - 4.2 are not presented as NatWest Group 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 NWM plc does not apply the FIRB method. The table excludes counterparty credit risk, securitisations and non-credit obligation assets.

A-IRB		NWM Plc														
		Credit risk mitigation techniques											Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWEAs	
		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 exposures 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	10,975	—	—	—	—	—	—	—	—	—	0.01	—	1,343	384	
2	Institutions	562	—	—	—	—	—	—	—	—	—	—	—	538	157	
3	Corporates	8,807	0.07	14.08	13.90	0.08	0.10	—	—	—	—	2.26	—	42,349	2,861	
3.1	Of which: SME	2	0.58	55.39	55.39	—	—	—	—	—	—	—	—	—	—	
3.2	Of which: Specialised lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
3.3	Of which: Other	8,805	0.07	14.06	13.88	0.08	0.10	—	—	—	—	2.26	—	42,349	2,861	
4	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Of which: Immovable property															
4.1	SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.2	Of which: Immovable property non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.3	Of which: Qualifying revolving	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.4	Of which: Other SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4.5	Of which: Other non-SME	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5	Total	20,344	0.03	6.09	6.02	0.03	0.04	—	—	—	—	0.98	—	44,230	3,402	

Credit risk continued

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

A-IRB		NWM Plc														
		Credit risk mitigation techniques											Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWEAs	
		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 %	RWEA post all CRM assigned to the obligor exposures class £m	RWEA with substitution effects £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	744	0.13	19.21	16.40	—	2.81	—	—	—	—	2.46	—	705	483	
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. NWM plc does not have Object Finance and Commodities Finance exposures and therefore these 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

		NWM Plc					
		a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
30 June 2022	Remaining maturity	£m	£m	%	£m	£m	£m
Category 1	Less than 2.5 years	—	—	50%	—	—	—
	Equal to or more than 2.5 years	96	402	70%	498	264	2
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	22	—	90%	22	15	—
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	1	1	115%	2	2	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	—	1	—	1	—	1
	Equal to or more than 2.5 years	19	—	—	19	—	10
Total	Less than 2.5 years	—	1	—	1	—	1
	Equal to or more than 2.5 years	138	403	—	541	281	12

CR10.2

		NWM 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	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
30 June 2022	Remaining maturity	£m	£m	%	£m	£m	£m
Category 1	Less than 2.5 years	—	—	50%	—	—	—
	Equal to or more than 2.5 years	—	—	70%	—	—	—
Category 2	Less than 2.5 years	22	—	70%	22	15	—
	Equal to or more than 2.5 years	42	4	90%	46	41	—
Category 3	Less than 2.5 years	48	—	115%	48	55	1
	Equal to or more than 2.5 years	—	6	115%	6	7	—
Category 4	Less than 2.5 years	33	—	250%	33	84	3
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	43	—	—	43	—	22
	Equal to or more than 2.5 years	4	—	—	4	—	2
Total	Less than 2.5 years	146	—	—	146	154	26
	Equal to or more than 2.5 years	46	10	—	56	48	3