Gurugram, India

Financial statements

Independent auditors' report to the members of NatWest Group plc

Opinion

In our opinion:

- the financial statements of NatWest Group plc (the 'Parent Company') and its subsidiaries (together, the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with UK adopted IAS as applied in accordance with section 408 of the Companies Act 2006 and IFRS as issued by the IASB; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Group and the Parent Company for the year ended 31 December 2025 which comprise:

Group:

- Consolidated balance sheet as at 31 December 2025;
- Consolidated income statement for the year then ended;
- Consolidated statement of comprehensive income for the year then ended;
- Consolidated statement of changes in equity for the year then ended;
- Consolidated cash flow statement for the year then ended;
- Accounting policies;
- Related Notes 1 to 33 to the financial statements;
- Annual remuneration report identified as 'audited';
- Risk and capital management section identified as 'audited'; and
- The Capital Requirements (Country-by-Country Reporting) Regulations report identified as 'audited'.

Parent Company:

- Balance sheet as at 31 December 2025;
- Statement of changes in equity for the year then ended;
- Cash flow statement for the year then ended; and
- Related Notes 1 to 12 to the financial statements, including critical accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted IAS, IFRS as issued by the IASB, and as regards to the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the directors' going concern assessment process including the Group's forecasting process;
- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including both internal (e.g. impact of Group's strategic plans) and external risks (e.g. geopolitical and macroeconomic factors);
- Evaluating the Group's financial forecasts for the going concern period, including the use of EY financial modelling and economic advisory specialists to assess the assumptions used to develop the forecasts;
- Engaging EY prudential regulatory specialists to assess the results of management's stress testing on funding, liquidity, and regulatory capital;
- Understanding and evaluating credit agency ratings; and
- Reading and evaluating the adequacy and conformity with reporting standards of the disclosures made in the financial statements in relation to going concern.

Independent auditors' report to the members of NatWest Group plc continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern over the twelve months from the date when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further two components. • We performed central procedures for certain audit areas and balances as outlined in the Tailoring the scope section of our report.	
Key audit matters	• Expected credit loss provisions	(Consistant with prior year)
	• Valuation of financial instruments with higher risk characteristics and fair value adjustments within NatWest Markets Plc (NWM)	(Consistant with prior year)
	• Pension valuation and net pension balance	(Consistant with prior year)
	• IT access management	(Consistant with prior year)
	• Valuation of investments in group undertakings in the Parent Company's accounts	(Consistant with prior year)
Materiality	• Overall Group materiality of £380 million (2024 - £312 million) which represents 5% of the profit before tax of the Group of £7,708 million (2024 -£6,195 million) adjusted for non-recurring items. • Parent Company materiality of £380 million (2024 - £312 million), which is 0.7% (2024 - 0.6%) of equity of the Parent Company.	

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component audit teams, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

The scoping for the current year is as follows:

Component	Scope	Key locations where work was performed
NatWest Holdings Limited ('NWH')	Full	United Kingdom and India
NatWest Markets Plc ('NWM')	Full	United Kingdom, India, Netherlands, United States, Poland and Singapore
The Royal Bank of Scotland International (Holdings) Limited ('RBSI')	Specific	Channel Islands
RBS AA Holdings (UK) Limited ('RBS AA Holdings')	Specific	United Kingdom

Independent auditors' report to the members of NatWest Group plc continued

We determined that centralised audit procedures can be performed across the identified components in the following audit areas:

Key audit area on which procedures were performed centrally	Component subject to central procedures
Financial control and reporting	All components
Modelled expected credit loss provisions	All components excluding RBSI
Pensions	All relevant components (NWH and NWM)
Valuation of investment in subsidiaries	NatWest Group Parent Company
Information technology	All components
Provisions for customer redress, litigation and other regulatory matters	All relevant components (NWH, NWM and RBSI)
Taxation	All components

We identified all four components as individually relevant to the Group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components or a pervasive risk of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components.

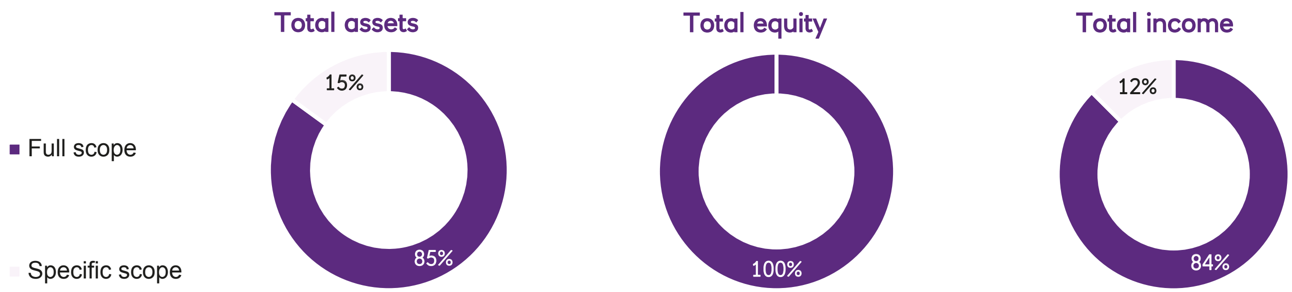
For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We did not identify additional scope required as we assessed the residual risk to not be material.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Our scoping to address the risk of material misstatement for each key audit matter is included in the Key audit matters section of our report.

The charts below illustrate the coverage obtained from the work performed by our audit teams. We considered total assets, total equity and total income to verify we had appropriate overall coverage.



(1) Full scope: audit procedures on all significant accounts.
(2) Specific scope: audit procedures on selected accounts.

Independent auditors' report to the members of NatWest Group plc continued

Involvement with component audit teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component audit teams operating under our instruction. All of the direct components of the Group (full or specific scope) were audited by EY global network firms.

The Group audit team continued to follow a programme of oversight that has been designed to ensure that the Senior Statutory Auditor, or another Group audit partner, has ongoing interactions with all in scope component teams and locations, including those outside the United Kingdom. During the current year's audit cycle, visits were undertaken by the Group audit engagement team to India and the Channel Islands. The Group audit team interacted regularly with the component audit teams throughout the course of the audit, which included holding planning meetings, maintaining regular communications on the status of the audits and results of procedures, reviewing key working papers and taking responsibility for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that credit risk, operational risk, compliance risk, conduct risk and reputational risk as potentially the most impacted by climate risk in the medium and long-term horizons. These are explained in the required Task Force on Climate-related Financial Disclosures in the Strategic report, and in the Climate and nature risk section within the Risk and capital management section. The Group has also explained their climate commitments in the Strategic report. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Accounting policies how they have reflected the impact of climate change in their financial statements, and the significant judgements and estimates relating to climate change. These disclosures also explain the uncertainty regarding governmental policy response, technology development and customer behaviours.

The Group notes that many of the impacts will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period under the requirements of UK adopted IAS and IFRS as issued by the IASB. The Group has also explained within the Credit risk section within the Risk and capital management section, their approach to quantifying the impact of climate transition policy within macroeconomic variables used in the calculation of expected credit losses.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating the Group's assessment of the impact of climate risk, physical and transition, their climate commitments and the significant judgements and estimates disclosed in Accounting policies, and whether these have been appropriately reflected in the asset values where these are impacted by future cash flows, and in the timing and nature of liabilities recognised, following the requirements of UK adopted IAS and IFRS as issued by the IASB. As part of this evaluation, we performed our own risk assessment, supported by our climate change and economic specialists, to determine the risk of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also evaluated the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact within the key audit matter for expected credit loss provisions, Valuation of financial instruments with higher risk characteristics and fair value adjustments within NWM, and valuation of investments in group undertakings in the Parent Company's accounts. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report to the members of NatWest Group plc continued

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td colspan="2">Expected credit loss (ECL) provisions</td></tr>
<tr><td>
At 31 December 2025 the Group reported total gross loans – amortised cost and fair value through other comprehensive income (FVOCI) of £429.9 billion (2024 - £410.2 billion) and £3.6 billion of expected credit losses (ECL) (2024 - £3.4 billion).
Management's judgements and estimates are especially subjective due to significant uncertainty associated with the assumptions used. Aspects with increased complexity and judgements in respect of the timing and measurement of ECL include:

Economic scenarios – Macroeconomic forecasts, scenarios and weightings adequately consider the volatility in geopolitical and economic environment, and impacts of global and UK policy decisions on wholesale sectors and UK consumers. We considered whether the quantitative approach to probability weightings of scenarios adequately captured the economic outlook.
Models and model assumptions – Appropriateness of modelling assumptions, model build and methodology, and data used to calculate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).
Post-model adjustments (PMAs) - Completeness and valuation of post-model adjustments which represent approximately 8% of total ECL (2024 - 10%), including adjustments required to address the limitation of models to adequately incorporate affordability, inflation, liquidity challenges from ongoing geopolitical and economic uncertainties.

</td><td>
Controls testing - We evaluated the design and operating effectiveness of controls over the ECL process, including those over management's judgements and estimates, as well as the associated controls over relevant information technology systems. These controls, among others, included:

the staging of assets per management's criteria, and their monitoring of stage effectiveness
model governance including development, monitoring and independent validation
data accuracy and completeness
credit monitoring
multiple economic scenarios
the governance and management review of post-model adjustments; and
individual provisions.

Economic scenarios - We involved EY economic specialists to assist us in evaluating the base case and alternative economic scenarios, including evaluating probability weights. We assessed the most significant variables such as GDP, unemployment rate, UK Stock Price Index, House Price Index, comparing the forecasts across all scenarios with multiple benchmarks against the backdrop of persistent inflation, restrictive trade policies, geopolitical events as well as climate risks. With the support of our credit modelling specialists, we evaluated the correlation and translation of the macroeconomic factors, including the impacts of alternative paths or weights to ECL.
Models and model assumptions - We selected a sample of models based on both quantitative and qualitative factors such as portfolio size and risks, model complexities, and external factors. We involved EY modelling specialists to test the assumptions, inputs, methodology and model build through a combination of assessing model design and formulae, alternative modelling techniques, recalculations and independent implementation of new models during the year. We considered the key portfolio movements during the year including growth of the retail unsecured portfolio, both organic and through acquisitions, alongside changes in recovery strategies, to challenge model performance.
To evaluate data quality, we agreed a sample of key data points to source systems, and tested ECL data reconciliations from the calculation engine through to the general ledger and disclosures.
</td></tr>
</table>

Independent auditors' report to the members of NatWest Group plc continued

Risk	Our response to the risk
Expected credit loss (ECL) provisions continued	
• **Individual provisions** - Measurement of individual provisions including the assessment of multiple scenarios and probability weights, the impact of the current uncertain geopolitical and economic outlook on exit or recovery strategies, collateral valuations, and time to collect and; • **Staging** – Completeness and accuracy of allocation of assets into stage 1,2 and 3 using criteria in accordance with IFRS 9.	**Post-Model Adjustments (PMAs)** – We, along with our modelling and economic specialists, tested the appropriateness, adequacy and completeness of the PMAs held at year end in response to model and data limitations. This included challenging management's identification of high-risk retail customers and commercial sub-sectors that were considered most at risk from the current economic and geopolitical headwinds. This included those that were susceptible to affordability challenges, inflation risks, supply chain and liquidity challenges. We also challenged the continued recognition of PMAs from previous years, by checking the latest default trends in specific cohorts. We assessed PMAs against the risk of double counting of either certain portfolios/customers or identified risks. **Individual provisions** - We recalculated and challenged the scenarios, assumptions, and cash flows for a sample of individual provisions including the alternative scenarios and probability weights assigned, involving EY valuation specialists where appropriate. The samples considered higher risk sectors, such as telecommunications, health, power, utilities, oil and gas, retail and leisure. We considered the impact of the current geopolitical and economic outlook and climate change had on collateral valuations and time to collect as well as whether planned exit strategies remained viable. **Staging** - We evaluated the staging criteria used by management by performing independent tests to assess staging effectiveness and stability, as well as recalculating the staging of the complete population of assets. We performed sensitivity analyses of different staging criteria, and collective staging downgrades to industries, geographic regions and high-risk populations that are exposed to recent economic, geopolitical or climate change stresses. On the non-personal portfolio, we recalculated the risk ratings for a sample of performing loans and focused our testing on certain risk characteristics such as loans in management's Problem Debt Management framework, high-risk industries - commercial real estate, telecommunications, private markets, automotive, retail and leisure. **Standback assessment** - We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable by performing analytical reviews, trend analysis, peer benchmarking and sensitivity analysis, which included assessing the impact of changing selected variables, and their impacts on the ECL coverage levels.

How we scoped our audit to respond to the risk and involvement with component teams

We performed centralised procedures and full scope audit procedures over this risk, which covered 99% of the ECL balance. Specific scope audit procedures pertaining to the RBSI component were undertaken by the component audit team, which covered 1% of the ECL balance. The Group audit team's involvement with the component teams and procedures performed are detailed in the Involvement with component audit teams' section of our report.

Key observations communicated to the Group Audit Committee

We are satisfied that the ECL provisions were reasonable and recognised in accordance with IFRS 9. We highlighted the following matters to the Group Audit Committee that contributed to our overall conclusion:

- Effectiveness of the overall control environment, including the compensating controls identified by management, where deficiencies were identified.
- Results of our testing of models, model assumptions, the key data elements used for ECL calculation, including the reasonableness of the macroeconomic variables, scenarios and weightings used.
- Accuracy of staging and the reasonableness of management's staging criteria, and our independent sensitivity analysis on the staging criteria to assess appropriateness.
- Reasonableness and adequacy of the post-model adjustments recorded to reflect risk in the portfolios.
- Individually assessed impairments, the overall reasonableness of the provisions, including assumptions applied.

Relevant references in the Annual Report and Accounts

Credit risk section of the Risk and capital management section identified as 'audited'

Accounting policies

Note 14 to the financial statements

Independent auditors' report to the members of NatWest Group plc continued

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td colspan="2">Valuation of financial instruments with higher risk characteristics and fair value adjustments within NWM</td></tr>
<tr><td>
At 31 December 2025 the Group held financial instruments with higher risk characteristics. These included, but are not limited to, reported level 3 financial assets of £1.3 billion (2024 - £1.7 billion) and level 3 financial liabilities of £0.3 billion (2024 - £0.5 billion) whose value is dependent upon unobservable inputs.
The valuation of those financial instruments with higher risk characteristics can include significant judgement as outlined below. The fair value of these instruments can involve complex valuation models and significant fair value adjustments, both of which may be reliant on inputs where there is limited market observability.
Management's estimates which required significant judgement include:

Complex models - Complex model-dependent valuations of financial instruments, the most significant being interest rate swaps linked to pre-payment behaviour and interest rate options with exotic features.
Illiquid inputs - Pricing inputs and calibrations for illiquid instruments, including fair value loan exposures for which there is no active market. Additionally derivative instruments whose valuation is dependent on discount rates associated with complex collateral arrangements; and
Fair value adjustments - the appropriateness of fair value adjustments made to derivative valuations including Funding Valuation Adjustments (FVA), Credit Valuation Adjustments (CVA), relating to derivative counterparties whose credit spread may not be observable, and material product and deal specific adjustments on long dated derivative portfolios.

</td><td>
Controls testing - We evaluated the design and operating effectiveness of controls relating to financial instrument valuation including independent price verification, valuation models governance, collateral management, income statement analysis, and the associated controls over relevant information technology systems. We also observed the Valuation Committees where valuation inputs, assumptions and adjustments were discussed and approved.
We involved our financial instrument valuation and modelling specialists to assist us in performing procedures including the following:

Complex models - Testing a sample of complex model-dependent valuations by performing independent revaluation to assess the appropriateness of models and the adequacy of assumptions and inputs used by the Group.
Illiquid inputs - Independently re-pricing a sample of financial instruments that had been valued using illiquid pricing inputs, using alternative pricing sources where available, to evaluate management's valuation.
Fair value adjustments - Comparing fair value adjustment methodologies to current industry standards and assessing the appropriateness and adequacy of the valuation adjustment framework in light of emerging market practice and changes in the risk profile of the underlying portfolio; and revaluing a sample of counterparty level FVA and CVA, comparing funding spreads to third party data, independently challenging illiquid CVA inputs, and testing material product and deal specific adjustments on the long-dated derivatives portfolio.

Throughout our audit procedures we considered the current uncertain geopolitical and economic outlook, including market volatility and the impact of climate change on the valuation of financial instruments. We performed analysis focusing on long-dated illiquid positions to understand if there were indicators that pricing did not appropriately capture climate related risks.
We assessed whether there were any indicators of aggregate bias in financial instrument marking and methodology assumptions.
We performed back-testing analysis of recent trade activity and asset disposals to evaluate the drivers of significant differences between book value and trade value to assess the impact on the fair value of similar instruments within the portfolio. We performed an analysis of significant collateral discrepancies with counterparties to assess the potential impact on the fair value of the underlying (and similar) financial instruments.
</td></tr>
</table>

Independent auditors' report to the members of NatWest Group plc continued

Valuation of financial instruments with higher risk characteristics within NWM continued

How we scoped our audit to respond to the risk and involvement with component teams

The component audit team performed full scope audit procedures over this risk at the NWM component, which covered 100% of the risk amount. The Group audit team's involvement with the component teams and procedures performed are detailed in the involvement with component audit teams' section of our report.

Key observations communicated to the Group Audit Committee

We are satisfied that the assumptions used by management to reflect the fair value of financial instruments with higher risk characteristics are reasonable and in accordance with IFRS. We highlighted the following matters to the Group Audit Committee:

- Complex model-dependent valuations were appropriate based on the output of our independent revaluations, analysis of trade activity, assessment of the output of the independent price verification process, inspection of collateral disagreements and peer benchmarking.
- The fair value estimates of financial instruments with illiquid inputs appropriately reflected pricing information available at 31 December 2025.
- Valuation adjustments applied to derivative portfolios for credit, funding and other risks were recorded in accordance with the requirements of IFRS considering trade activity for positions with common risk characteristics, analysis of market data and peer benchmarking.
- Where control deficiencies were identified, we tested compensating controls and performed additional substantive procedures, where necessary.

Relevant references in the Annual Report and Accounts

Accounting policies

Note 10 to the financial statements

Independent auditors' report to the members of NatWest Group plc continued

Risk	Our response to the risk
Pension valuation and net pension balance	
The Group operates several defined benefit schemes which, in aggregate, are significant given the size of gross pension assets and liabilities in the context of the financial statement disclosures. At 31 December 2025, the Group reported a net pension asset from schemes in surplus of £234 million (2024 - £190 million) and a net pension liability from schemes in deficit of £78 million (2024 - £80 million). The fair value of plan assets of £31.8 billion (2024 - £32.8 billion) and present value of defined benefit obligation of £26.6 billion (2024 - £27.3 billion) are sensitive to changes in the key judgements and assumptions, alongside the effects of the uncertain geopolitical and economic outlook, which include: • **Assumptions -** Actuarial assumptions and inputs including discount rate, inflation and longevity to determine the valuation of retirement benefit liabilities; • **Valuations -** Pricing inputs and calibrations for illiquid or complex model-dependent valuations of certain investments held by the schemes; and • **Augmentation cap -** Quantification of trustees' rights to unilaterally augment benefits (Augmentation cap) to determine the recognition of surplus.	**Controls testing** - We evaluated the design and operating effectiveness of controls over the defined benefit obligation process including the setting of actuarial assumptions, the data inputs used in the actuarial calculation and the measurement of the fair value of the schemes' assets. **Assumptions** - We involved our actuarial specialists to evaluate the actuarial assumptions used to calculate the defined benefit obligation by comparing them to ranges independently developed from third party sources and market practice. We assessed the impact on pension liabilities due to changes in financial, demographic and longevity assumptions over the year, and whether these were supported by objective external evidence and rationales, including the effects of the uncertain geopolitical and economic outlook. **Valuations** - We tested the fair value of scheme assets by independently calculating the fair value for a sample of the assets held. Our sample included cash, equity and debt instruments, derivative financial instruments, and illiquid assets. We involved our valuation specialists to assess the appropriateness of management's valuation methodology used in the valuation of the complex, illiquid and buy-in insurance assets including the judgements made in the determining significant assumptions used. We independently re-priced illiquid and complex assets that had been valued using unobservable market inputs, using alternative pricing sources where available, to evaluate management's valuations. **Augmentation cap and equalisation adjustments** - We involved our actuarial specialists to assess the estimation of the Augmentation cap including the inputs used in the calculation. We also assessed the methodology and judgements made in calculating these estimates and the associated accounting treatment in accordance with IAS 19 and IFRIC 14. **Disclosure** - We assessed the adequacy of the disclosures made in the financial statements, including the appropriateness of the assumptions, sensitivities and disclosures over investment strategy and risk management.

How we scoped our audit to respond to the risk and involvement with component teams

All audit work performed to address this risk, was undertaken by the Group audit team.

Key observations communicated to the Group Audit Committee

We are satisfied that the valuation and disclosure of the net pension balance are reasonable and in accordance with IFRS. We highlighted the following matters to the Group Audit Committee:

- Our benchmarking of key actuarial assumptions including the discount rate, inflation, longevity and pension payments concluded that assumptions were within a reasonable range.
- No material differences were identified from our testing including our independent valuation testing for a sample of pension assets.
- Management's accounting for the buy-in transactions during the year was appropriate.
- Management's estimate of the impact of the augmentation cap was reasonable and the methodology consistent with IAS 19 and IFRIC 14.

Relevant references in the Annual Report and Accounts

Accounting policies

Note 5 to the financial statements

Independent auditors' report to the members of NatWest Group plc continued

Risk	Our response to the risk
IT access management	
The IT environment is complex and pervasive to the operations of the Group due to the large volume of transactions processed in numerous locations daily, with extensive reliance on automated controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. This risk is also impacted by the growing dependency on third parties, increasing use of cloud platforms, decommissioning of legacy systems, and migration to new systems. Such controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. The Group has implemented user access management controls across IT applications, databases and operating systems. We have identified user access-related deficiencies in the past and similar thematic issues have been noted in the current year, and thus the risk of inappropriate access remains.	We evaluated the design and operating effectiveness of IT general controls including access over the applications, operating systems and databases that are relevant to financial reporting. We tested user access by assessing the controls for in-scope applications, in particular testing the addition and periodic recertification of users' access. We continue to focus on key controls enforced by the Group's user access management tools, including ensuring the completeness of user data, automated identification of movers and leavers and the adequacy of the overall control environment in addressing access-related IT risks to financial reporting. There have been no significant changes in the suite of access management controls operated by the Group in the current year. For systems outsourced to third party service providers, we tested IT general controls through evaluating the relevant Service Organisation Controls ("SOC") reports (where available). This included assessing the timing of the reporting, the controls tested by the service auditor and whether they addressed relevant IT risks. We also tested required complementary user entity controls performed by management. Where a SOC report was not available, we identified and reviewed compensating business controls to address risks to financial reporting. Several systems have been migrated to a cloud-hosted infrastructure model, however access management processes and controls remained in-house, and they formed part of our testing. Where in-scope applications underwent transformations or data migrations during the current year, we tested management's controls on the transformations, including inspecting the project plans, the results of testing and the "go-live" approval process. Where control deficiencies were identified, we tested remediation activities performed by management and/or compensating controls in place and assessed the impact, of any residual risk over financial statement reporting. This included aggregation analysis of the deficiencies identified, to consider the pervasiveness of findings identified, and the impact on our overall approach to access management testing. We noted that no further changes to our approach were required.
How we scoped our audit to respond to the risk and involvement with component teams	
All audit work performed to address this risk was undertaken by the Group audit team.	
Key observations communicated to the Group Audit Committee	
• Based on our testing procedures, including validating management's remediation activities, testing of compensating IT controls and substantive procedures, we conclude that the IT control environment, supplemented by relevant business compensating controls, was effective and that the residual financial statement reporting risk was not considered material. • Improvements have been made to further standardise and strengthen IT access management processes and controls, however privileged access control deficiencies continue to be identified, including instances where the underlying systems are subject to change within the year, including migrations. While privileged access findings led to an increase in the overall number of reported IT control deficiencies requiring remediation by management, compensating controls within either IT or the business were identified for these deficiencies.	

Independent auditors' report to the members of NatWest Group plc continued

Risk	Our response to the risk
Valuation of investments in group undertakings in the Parent Company's accounts.	
At 31 December 2025 the Parent Company reported investments in group undertakings of £53.0 billion (2024 - £53.4 billion). Management assessed investments in subsidiaries of the Parent Company, as at 31 December 2025, for indicators of impairment or whether impairment charges recognised in prior periods should be reversed in accordance with IAS 36. Where indicators have been identified, management assess any asset impairment based upon value in use. As a result of the assessment management concluded that in the Parent Company's accounts the carrying amount investments in group undertakings is recoverable. These estimates are based on the five-year revenue and cost forecasts and the output of a subsequent value in use computation, within which we identify the following key judgements / estimates: • Profitability estimates; • Macroeconomic assumptions; • Capital forecasts; and • Modelling assumptions and inputs (including discount rate and long-term growth rate).	**Controls testing** - We evaluated the design and operating effectiveness of controls over the key judgemental inputs (macroeconomic assumptions including interest rates, business forecasts and capital). In addition, we have assessed the controls over the methodology, models and methods utilised in the Value in Use (VIU) calculation. **Assumption and model testing:** • Tested the mathematical accuracy of the models and calculations utilised in the VIU computation. • Challenged the reasonableness and achievability of management forecasts from a combination of historical performance, benchmarking with external data and evaluating underlying business strategies. • Evaluated the appropriateness of significant assumptions (macroeconomic, modelling assumptions and inputs) with the input of our specialist teams. • Challenged and evaluated the appropriateness of the Discount Rate applied to individual subsidiary legal entities. • Assessed the sensitivity of the VIU to reasonable variations in significant assumptions, both individually and in aggregate. **Disclosure** - We challenged and verified the adequacy of the information disclosed in the Parent Company's annual accounts in accordance with applicable standards and regulations.
How we scoped our audit to respond to the risk and involvement with component teams	
All audit work performed to address this risk was undertaken by the Group audit team.	
Key observations communicated to the Group Audit Committee	
We are satisfied that the carrying value of investments in group undertakings in the Parent Company's accounts were reasonable and recognised in accordance with IFRS. We highlighted the following matters to the Group Audit Committee that contributed to our overall conclusion: • Effectiveness of the overall control environment, including management's identification of compensating controls where deficiencies were identified; • Reasonableness of the methodologies, judgements and assumptions used by management to conclude upon the recognition of the related balances; • Management's approach to estimating the recoverable amounts for the subsidiaries of the Group is reasonable.	
Relevant references in the Annual Report and Accounts	
Accounting policies Note 8 to the Parent Company financial statements	

Independent auditors' report to the members of NatWest Group plc continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £380 million (2024 - £312 million), which is 5% (2024 - 5%) of the profit before tax of the Group of £7,708 million (2024 - 6,195 million) adjusted for non-recurring items. We believe removing these non-recurring items reflects the most useful measure for users of the financial statements and is consistent with the prior year. The 5% basis used for Group materiality is consistent with the wider industry and is the standard for listed and regulated entities.

We determined materiality for the Parent Company to be £380 million (2024 - £312 million), which is 0.7% (2024 - 0.6%) of equity of the Parent Company. We believe this reflects the most useful measure for users of the financial statements as the Parent Company's primary purpose is to act as a holding company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure is not relevant.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024 - 75%) of our planning materiality, namely £285 million (2024 - £234 million). We have set performance materiality at this percentage based on our experience of misstatements, and consistent effectiveness of the control environment.

Audit work was undertaken at component teams for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £69 million to £250 million (2024 - £104 million to £208 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £19 million (2024 - £16 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and Accounts, including the Strategic report, Financial review, Corporate governance report, Report of the Group Nominations and Governance Committee, Report of the Group Audit Committee, Report of the Group Board Risk Committee, Report of the Group Technology, Innovation and Simplification Committee, Directors' remuneration report, Report of the directors, Risk and capital management, Non-IFRS financial measures, and Additional information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;

Independent auditors' report to the members of NatWest Group plc continued

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Group's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the:

- Strategic report or the Report of the directors; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Group.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities;
- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Group Audit Committee.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report to the members of NatWest Group plc continued

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA); Companies Act 2006; and the Sarbanes Oxley Act (SOX).
- We understood how the Group is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and banking regulatory bodies in relevant jurisdictions; including the PRA and FCA reviewed minutes of the NatWest Group Board and Risk Committees; and gained an understanding of the Group's governance framework.
- Carried out an assessment of matters reported on the Group's whistleblowing programmes where these related to the financial statements.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified to prevent or detect fraud. We also assessed the risks of fraud in our key audit matters. Our procedures over our key audit matters and other significant accounting estimates included challenging management on the assumptions and judgements made in determining these estimates.
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of internal and external legal counsel, executive management, internal audit and reading reports of reviews performed by external legal counsel. We also tested controls and performed procedures to respond to any financial statement impacts of non-compliance with laws and regulations. These procedures were performed by both the Group audit team and component audit teams with oversight from the Group audit team.
- Identified and tested journal entries, including those posted with certain descriptions or unusual characteristics, backdated journals or posted by infrequent and unexpected users.
- The Group operates in the banking industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, involving specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Group Audit Committee, we were appointed by the Group at its annual general meeting on 4 May 2016 to audit the financial statements of the Group for the year ending 31 December 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 10 years, covering periods from our appointment through 31 December 2025.
- The audit opinion is consistent with the additional report to the Group Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Javier Faiz (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London, United Kingdom
12 February 2026

Consolidated income statement

for the year ended 31 December 2025

	Note	2025 £m	2024 £m	2023 £m
Interest receivable		**25,698**	25,187	21,026
Interest payable		**(12,869)**	(13,912)	(9,977)
Net interest income	1	**12,829**	11,275	11,049
Fees and commissions receivable		**3,247**	3,175	2,983
Fees and commissions payable		**(733)**	(708)	(653)
Trading income		**1,112**	825	794
Other operating income		**186**	136	579
Non-interest income	2	**3,812**	3,428	3,703
Total income		**16,641**	14,703	14,752
Staff costs		**(4,174)**	(4,061)	(3,901)
Premises and equipment		**(1,291)**	(1,211)	(1,153)
Other administrative expenses		**(1,643)**	(1,819)	(2,008)
Depreciation and amortisation		**(1,154)**	(1,058)	(934)
Operating expenses	3	**(8,262)**	(8,149)	(7,996)
Profit before impairment losses		**8,379**	6,554	6,756
Impairment losses	14	**(671)**	(359)	(578)
Operating profit before tax		**7,708**	6,195	6,178
Tax charge	7	**(1,874)**	(1,465)	(1,434)
Profit from continuing operations		**5,834**	4,730	4,744
Profit/(loss) from discontinued operations, net of tax		**-**	81	(112)
Profit for the year		**5,834**	4,811	4,632
Attributable to:				
Ordinary shareholders		**5,479**	4,519	4,394
Paid-in equity holders		**352**	283	242
Non-controlling interests		**3**	9	(4)
		5,834	4,811	4,632
Earnings per ordinary share - continuing operations	8	**68.0p**	52.5p	49.2p
Earnings per ordinary share - discontinued operations	8	**-**	1.0p	(1.2p)
Total earnings per share attributable to ordinary shareholders - basic (1)	8	**68.0p**	53.5p	47.9p
Earnings per ordinary share - diluted continuing operations	8	**67.4p**	52.1p	48.9p
Earnings per ordinary share - diluted discontinued operations	8	**-**	1.0p	(1.2p)
Total earnings per share attributable to ordinary shareholders - diluted	8	**67.4p**	53.1p	47.7p

(1) In 2023, the unrounded Total earnings per share attributable to ordinary shareholders – basic is 47.948p. The unrounded Earnings per ordinary share – continuing operations was 49.170p. The unrounded Earnings per ordinary share – discontinued operations was (1.222p).

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	2025 £m	2024 £m	2023 £m
Profit for the year	**5,834**	4,811	4,632
Items that do not qualify for reclassification			
Remeasurement of retirement benefit schemes	**31**	(166)	(280)
Changes in fair value of credit in financial liabilities designated at fair value through profit or loss (FVTPL) due to changes in credit risk	**(17)**	(33)	(39)
FVOCI financial assets	**40**	6	17
Tax	**(16)**	59	79
	38	(134)	(223)
Items that do qualify for reclassification			
FVOCI financial assets	**142**	(25)	49
Cash flow hedges (1)	**968**	622	1,208
Currency translation	**(13)**	5	(619)
Tax	**(297)**	(178)	(361)
	800	424	277
Other comprehensive income after tax	**838**	290	54
Total comprehensive income for the year	**6,672**	5,101	4,686
Attributable to:			
Ordinary shareholders	**6,317**	4,809	4,448
Paid-in equity holders	**352**	283	242
Non-controlling interests	**3**	9	(4)
	6,672	5,101	4,686

(1) Refer to footnotes 4 and 5 of the Consolidated statement of changes in equity.

Consolidated balance sheet

as at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Cash and balances at central banks	9	**85,182**	92,994
Trading assets	12	**46,537**	48,917
Derivatives	13	**60,789**	78,406
Settlement balances		**645**	2,085
Loans to banks - amortised cost	9	**6,958**	6,030
Loans to customers - amortised cost	9	**418,881**	400,326
Securities subject to repurchase agreements		**19,854**	13,555
Other financial assets excluding securities subject to repurchase agreements		**59,916**	49,688
Other financial assets	15	**79,770**	63,243
Intangible assets	16	**7,292**	7,588
Other assets	17	**8,499**	8,396
Total assets		**714,553**	707,985
Liabilities			
Bank deposits	9	**44,092**	31,452
Customer deposits	9	**442,998**	433,490
Settlement balances		**942**	1,729
Trading liabilities	12	**49,022**	54,714
Derivatives	13	**53,974**	72,082
Other financial liabilities	18	**67,599**	61,087
Subordinated liabilities	19	**6,123**	6,136
Notes in circulation		**3,164**	3,316
Other liabilities	20	**4,026**	4,601
Total liabilities		**671,940**	668,607
Ordinary shareholders' interests		**38,028**	34,070
Other owners' interests		**4,571**	5,280
Owners' equity	21	**42,599**	39,350
Non-controlling interests		**14**	28
Total equity		**42,613**	39,378
Total liabilities and equity		**714,553**	707,985

The accounts were approved by the Board of directors on 12 February 2026 and signed on its behalf by:

Richard Haythornthwaite
Chair

John-Paul Thwaite
Group Chief Executive Officer

Katie Murray
Group Chief Financial Officer

NatWest Group plc
Registered No. SC45551

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Share capital and share premium £m	Paid-in equity £m	Other statutory reserves (3) £m	Retained earnings £m	Other reserves: Fair value £m	Other reserves: Cash flow hedging (4,5) £m	Other reserves: Foreign exchange £m	Other reserves: Merger £m	Total owners' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2025	10,133	5,280	2,350	11,426	(103)	(1,443)	826	10,881	39,350	28	39,378
Profit attributable to ordinary shareholders and other equity owners				5,831					5,831	3	5,834
Other comprehensive income											
Realised gains on FVOCI equity shares				25	(25)				-		-
Remeasurement of retirement benefit schemes				31					31		31
Changes in fair value of credit in financial liabilities designated at FVTPL due to own credit risk				(17)					(17)		(17)
Unrealised gains					174				174		174
Amounts recognised in equity						69			69		69
Retranslation of net assets							51		51		51
Losses on hedges of net assets							(92)		(92)		(92)
Reclassification of OCI to Income statement					8	899	28		935		935
Tax				(15)	(41)	(277)	20		(313)		(313)
Total comprehensive income				5,855	116	691	7	-	6,669	3	6,672
Transactions with owners											
Ordinary share dividends paid				(2,018)					(2,018)	(6)	(2,024)
Redemption of paid-in equity		(1,957)		(22)					(1,979)		(1,979)
Paid-in equity dividends paid				(352)					(352)		(352)
Shares repurchased (1)	(112)		112	(579)					(579)		(579)
Paid-in equity issued (2)		1,248							1,248		1,248
Purchase of non-controlling interest				(10)					(10)	(11)	(21)
Employee share schemes				88					88		88
Shares vested under employee share schemes			151						151		151
Share-based remuneration				31					31		31
At 31 December 2025	10,021	4,571	2,613	14,419	13	(752)	833	10,881	42,599	14	42,613

For the notes to this table refer to page 296.

Consolidated statement of changes in equity continued

	Share capital and share premium £m	Paid-in equity £m	Other statutory reserves (3) £m	Retained earnings £m	Other reserves: Fair value £m	Other reserves: Cash flow hedging (4,5) £m	Other reserves: Foreign exchange £m	Other reserves: Merger £m	Total owners' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2024	10,844	3,890	2,004	10,645	(49)	(1,899)	841	10,881	37,157	31	37,188
Profit attributable to ordinary shareholders and other equity owners											
- continuing operations				4,721					4,721	9	4,730
- discontinued operations				81					81		81
Other comprehensive income											
Realised gains on FVOCI equity shares				54	(54)				-		-
Remeasurement of retirement benefit schemes				(166)					(166)		(166)
Changes in fair value of credit in financial liabilities designated at FVTPL due to own credit risk				(33)					(33)		(33)
Unrealised losses					(40)				(40)		(40)
Amounts recognised in equity						(872)			(872)		(872)
Retranslation of net assets							(194)		(194)		(194)
Gains on hedges of net assets							122		122		122
Reclassification of OCI to Income statement					21	1,494	77		1,592		1,592
Tax				48	19	(166)	(20)		(119)		(119)
Total comprehensive income				4,705	(54)	456	(15)	-	5,092	9	5,101
Transactions with owners											
Ordinary share dividends paid				(1,505)					(1,505)	(12)	(1,517)
Paid-in equity dividends paid				(283)					(283)		(283)
Shares repurchased (1,6)	(711)		711	(2,176)					(2,176)		(2,176)
Paid-in equity issued (2)		1,390							1,390		1,390
Employee share schemes				17					17		17
Shares vested under employee share schemes			175						175		175
Share-based remuneration				23					23		23
Own shares acquired			(540)						(540)		(540)
At 31 December 2024	10,133	5,280	2,350	11,426	(103)	(1,443)	826	10,881	39,350	28	39,378

For the notes to this table refer to the following page.

Consolidated statement of changes in equity continued

	Share capital and share premium £m	Paid-in equity £m	Other statutory reserves (3) £m	Retained earnings £m	Other reserves: Fair value £m	Other reserves: Cash flow hedging (4,5) £m	Other reserves: Foreign exchange £m	Other reserves: Merger £m	Total owners' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2023	11,700	3,890	1,393	10,019	(102)	(2,771)	1,478	10,881	36,488	8	36,496
Profit/(loss) attributable to ordinary shareholders and other equity owners											
- continuing operations				4,748					4,748	(4)	4,744
- discontinued operations				(112)					(112)		(112)
Other comprehensive income											
Realised gains on FVOCI equity shares				1	(1)				-		-
Remeasurement of retirement benefit schemes				(280)					(280)		(280)
Changes in fair value of credit in financial liabilities designated at FVTPL due to own credit risk				(39)					(39)		(39)
Unrealised gains					22				22		22
Amounts recognised in equity						187			187		187
Retranslation of net assets							(239)		(239)		(239)
Gains on hedges of net assets							107		107		107
Reclassification of OCI to Income statement					44	1,021	(487)		578		578
Tax				84	(12)	(336)	(18)		(282)		(282)
Total comprehensive income				4,402	53	872	(637)	-	4,690	(4)	4,686
Transactions with owners											
Ordinary share dividends paid				(1,456)					(1,456)	(5)	(1,461)
Paid-in equity dividends paid				(242)					(242)		(242)
Shares repurchased (1)	(856)		856	(2,057)					(2,057)		(2,057)
Employee share schemes				14					14		14
Shares vested under employee share schemes			114						114		114
Share-based remuneration				(35)					(35)		(35)
Own shares acquired			(359)						(359)		(359)
Acquisition of subsidiary										32	32
At 31 December 2023	10,844	3,890	2,004	10,645	(49)	(1,899)	841	10,881	37,157	31	37,188

(1) As part of the On Market Share Buyback Programmes NatWest Group plc repurchased and cancelled 105.5 million shares (2024 - 173.3 million, 2023 - 460.3 million, of which 2.3 million were settled in January 2024) of which 1.4 million shares were settled in January 2026. The total consideration for these shares excluding fees was £586.3 million (2024 - £450.9 million, 2023 - £1,151.7 million of which 4.9 million shares were settled in January 2024) of which 9 million was settled in January 2026. The nominal value of the share cancellations was transferred to the capital redemption reserve.
(2) Net of issuance fees of £2.8 million (2024 – £2.4 million), and the associated tax credit of £0.7 million (2024 – £0.7 million).
(3) Other statutory reserves consists of Capital redemption reserve of £3,330 million (2024 - £3,218 million, 2023 - £2,507 million) and Own shares held reserve of £717 million (2024 - £868 million, 2023 - £503 million).
(4) The change in the cash flow hedging reserve is driven by realised accrued interest transferred to the income statement and a decrease in swap rates in the year, where the portfolio of swaps are net receive fixed from an interest rate risk perspective.
(5) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised costs, balances at central banks, bank deposits and customer deposits. Refer to Note 13.
(6) In June 2024, there was an agreement to buy 392.4 million ordinary shares of the Company from His Majesty's Treasury (HM Treasury) at 316.2 pence per share for total consideration of £1.2 billion. NatWest Group cancelled 222.4 million of the purchased ordinary shares, amounting to £706.9 million excluding fees and held the remaining 170.0 million shares as Own Shares Held, amounting to £540.2 million excluding fees. The nominal value of the share cancellation was transferred to the capital redemption reserve. There were no repurchases in 2025.

Consolidated cash flow statement

for the year ended 31 December 2025

	Note	2025 £m	2024 £m	2023 £m
Cash flows from operating activities				
Operating profit before tax from continuing operations		**7,708**	6,195	6,178
Operating profit/(loss) before tax from discontinued operations		**-**	81	(112)
Adjustments for:				
Non-cash and other items	26	**184**	4,365	3,208
Change in operating assets and liabilities	26	**972**	(7,267)	(25,679)
Income taxes paid		**(1,792)**	(1,602)	(1,033)
Net cash flows from operating activities (1,2)		**7,072**	1,772	(17,438)
Cash flows from investing activities				
Sale and maturity of other financial assets		**46,754**	41,618	25,195
Purchase of other financial assets		**(62,033)**	(53,961)	(44,906)
Income received on other financial assets		**2,487**	1,829	1,099
Net movement in business interests and intangible assets	27	**(368)**	(1,919)	4,601
Sale of property, plant and equipment		**60**	198	128
Purchase of property, plant and equipment		**(665)**	(464)	(811)
Net cash flows from investing activities		**(13,765)**	(12,699)	(14,694)
Cash flows from financing activities				
Issue of paid-in equity		**1,248**	1,390	-
Redemption of paid-in equity		**(1,979)**	-	-
Issue of subordinated liabilities		**828**	1,386	611
Redemption of subordinated liabilities		**(1,000)**	(999)	(1,250)
Interest paid on subordinated liabilities		**(267)**	(459)	(439)
Issue of MRELs		**4,864**	5,051	3,973
Maturity and redemption of MRELs		**(3,177)**	(2,854)	(4,236)
Interest paid on MRELs		**(1,035)**	(885)	(844)
Purchase of non-controlling interest		**(21)**	-	-
Shares repurchased		**(579)**	(2,716)	(2,416)
Dividends paid		**(2,376)**	(1,800)	(1,703)
Net cash flows from financing activities		**(3,494)**	(1,886)	(6,304)
Effects of exchange rate changes on cash and cash equivalents		**775**	(1,166)	(1,189)
Net decrease in cash and cash equivalents		**(9,412)**	(13,979)	(39,625)
Cash and cash equivalents at 1 January		**104,845**	118,824	158,449
Cash and cash equivalents at 31 December	29	**95,433**	104,845	118,824

(1) Includes interest received of £25,401 million (2024 - £24,996 million, 2023 - £20,345 million) and interest paid of £13,028 million (2024 - £13,689 million, 2023 - £8,871 million).

(2) The total cash outflow for leases is £94 million (2024 - £95 million; 2023 - £122 million), including payment of principal amount of £77 million (2024 - £79 million, 2023 - £102 million) which are included in the operating activities.

Accounting policies

This section includes the basis of preparation and critical and material accounting policies used to prepare the financial statements.

Our accounting policies are the specific principles, bases, conventions, rules, and practices we apply in preparing and presenting the financial statements. Further information is provided where judgement and estimation is applied to critical accounting policies and key sources of estimation uncertainty.

Future accounting developments details new and amendments to existing accounting standards, their effective date, and our assessment of their impact on future financial statements.

1. Presentation of financial statements

NatWest Group plc is incorporated in the UK and registered in Scotland. The financial statements are presented in the functional currency, pounds sterling.

The audited financial statements include these accounting policies, the accompanying notes to the financial statements on pages 305 to 375 and the audited sections of the Risk and capital management section on pages 178 to 275 which together from an integral part of the primary financial statements.

The directors have prepared the financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date the financial statements are approved (see the Report of the directors) and in accordance with UK-adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The critical and material accounting policies and related judgements are set out below.

The financial statements are presented on an historical cost basis except for certain financial instruments which are stated at fair value.

The effect of the amendments to IFRS Accounting Standards effective from 1 January 2025 on our financial statements was immaterial.

We have applied the exception from the accounting requirements for deferred taxes in IAS 12 Income taxes in respect of Pillar 2 income taxes issued by the IASB in May 2023. Accordingly, we have not recognised or disclosed information about deferred tax assets and liabilities related to Pillar 2 income taxes.

Our consolidated financial statements incorporate the results of NatWest Group plc and the entities it controls. Control arises when we have the power to direct the activities of an entity so as to affect the return from the entity. Control is assessed by reference to our ability to enforce our will on the other entity, typically through voting rights. The consolidated financial statements are prepared under consistent accounting policies.

A subsidiary is included in the consolidated financial statements at fair value on acquisition from the date it is controlled by us until the date we cease to control it through a sale or a significant change in circumstances.

Changes in our interest in a subsidiary that do not result in us ceasing to control that subsidiary are accounted for as equity transactions.

We apply accounting for associates and joint arrangements to entities where we have significant influence, but not control, over the operating and financial policies. We assess significant influence by reference to a presumption of voting rights of more than 20%, but less than 50%, supplemented by a qualitative assessment of substantive rights which include representation at the Board of Directors and significant exchange of managerial personnel or technology amongst others.

Investments in associates and joint ventures are recorded upon initial recognition at cost and increased or decreased each period by the share of the subsequent levels of profit or loss. Other changes in equity are considered in line with their nature.

The judgements and assumptions involved in our accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are noted below. The use of estimates, assumptions or models that differ from those adopted by us would affect our reported results.

How Climate risk affects our accounting judgements and estimates

Business planning

Key financial estimates are based on management's latest five-year revenue and cost forecasts. The outputs from this forecast affect forward-looking accounting estimates.

Measurement of deferred tax and expected credit losses are highly sensitive to reasonably possible changes in those anticipated conditions. In 2024, our scenario planning was enhanced by the further integration of NatWest Group's climate transition plan, including the assessment of climate-related risks and opportunities.

In 2025, our scenario planning was enhanced by the further integration of NatWest Group's climate transition plan, including the assessment of climate-related risks and opportunities.

- Our climate transition plan includes an assessment of:
  - Changes in products, services and business operations to support customer transition towards net zero.
  - Financial impacts of supporting customer transition, including investment required. The linkage between our financial plan and our climate transition plan will continue to be developed and refreshed annually as part of the financial planning cycle.
  - The impact of UK Government policies. To estimate the impact of current UK Government policy on our climate transition plan, we developed a progress-adjusted scenario. We use the UK CCC's Seventh Carbon Budget Report's sectoral balanced pathways and apply estimated time delays based on the credibility assessment of policies from the UK CCC's June 2025 Progress Report.

There remains considerable uncertainty in the climate policy environment, shaped by geopolitical developments and wider uncertainty over how the climate will evolve and how and when governments, regulators, businesses, investors and customers will respond.

Accounting policies continued

Information used in other accounting estimates

We make use of reasonable and supportable information to make accounting judgements and estimates. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of borrowers, asset values and market indicators. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period. Some physical and transition risks can manifest in the shorter term. The following items represent the most significant effects:

- The classification of financial instruments linked to climate, or other sustainability indicators. Consideration is given to whether the effect of climate-related terms prevent the instrument cashflows being solely payments of principal and interest.
- The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

Effect of climate change in the estimation of expected credit loss

We are monitoring the effect of the physical and transition consequences of climate change on our experience of loan loss. We use available information regarding the effect of climate transition policy largely driven by carbon prices as an adjustment to macroeconomic factors that are used as inputs to the models that generate PD and LGD outcomes, which are key inputs to the ECL calculation. The determination of whether specific loss drivers and climate events generate specific losses is ongoing and is necessary to determine how sensitive changes in ECL could be to climate inputs.

Future cashflows are discounted, so long-dated cashflows are less likely to affect current expectations on credit loss. Our assessment of sector-specific risks, and whether additional adjustments are required, includes expectations of the ability of those sectors to meet their financing needs in the market. Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

2. Critical accounting policies

The judgements and assumptions involved in our accounting policies that are considered by the Board to be the most important to the portrayal of our financial condition are noted below. The use of estimates, assumptions or models that differ from those adopted by us would affect our reported results. Management's consideration of uncertainty is outlined in the relevant sections, including the ECL estimate in the Risk and capital management section.

Information used for significant estimate

Policy	Judgement	Estimate	Further information
Deferred tax	Determination of whether sufficient sustainable taxable profits will be generated in future years to recover the deferred tax asset.	Our estimates are based on the five-year revenue and cost forecasts (which include inherent uncertainties).	Note 7
Fair value – financial instruments	Classification of a fair value instrument as level 3, where the valuation is driven by unobservable inputs.	Estimation of the fair value, where it is reasonably possible to have alternative assumptions in determining the FV.	Note 10
Loan impairment provisions	Definition of default against which to apply PD, LGD and EAD models. Selection of multiple economic scenarios. Criteria for a significant increase in credit risk. Identification of risks not captured by the models.	ECL estimates contain a number of measurement uncertainties (such as the weighting of multiple economic scenarios) and disclosures include sensitivities to show the impact on other reasonably possible scenarios.	Note 14

Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.

Accounting policies continued

2.1. Deferred tax

Deferred tax is the estimated tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and the carrying amount for tax purposes in the future. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent their recovery is probable.

Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax asset recoverability is based on the level of supporting eligible and available deferred tax liabilities we have and of our future taxable profits. These future taxable profits are based on our five-year revenue and cost forecasts and the expectation of long-term economic growth beyond this period. The five-year forecast takes account of management's current expectations of competitiveness and profitability. The long-term growth rate reflects external indicators which will include market expectations on climate risk. We do not consider any additional adjustments to this indicator.

2.2. Fair value – financial instruments

We measure financial instruments at fair value when they are classified as mandatory fair value through profit or loss; held-for-trading; designated fair value through profit or loss and fair value through other comprehensive income and they are recognised in the financial statements at fair value. All derivatives are measured at fair value.

We manage some portfolios of financial assets and financial liabilities based on our net exposure to either market or credit risk. In these cases, the fair value is derived from the net risk exposure of that portfolio with portfolio level adjustments applied to incorporate bid-offer spreads, counterparty credit risk, and funding costs (refer to 'Valuation Adjustments').

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. The complexity and uncertainty in the financial instrument's fair value is categorised using the fair value hierarchy.

The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

2.3. Loan impairment provisions: expected credit losses (ECL)

At each balance sheet date each financial asset or portfolio of financial assets measured at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment (other than those classified as held for trading) is assessed for impairment. Any change in impairment is reported in the income statement.

Loss allowances are forward-looking, based on 12-month ECL where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

ECL is a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is a reduction in the net present value of expected cash flows. Following a significant increase in credit risk, ECL is adjusted from 12 months to lifetime. This will lead to a higher impairment charge.

The measurement of expected credit loss considers the ability of borrowers to make payments as they fall due. Future cashflows are discounted, so long-dated cashflows are less likely to affect current expectations on credit loss. Our assessment of sector specific risks, and whether additional adjustments are required, include expectations of the ability of those sectors to meet their financing needs in the market. Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

Judgement is exercised as follows:

- **Non-modelled portfolios** – under IFRS 9, there are bespoke treatments for the identification of significant increase in credit risk. Benchmark PDs, EADs and LGDs are reviewed annually for appropriateness. The ECL calculation is based on expected future cash flows, which is typically applied at a portfolio level.
- **Multiple economic scenarios (MES)** – the central, or base, scenario is most critical to the ECL calculation, independent of the method used to generate a range of alternative outcomes and their probabilities.
- **Significant increase in credit risk** – IFRS 9 requires that at each reporting date, an entity shall assess whether the credit risk on an account has increased significantly since initial recognition. Part of this assessment requires a comparison to be made between the current lifetime PD (i.e. the current probability of default over the remaining lifetime) with the equivalent lifetime PD as determined at the date of initial recognition.

On restructuring where a financial asset is not derecognised, the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

Where in the course of the orderly realisation of a loan, it is exchanged for equity shares or property, the exchange is accounted for as the sale of the loan and the acquisition of equity securities or investment property. Where our acquired interest is in equity shares, relevant policies for control, associates and joint ventures apply.

Impaired financial assets are written off and therefore derecognised from the balance sheet when we conclude that there is no longer any realistic prospect of recovery of part, or all, of the loan. For financial assets that are individually assessed for impairment, the timing of the write-off is determined on a case-by-case basis.

Such financial assets are reviewed regularly and write-off will be prompted by bankruptcy, insolvency, renegotiation, and similar events.

Accounting policies continued

The typical time frames from initial impairment to write-off for our collectively assessed portfolios are:

- Retail mortgages: write-off usually occurs within five years, or earlier, when an account is closed, but can be longer where the customer engages constructively;
- Credit cards: the irrecoverable amount is typically written off after twelve arrears cycles or at four years post default any remaining amounts outstanding are written off;
- Overdrafts and other unsecured loans: write-off occurs within six years;
- Commercial loans: write-offs are determined in the light of individual circumstances; and uncollateralised impaired business loans are generally written off within five years.

3. Material accounting policies

3.1. Revenue recognition

Interest receivable and payable are recognised in the income statement using the effective interest rate method for all financial instruments measured at amortised cost; debt instruments measured at fair value through other comprehensive income; and the effective part of any related accounting hedging instruments.

Finance lease income is recognised at a constant periodic rate of return before tax on the net investment on the lease.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value and is reported in income from trading activities or other operating income as relevant. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer.

The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

3.2. Discontinued operations, held for sale and disposal groups

The results of discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations, net of tax in the income statement. Comparatives are re-presented for the income statement, cash flow statement, statement of changes in equity and related notes.

An asset or disposal group (assets and liabilities) is classified as held for sale if we will recover its carrying amount principally through a sale transaction rather than through continuing use. It is measured at the lower of its carrying amount or fair value less cost to sell unless the existing measurement provisions of IFRS apply. These are presented as single amounts; comparatives are not re-presented.

3.3. Staff costs

Employee costs, such as salaries, paid absences, and other benefits are recognised over the period in which the employees provide the related services to us.

Employees may receive variable compensation in cash, in deferred cash or debt instruments of NatWest Group or in ordinary shares of NatWest Group plc subject to deferral, clawback and forfeiture criteria. We operate a number of share-based compensation schemes under which we grant awards of NatWest Group plc shares and share options to our employees. Such awards are subject to vesting conditions.

Variable compensation that is settled in cash or debt instruments is charged to the income statement on a straight-line basis over the period during which services are provided, taking account of forfeiture and clawback criteria. The value of employee services received in exchange for NatWest Group plc shares and share options is recognised as an expense over the vesting period, subject to deferral, clawback, cancellation and forfeiture criteria with a corresponding increase in equity. The fair value of shares granted is the market price adjusted for the expected effect of dividends as employees are not entitled to dividends until shares are vested.

The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors such as the dividend yield.

Defined contribution pension scheme

A scheme where we pay fixed contributions and there is no legal or constructive obligation to pay further contributions or benefits. Contributions are recognised in the income statement as employee service costs accrue.

Defined benefit pension scheme

A scheme that defines the benefit an employee will receive on retirement and is dependent on one or more factors such as age, salary, and years of service. The net of the recognisable scheme assets and obligations is reported on the balance sheet in other assets or other liabilities. The defined benefit obligation is measured on an actuarial basis.

The charge to the income statement for pension costs (mainly the service cost and the net interest on the net defined benefit asset or liability) is recognised in operating expenses.

Actuarial gains and losses (i.e. gains and/or losses on remeasuring the net defined benefit asset or liability due to changes in actuarial measurement assumptions) are recognised in other comprehensive income in full in the period in which they arise, and not subject to recycling to the income statement.

The difference between scheme assets and scheme liabilities, the net defined benefit asset or liability, is recognised on the balance sheet if the criteria of the asset ceiling test are met. This requires the net defined benefit surplus to be limited to the present value of any economic benefits available to us in the form of refunds from the plan or reduced contributions to it.

We will recognise a liability where a minimum funding requirement exists for any of our defined benefit pension schemes. This reflects agreed minimum funding and the availability of a net surplus as described above.

We recognise a net defined benefit asset when the net defined benefit surplus can generate a benefit in the form of a refund or reduction in future contributions to the plan. The net benefit pension asset is recognised at the present value of the benefits that will be available to us excluding interest and the effect of the asset ceiling (if any), excluding interest. Changes in the present value of the net benefit pension asset are recognised immediately in other comprehensive income.

In instances where Trustees have the ability to declare augmented benefits to participants, we do not recognise a defined benefit pension asset and record the surplus immediately in other comprehensive income.

Accounting policies continued

3.4. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance acquired or developed by us, and are stated at cost less accumulated amortisation and impairment losses. Amortisation is a method to spread the cost of such assets over time in the income statement.

This is charged to the income statement over the assets' estimated useful economic lives using methods that best reflect the pattern of economic benefits.

The estimated useful economic lives are:

Computer software 3 to 10 years

Other acquired intangibles 3 to 5 years

Direct costs relating to the development of internal-use computer software are reported on the balance sheet after technical feasibility and economic viability have been established. These direct costs include payroll, the costs of materials and services, and directly attributable overheads. Capitalisation of costs ceases when the software can operate as intended.

During and after development, accumulated costs are reviewed for impairment against the benefits that the software is expected to generate. Costs incurred prior to the establishment of technical feasibility and economic viability are expensed to the income statement as incurred, as are all training costs and general overheads. The costs of licences to use computer software that are expected to generate economic benefits beyond three years are also reported on the balance sheet.

Goodwill on the acquisition of a subsidiary is the excess of the fair value of the consideration paid, the fair value of any existing interest in the subsidiary and the amount of any non-controlling interest measured either at fair value or at its share of the subsidiary’s net assets over the net fair value of the subsidiary’s identifiable assets, liabilities, and contingent liabilities.

Goodwill is measured at initial cost less any subsequent impairment losses. The gain or loss on the disposal of a subsidiary includes the carrying value of any related goodwill.

3.5. Impairment of non-financial assets

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

At each balance sheet date, we assess whether there is any indication that other intangible assets or property, plant and equipment are impaired. If any such indication exists, we estimate the recoverable amount of the asset and compare it to its balance sheet value to calculate if an impairment loss should be recognised in the income statement. A reversal of an impairment loss on other intangible assets or property, plant and equipment is recognised in the income statement provided the increased carrying value is not greater than it would have been had no impairment loss been recognised.

The recoverable amount of an asset that does not generate cash flows that are independent from those of other assets or groups of assets, is determined as part of the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units expected to benefit from the combination.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell or its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been considered in estimating future cash flows.

The assessment of asset impairment is based upon value in use. This represents the value of future cashflows and uses our five-year revenue and cost forecasts and the expectation of long term economic growth beyond this period. The five-year forecast takes account of management’s current expectations of competitiveness and profitability, including near-term effects of climate transition risk. The long-term growth rate reflects external indicators which will include market expectations on climate risk. We do not consider any additional adjustments to this indicator.

3.6. Foreign currencies

Foreign exchange differences arising on the settlement of foreign currency transactions and from the translation of monetary assets and liabilities are reported in income from trading activities except for differences arising on cash flow hedges and hedges of net investments in foreign operations.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the dates the values are determined. Translation differences are recognised in the income statement except for differences arising on non-monetary financial assets classified as fair value through other comprehensive income.

Income and expenses of foreign subsidiaries and branches are translated into sterling at average exchange rates unless these do not approximate the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation of a foreign operation are recognised in other comprehensive income. The amount accumulated in equity is reclassified from equity to the income statement on disposal of a foreign operation.

3.7. Tax

Tax encompassing current tax and deferred tax is recognised in the income statement except when taxable items are recognised in other comprehensive income or equity. Tax consequences arising from servicing financial instruments classified as equity are recognised in the income statement.

Accounting for taxes is judgemental and carries a degree of uncertainty because tax law is subject to interpretation, which might be questioned by the relevant tax authority. We recognise the most likely current and deferred tax liability or asset, assessed for uncertainty using consistent judgements and estimates. Current and deferred tax assets are only recognised where their recovery is deemed probable, and current and deferred tax liabilities are recognised at the amount that represents the best estimate of the probable outcome having regard to their acceptance by the tax authorities.

Accounting policies continued

3.8. Financial instruments

Financial instruments are measured at fair value on initial recognition on the balance sheet.

Monetary financial assets are classified into one of the following subsequent measurement categories (subject to business model assessment and review of contractual cash flow for the purposes of sole payments of principal and interest where applicable):

- **amortised cost** measured at cost using the effective interest rate method, less any impairment allowance;
- **fair value through other comprehensive income (FVOCI)** measured at fair value, using the effective interest rate method and changes in fair value through other comprehensive income;
- **mandatory fair value through profit or loss (MFVTPL)** measured at fair value and changes in fair value reported in the income statement; or
- **designated at fair value through profit or loss (DFV) (held for trading)** measured at fair value and changes in fair value reported in the income statement.

Classification by business model reflects how we manage our financial assets to generate cash flows. A business model assessment helps to ascertain the measurement approach depending on whether cash flows result from holding financial assets to collect the contractual cash flows, from selling those financial assets, or both.

Business model assessment of assets is made at portfolio level, being the level at which they are managed to achieve a predefined business objective. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives for the portfolio, its risk management, manager's remuneration and the ability to monitor sales of assets from a portfolio.

When a significant change to our business is communicated to external parties, we reassess our business model for managing those financial assets. We reclassify financial assets if we have a significant change to the business model. A reclassification is applied prospectively from the reclassification date.

The contractual terms of a financial asset; any leverage features; prepayment and extension terms; and discounts or penalties to interest rates that are part of meeting environmental, social and governance targets as well as other contingent and leverage features, non-recourse arrangements and features that could modify the timing and/or amount of the contractual cash flows that might reset the effective rate of interest; are considered in determining whether cash flows are solely payments of principal and interest.

Certain financial assets may be designated at fair value through profit or loss (DFV) upon initial recognition if such designation eliminates, or significantly reduces, accounting mismatch.

Equity shares are measured at fair value through profit or loss unless specifically elected as at fair value through other comprehensive income (FVOCI).

Upon disposal, the cumulative gains or losses in fair value through other comprehensive income reserve are recycled to the income statement for monetary assets and for non-monetary assets (equity shares) the cumulative gains or losses are transferred directly to retained earnings.

Regular way purchases and sales of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

Financial liabilities are classified into one of following measurement categories:

- amortised cost measured at cost using the effective interest rate method;
- held for trading measured at fair value and changes in fair value reported in income statement; or
- designated at fair value through profit or loss; measured at fair value and changes in fair value reported in the income statement except changes in fair value attributable to the credit risk component recognised in other comprehensive income when no accounting mismatch occurs.

3.9. Netting

Financial assets and financial liabilities are offset, and the net amount presented on the balance sheet when, and only when, we currently have a legally enforceable right to set off the recognised amounts and we intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. We are party to a number of arrangements, including master netting agreements, that give us the right to offset financial assets and financial liabilities, but where we do not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented separately on the balance sheet.

3.10. Capital instruments

We classify a financial instrument that we issue as a financial liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms and as equity if we evidence a residual interest in our assets after the deduction of liabilities. Incremental costs and related tax that are directly attributable to an equity transaction are deducted from equity.

The consideration for any ordinary shares of NatWest Group plc purchased by us (known as treasury shares or own shares held) is deducted from retained earnings. On the cancellation of treasury shares their nominal value is removed from retained earnings and a consequential amount recognised in capital redemption reserve in compliance with the Companies Act 2006. On the sale or re-issue of treasury shares the consideration received and related tax are credited to equity, net of any directly attributable incremental costs.

3.11. Derivatives and hedging

Derivatives are reported on the balance sheet at fair value.

We use derivatives as part of our trading activities, to manage our own risk such as interest rate, foreign exchange, or credit risk or in certain customer transactions. Not all derivatives used to manage risk are in hedge accounting relationships (an IFRS method to reduce accounting mismatch from changes in the fair value of the derivatives reported in the income statement).

Gains and losses arising from changes in the fair value of derivatives that are not in hedge relationships are recognised in Income from trading activities unless those derivatives are managed together with financial instruments designated at fair value; these gains and losses are included in Other operating income.

Accounting policies continued

Hedge accounting

Hedge accounting relationships are designated and documented at inception in line with the requirements of IAS 39 Financial instruments – Recognition and Measurement.

The documentation identifies the hedged item, the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. When designating a hedging relationship, we consider: the economic relationship between the hedged item (including the risk being hedged) and the hedging instrument; the nature of the risk; the risk management objective and strategy for undertaking the hedge; and the appropriateness of the method that will be used to assess hedge effectiveness.

Designated hedging relationships must be expected to be highly effective both on a prospective and retrospective basis. This is assessed using regression techniques which model the degree of offsetting between the changes in fair value or cash flows attributable to the hedged risk and the changes in fair value of the designated hedging derivatives. Ineffectiveness is measured based on actual levels of offsetting and recognised in the income statement.

We enter into three types of hedge accounting relationships.

Fair value hedge - the gain or loss on the hedging instrument and the hedged item attributable to the hedged risk is recognised in the income statement. Where the hedged item is measured at amortised cost, the balance sheet amount of the hedged item is also adjusted.

Cash flow hedge - the effective portion of the designated hedge relationship is recognised in other comprehensive income and the ineffective portion in the income statement. When the hedged item (forecasted cash flows) results in the recognition of a financial asset or financial liability, the cumulative gain or loss is reclassified from equity to the income statement in the same periods in which the hedged forecasted cash flows affect the income statement.

Hedge of net investment in a foreign operation - in the hedge of a net investment in a foreign operation, the effective portion of the designated hedge relationship is recognised in other comprehensive income. Any ineffective portion is recognised in profit or loss. Non-derivative financial liabilities as well as derivatives may be designated as a hedging instrument in a net investment hedge.

Discontinuation of hedge accounting

Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting i.e. the hedge is not highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the documented risk management strategy; the hedging instrument expires or is sold, terminated or exercised; or if hedge designation is revoked.

For fair value hedging any cumulative adjustment is amortised to the income statement over the life of the hedged item. Where the hedged item is no longer on the balance sheet the adjustment to the hedged item is reported in the income statement. For cash flow hedging the cumulative unrealised gain or loss is reclassified from equity to the income statement when the hedged cash flows occur or, if the forecast transaction results in the recognition of a financial asset or financial liability, when the hedged forecast cash flows affect the income statement.

Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

For net investment hedging on disposal or partial disposal of a foreign operation, the amount accumulated in equity is reclassified from equity to the income statement.

3.12. Provisions

We recognise a provision for a present obligation resulting from a past event when it is more likely than not that we will be required to pay to settle the obligation and the amount of the obligation can be estimated reliably.

Provision is made for restructuring costs, including the costs of redundancy, when we have a constructive obligation. An obligation exists when we have a detailed formal plan for the restructuring and have raised a valid expectation in those affected either by starting to implement the plan or by announcing its main features.

We recognise any onerous cost of the present obligation under a contract as a provision. An onerous cost is the unavoidable cost of meeting our contractual obligations that exceed the expected economic benefits. When we intend to vacate a leasehold property or right of use asset, the asset would be tested for impairment and a provision may be recognised for the ancillary contractual occupancy costs.

3.13. Financial guarantee contracts

Under a financial guarantee contract, we, in return for a fee, undertake to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so.

A financial guarantee not designated as fair value through profit or loss is recognised as a liability; initially at fair value and subsequently at the higher of its initial value less cumulative amortisation and any provision under the contract measured in accordance with our ECL accounting policy. Amortisation is calculated to recognise fees receivable in the income statement over the period of the guarantee. A separate asset is recognised in respect of fees receivable for provision of the financial guarantee.

Purchased financial guarantees are considered to be integral, and fully adjust the covered debt instrument expected credit loss provision, only where the guarantee is contemplated at the inception of the debt instrument and is entered into within a reasonable timeframe.

4. Future accounting developments

International Financial Reporting Standards

Effective 1 January 2026

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 – Issued May 2024)

Effective 1 January 2027

- Presentation and Disclosures in Financial Statements (IFRS 18 – Issued April 2024)
- Subsidiaries without Public Accountability (IFRS 19 – Issued May 2024)

We are assessing the effect of adopting the accounting developments effective from 1 January 2027 on our financial statements and have largely completed a similar assessment for the Amendments to IFRS 9 and IFRS 7 effective from 1 January 2026. We do not expect any to have a material impact on our financial performance or position, although IFRS18 may have an impact on presentation and disclosure.

Notes to the consolidated financial statements

1 Net interest income

Net interest income is the difference between the interest NatWest Group earns from its interest-bearing assets, such as loans, balances with central banks and other financial assets, and the interest paid on its interest-bearing liabilities, such as deposits and subordinated liabilities.

Interest income on financial instruments measured at amortised cost, debt instruments classified as FVOCI and the interest element of the effective portion of any designated hedging relationships are measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Interest income on financial assets is presented in interest receivable, interest expense on financial liabilities is presented in interest payable. Negative interest on financial assets is presented in interest payable and negative interest on financial liabilities is presented in interest receivable. Included in interest receivable (Loans to customers - amortised cost) is finance lease income of £588 million (2024 - £549 million) which is recognised at a constant periodic rate of return before tax on the net investment.

For accounting policy information refer to Accounting policy 3.1.

Continuing operations	2025 £m	2024 £m	2023 £m
Balances at central banks and loans to banks - amortised cost	**3,299**	4,047	3,737
Loans to customers - amortised cost	**19,293**	18,295	15,553
Other financial assets	**3,106**	2,845	1,736
Interest receivable	**25,698**	25,187	21,026
Bank deposits	**1,776**	1,534	1,039
Customer deposits	**7,607**	8,332	5,276
Other financial liabilities	**3,103**	3,581	3,198
Subordinated liabilities	**383**	465	464
Interest payable	**12,869**	13,912	9,977
Net interest income	**12,829**	11,275	11,049

Notes to the consolidated financial statements continued

2 Non-interest income

There are three main categories of non-interest income: net fees and commissions, trading income, and other operating income.

Net fees and commissions is the difference between fees received from customers for services provided by NatWest Group, such as credit card annual fees, underwriting fees, payment services, brokerage fees, trade finance, investment management fees, trustee and fiduciary services, and fees incurred in the provision of those services, such as credit card interchange fees, customer incentives, loan administration, foreign currency transaction charges, and brokerage fees.

Trading income is earned from short-term financial assets and financial liabilities to either make a spread between purchase and sale price or held to take advantage of movements in prices and yields.

Other operating income includes revenue from other operating activities which are not related to the principal activities of the company, such as: share of profit or loss of associates; operating lease income; the profit or loss on the sale of a subsidiary or property, plant and equipment; profit or loss on own debt; and changes in the fair value of financial assets and liabilities designated at fair value through profit or loss.

For accounting policy information refer to Accounting policies 3.1, 3.6, 3.8 and 3.11.

Continuing operations	2025 £m	2024 £m	2023 £m
Net fees and commissions (1)	**2,514**	2,467	2,330
Trading income			
Foreign exchange	**452**	310	270
Interest rate (2)	**590**	687	595
Credit	**68**	(163)	(72)
Changes in fair value of own debt and derivative liabilities attributable to own credit risk - debt securities in issue	**1**	(9)	(2)
Equities, commodities and other	**1**	-	3
	1,112	825	794
Other operating income			
Rental income on operating lease assets and investment property	**219**	233	234
Changes in fair value of financial assets and liabilities designated at FVTPL (3)	**(132)**	(137)	(150)
Changes in fair value of other financial assets at FVTPL (4)	**41**	75	50
Hedge ineffectiveness	**(16)**	2	52
Profit/(loss) on disposal of amortised cost assets and liabilities	**9**	5	(5)
Loss on disposal of fair value through other comprehensive income assets	**(8)**	(19)	(43)
Profit/(loss) on sale of property, plant and equipment	**7**	31	(21)
Loss on disposal of subsidiaries and associates	**(43)**	-	(2)
Share of profits/(losses) of associated entities	**68**	19	(9)
Foreign exchange recycling (losses)/gains	**(28)**	(76)	484
Other income (5)	**69**	3	(11)
	186	136	579
	3,812	3,428	3,703

(1) Refer to Note 4 for further analysis.
(2) Includes fair value changes on derivatives not designated in a hedge accounting relationship, and gains and losses from structural hedges.
(3) Includes related derivatives.
(4) Includes instruments that have failed solely payments of principal and interest testing under IFRS 9.
(5) Includes dividend income £60 million (2024 - £9 million; 2023 - £7 million).

Notes to the consolidated financial statements continued

3 Operating expenses

Operating expenses are expenses NatWest Group incurs in the running of its business such as all staff costs (for example salaries, bonus awards, pension costs and social security costs), premises and equipment costs that arise from the occupation of premises and the use of equipment, depreciation and amortisation and other administrative expenses.

For accounting policy information refer to Accounting policies 3.3, 3.4 and 3.5.

Continuing operations	2025 £m	2024 £m	2023 £m
Salaries	**2,456**	2,477	2,483
Bonus awards (1)	**479**	411	353
Temporary and contract costs	**162**	162	199
Social security costs	**418**	371	352
Pension costs	**338**	311	313
- defined benefit schemes (Note 5)	**93**	86	122
- defined contribution schemes	**245**	225	191
Other	**321**	329	201
Staff costs	**4,174**	4,061	3,901
Premises and equipment	**1,291**	1,211	1,153
Bank levy	**123**	142	109
Depreciation and amortisation (2)	**1,154**	1,058	934
Other administrative expenses (3)	**1,520**	1,677	1,899
Administrative expenses	**4,088**	4,088	4,095
	8,262	8,149	7,996

(1) Includes current year charge for amounts deferred from prior years. Refer to reconciliation of bonus awards to income statement charge on page 309.
(2) Includes depreciation of right of use assets of £92 million (2024 - £103 million; 2023 - £104 million).
(3) Includes litigation and conduct costs, net of amounts recovered. Refer to Note 20 for further details.

The average number of persons employed during the year, excluding temporary staff and rounded to the nearest hundred, was 59,300 (2024 – 60,700; 2023 – 61,500). The average number of temporary employees during the year, rounded to the nearest hundred, was 1,300 (2024 – 1,400; 2023 – 2,100).

The number of persons employed at 31 December 2025, excluding temporary staff and rounded to the nearest hundred, by reportable segment, was as follows:

Continuing operations	2025	2024	2023
Retail Banking	**12,200**	13,000	14,300
Private Banking & Wealth Management	**2,100**	2,200	2,400
Commercial & Institutional	**12,300**	12,700	12,400
Central items & other	**32,400**	31,800	32,500
Total	**59,000**	59,700	61,600
UK	**39,000**	40,100	41,500
India	**18,800**	17,600	16,900
Poland (1)	**100**	800	1,500
USA	**300**	300	300
Republic of Ireland	**-**	100	400
Rest of the World	**800**	800	1,000
Total	**59,000**	59,700	61,600

(1) Reflecting closure of operations in Poland.

3 Operating expenses continued

Share-based payments

Award plan	Eligible employees	Nature of award	Vesting conditions (1)	Settlement
Sharesave	UK, Channel Islands, Gibraltar, Isle of Man, Poland and India.	Option to buy shares under employee savings plan	Continuing employment or leavers in certain circumstances	2026 to 2030
Deferred performance awards	All	Awards of ordinary shares and conditional shares	Continuing employment or leavers in certain circumstances	2026 to 2031
Long-term incentives (2)	Senior employees	Awards of ordinary shares and conditional shares	Continuing employment or leavers in certain circumstances and/or satisfaction of the pre-vesting assessment and underpins	2026 to 2032
Sharing in Success (3)	All	Awards of ordinary shares and conditional shares	Future continuing employment and achievement of pre-defined measures.	2026

(1) All awards are subject to the discretion of Remuneration Committee.
(2) Long-term incentives include buy-out awards offered to compensate certain new hires for the loss of forfeited awards from their previous employment. Existing Long-term incentives vest over 3 to 7 years.
(3) In 2025 12.5 million shares at total value of £60.5 million were granted and vested under Sharing in Success.

Sharesave

	2025		2024		2023	
	Average exercise price £	**Shares under option (million)**	Average exercise price £	Shares under option (million)	Average exercise price £	Shares under option (million)
At 1 January	**1.93**	**101**	1.59	114	1.63	99
Granted	**4.67**	**18**	2.94	24	1.42	43
Exercised	**1.82**	**(20)**	1.52	(32)	1.44	(23)
Cancelled	**1.99**	**(3)**	1.60	(5)	1.72	(5)
At 31 December	**2.45**	**96**	1.93	101	1.59	114

The fair value of Sharesave options granted in 2025 was determined using a pricing model that included: expected volatility of share price determined at the grant date based on historical share price volatility over a period of up to five years; expected option lives that equal the vesting period; estimated dividend yield on equity shares; and risk-free interest rates determined from UK gilts with terms matching the expected lives of the options.

The exercise price of options and the fair value on granting awards of fully paid shares is the average market price over the five trading days (three trading days for Sharesave) preceding grant date. When estimating the fair value of the award, the number of shares granted and the prevailing market price as defined on page 155 are used. The fair value of the award is recognised as services are provided by employees over the vesting period.

Options are exercisable within six months of vesting; 5.1 million options were exercisable at 31 December 2025 (2024 – 8.9 million; 2023 – 19.0 million). The weighted average share price at the date of exercise of options was £6.39 (2024 - £4.03; 2023 - £2.20). At 31 December 2025, exercise prices ranged from £1.42 to £4.67 (2024 - £1.42 to £2.94; 2023 - £1.12 to £1.89) and the remaining average contractual life was 2.11 years (2024 – 2.35 years; 2023 – 2.25 years). The fair value of options granted in 2025 was £29.8 million (2024 - £28.3 million; 2023 - £27.3 million).

Deferred performance awards

	2025		2024		2023	
	Value at grant £m	**Shares awarded (million)**	Value at grant £m	Shares awarded (million)	Value at grant £m	Shares awarded (million)
At 1 January	**66**	**30**	76	35	93	46
Granted	**60**	**14**	50	23	52	20
Forfeited	**(4)**	**(1)**	(3)	(1)	(2)	(1)
Vested	**(52)**	**(18)**	(57)	(27)	(67)	(30)
At 31 December	**70**	**25**	66	30	76	35

The awards granted in 2025 vest in equal tranches on the anniversary of the award, predominantly over three years.

Long-term incentives

	2025		2024		2023	
	Value at grant £m	**Shares awarded (million)**	Value at grant £m	Shares awarded (million)	Value at grant £m	Shares awarded (million)
At 1 January	**40**	**19**	49	23	49	23
Granted	**18**	**4**	9	5	11	5
Vested/exercised	**(13)**	**(5)**	(11)	(5)	(10)	(4)
Lapsed	**(4)**	**(1)**	(7)	(4)	(1)	(1)
At 31 December	**41**	**17**	40	19	49	23

The market value of awards vested/exercised in 2025 was £34.4 million (2024 - £19.3 million; 2023 - £9.5 million).

Notes to the consolidated financial statements continued

3 Operating expenses continued

Bonus awards

	2025 £m	2024 £m	Change %
Deferred cash awards (1)	**438**	387	13%
Deferred share awards	**58**	61	(5%)
Total bonus awards (2)	**496**	448	11%
Bonus awards as a % of operating profit before tax and bonus awards	**6%**	7%	
Proportion of bonus awards that are deferred			
- deferred cash awards	**88%**	86%	
- deferred share awards	**12%**	14%	

Reconciliation of bonus awards to income statement charge

	2025 £m	2024 £m	2023 £m
Bonus awarded	**496**	448	356
Less: deferral of charge for amounts awarded for current year	**(155)**	(144)	(114)
Income statement charge for amounts awarded in current year	**341**	304	242
Add: current year charge for amounts deferred from prior years	**144**	109	115
Less: forfeiture of amounts deferred from prior years	**(6)**	(2)	(4)
Income statement charge for amounts deferred from prior years	**138**	107	111
Income statement charge for bonus awards (2)	**479**	411	353

(1) Includes March cash awards which are limited to £2,000 for all employees and are paid in the March following the balance sheet date.
(2) Excludes other performance-related compensation.

Year in which income statement charge is expected to be taken for deferred bonus awards

	Actual			Expected	
	2023 £m	2024 £m	2025 £m	2026 £m	2027 and beyond £m
Bonus awards deferred from 2023 and earlier	115	109	**22**	7	3
Bonus awards deferred from 2024	-	-	**122**	10	7
Less: forfeiture of amounts deferred from prior years	(4)	(2)	**(6)**	-	-
Bonus awards deferred for 2025	-	-	**-**	137	18
	111	107	**138**	154	28

Notes to the consolidated financial statements continued

4 Segmental analysis

NatWest Group analyses its performance between the different operating segments of the Group as required by IFRS 8 Operating segments. The presentation is consistent with internal financial reporting and how senior management assesses the performance of each operating segment.

Reportable operating segments:

The business is organised into the following reportable segments: Retail Banking, Private Banking & Wealth Management, Commercial & Institutional, and Central items & other.

Retail Banking serves personal customers in the UK.

Private Banking & Wealth Management serves UK-connected high net worth individuals and their business interests.

Commercial & Institutional consists of customer businesses reported under Business Banking, Commercial Mid-market and Corporate & Institutions, supporting our customers across the full non-personal customer lifecycle, both domestically and internationally. Our Markets offering helps our customers manage financial risks across different geographies, while our International offering provides full-service banking operations in the Channel Islands, Isle of Man, Gibraltar and Luxembourg.

Central items & other includes corporate functions, such as treasury, finance, risk management, compliance, legal, communications and human resources. Central functions manage NatWest Group capital resources and NatWest Group-wide regulatory projects and provide services to the reportable segments. Central items & other includes businesses and amounts not directly related to any of the other reportable segments.

Allocation of central balance sheet items

NatWest Group allocates all central costs relating to central functions to the business using appropriate drivers; these are reported as indirect costs in the segmental income statements. Assets and risk-weighted assets held centrally, mainly relating to NatWest Group Treasury, are allocated to the business using appropriate drivers.

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
Net interest income	**6,064**	**757**	**6,149**	**(141)**	**12,829**
Net fees and commissions	**429**	**340**	**1,729**	**16**	**2,514**
Other non-interest income	**2**	**34**	**931**	**331**	**1,298**
Total income	**6,495**	**1,131**	**8,809**	**206**	**16,641**
Depreciation and amortisation	**(1)**	**(1)**	**(164)**	**(988)**	**(1,154)**
Other operating expenses	**(2,936)**	**(726)**	**(4,356)**	**910**	**(7,108)**
Impairment (losses)/releases	**(437)**	**(10)**	**(225)**	**1**	**(671)**
Operating profit	**3,121**	**394**	**4,064**	**129**	**7,708**
2024					
Continuing operations					
Net interest income	5,233	645	5,339	58	11,275
Net fees and commissions	408	290	1,765	4	2,467
Other non-interest income	9	34	853	65	961
Total income	5,650	969	7,957	127	14,703
Depreciation and amortisation	(1)	(1)	(154)	(902)	(1,058)
Other operating expenses	(2,936)	(715)	(4,120)	680	(7,091)
Impairment (losses)/releases	(282)	11	(98)	10	(359)
Operating profit/(loss)	2,431	264	3,585	(85)	6,195
2023					
Continuing operations					
Net interest income	5,496	710	5,044	(201)	11,049
Net fees and commissions	427	249	1,654	-	2,330
Other non-interest income	8	31	723	611	1,373
Total income	5,931	990	7,421	410	14,752
Depreciation and amortisation	(1)	(1)	(154)	(778)	(934)
Other operating expenses	(2,827)	(684)	(3,937)	386	(7,062)
Impairment losses	(465)	(14)	(94)	(5)	(578)
Operating profit	2,638	291	3,236	13	6,178

Notes to the consolidated financial statements continued

4 Segmental analysis continued

Total revenue [(1)]

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
External	**10,146**	**1,262**	**13,414**	**5,421**	**30,243**
Inter-segmental (2)	**5**	**1,525**	**(1,505)**	**(25)**	**-**
Total	**10,151**	**2,787**	**11,909**	**5,396**	**30,243**
2024					
Continuing operations					
External	9,041	1,250	14,194	4,838	29,323
Inter-segmental (2)	11	1,538	(1,769)	220	-
Total	9,052	2,788	12,425	5,058	29,323
2023					
Continuing operations					
External	7,366	1,157	12,519	4,340	25,382
Inter-segmental (2)	5	1,000	(1,602)	597	-
Total	7,371	2,157	10,917	4,937	25,382

Total income

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
External	**6,559**	**208**	**8,324**	**1,550**	**16,641**
Inter-segmental (2)	**(64)**	**923**	**485**	**(1,344)**	**-**
Total	**6,495**	**1,131**	**8,809**	**206**	**16,641**
2024					
Continuing operations					
External	4,743	26	8,250	1,684	14,703
Inter-segmental (2)	907	943	(293)	(1,557)	-
Total	5,650	969	7,957	127	14,703
2023					
Continuing operations					
External	4,170	327	7,730	2,525	14,752
Inter-segmental (2)	1,761	663	(309)	(2,115)	-
Total	5,931	990	7,421	410	14,752

For the notes to this table refer to page 313.

Notes to the consolidated financial statements continued

4 Segmental analysis continued

Analysis of net fees and commissions

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
Fees and commissions receivable					
- Payment services	**350**	**38**	**731**	**-**	**1,119**
- Credit and debit card fees	**424**	**30**	**268**	**-**	**722**
- Lending and financing	**16**	**9**	**744**	**-**	**769**
- Brokerage	**34**	**10**	**49**	**-**	**93**
- Investment management, trustee and fiduciary services	**3**	**265**	**53**	**21**	**342**
- Underwriting fees	**-**	**-**	**161**	**-**	**161**
- Other	**5**	**8**	**41**	**(13)**	**41**
Total	**832**	**360**	**2,047**	**8**	**3,247**
Fees and commissions payable	**(403)**	**(20)**	**(318)**	**8**	**(733)**
Net fees and commissions	**429**	**340**	**1,729**	**16**	**2,514**

2024	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
Fees and commissions receivable					
- Payment services	322	37	700	-	1,059
- Credit and debit card fees	402	13	261	5	681
- Lending and financing	18	5	771	-	794
- Brokerage	34	9	46	-	89
- Investment management, trustee and fiduciary services	2	235	48	19	304
- Underwriting fees	-	-	155	-	155
- Other	7	11	95	(20)	93
Total	785	310	2,076	4	3,175
Fees and commissions payable	(377)	(20)	(311)	-	(708)
Net fees and commissions	408	290	1,765	4	2,467

2023	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Continuing operations					
Fees and commissions receivable					
- Payment services	324	32	671	3	1,030
- Credit and debit card fees	400	13	260	3	676
- Lending and financing	14	5	709	1	729
- Brokerage	35	6	42	-	83
- Investment management, trustee and fiduciary services	2	209	45	10	266
- Underwriting fees	-	-	123	-	123
- Other	4	5	73	(6)	76
Total	779	270	1,923	11	2,983
Fees and commissions payable	(352)	(21)	(269)	(11)	(653)
Net fees and commissions	427	249	1,654	-	2,330

Notes to the consolidated financial statements continued

4 Segmental analysis continued

	2025		2024		2023	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Retail Banking	**240,259**	**206,398**	232,835	198,795	228,684	191,936
Private Banking & Wealth Management	**30,457**	**42,895**	28,593	42,603	26,894	37,806
Commercial & Institutional	**391,869**	**354,499**	398,750	367,342	384,958	359,766
Central items & other	**51,968**	**68,148**	47,807	59,867	52,137	65,977
Total	**714,553**	**671,940**	707,985	668,607	692,673	655,485

Segmental analysis of goodwill

The total carrying value of goodwill at 31 December 2025 was £5,520 million (2024 - £5,675 million) comprising: Retail Banking £2,607 million (2024 - £2,607 million); Private Banking & Wealth Management £9 million (2024 - £9 million); Commercial & Institutional £2,904 million (2024 - £2,904 million) and Central items & other - nil (2024 – £155 million). Refer to Note 16 for more details.

Geographical segments

The geographical analysis in the tables below has been compiled on the basis of location of office where the transactions are recorded.

2025	UK £m	USA £m	Europe £m	RoW £m	Total £m
Continuing operations					
Total revenue (1)	**28,745**	**294**	**1,103**	**101**	**30,243**
Interest receivable	**25,021**	**23**	**636**	**18**	**25,698**
Interest payable	**(12,496)**	**(48)**	**(318)**	**(7)**	**(12,869)**
Net fees and commissions	**2,103**	**142**	**216**	**53**	**2,514**
Trading income	**902**	**136**	**44**	**30**	**1,112**
Other operating income	**26**	**(7)**	**167**	**-**	**186**
Total income (3)	**15,556**	**246**	**745**	**94**	**16,641**
Operating profit before tax	**7,109**	**99**	**369**	**131**	**7,708**
Total assets	**638,475**	**22,924**	**52,402**	**752**	**714,553**
Total liabilities	**616,010**	**21,413**	**34,202**	**315**	**671,940**
Contingent liabilities and commitments (4)	**139,306**	**-**	**7,817**	**-**	**147,123**

2024	UK £m	USA £m	Europe £m	RoW £m	Total £m
Continuing operations					
Total revenue (1)	28,067	297	857	102	29,323
Interest receivable	24,276	32	859	20	25,187
Interest payable	(13,328)	(63)	(516)	(5)	(13,912)
Net fees and commissions	2,096	108	207	56	2,467
Trading income	648	135	18	24	825
Other operating income	403	(4)	(264)	1	136
Total income (3)	14,095	208	304	96	14,703
Operating profit/(loss) before tax	6,146	75	(151)	125	6,195
Total assets	627,519	25,793	53,392	1,281	707,985
Total liabilities	608,708	23,495	35,602	802	668,607
Contingent liabilities and commitments (4)	132,035	-	7,925	1	139,961

2023	UK £m	USA £m	Europe £m	RoW £m	Total £m
Continuing operations					
Total revenue (1)	24,096	167	1,016	103	25,382
Interest receivable	20,192	39	774	21	21,026
Interest payable	(9,500)	(1)	(472)	(4)	(9,977)
Net fees and commissions	2,052	49	172	57	2,330
Trading income	704	66	1	23	794
Other operating income	556	(10)	30	3	579
Total income (3)	14,004	143	505	100	14,752
Operating profit/(loss) before tax	6,196	45	(149)	86	6,178
Total assets	610,831	23,725	56,001	2,116	692,673
Total liabilities	594,250	22,106	37,506	1,623	655,485
Contingent liabilities and commitments (4)	124,298	-	7,561	21	131,880

(1) Total revenue comprises interest receivable, fees and commissions receivable, income from trading activities and other operating income.
(2) Revenue and income arising from transactions between the group's segments are reported as inter-segment and include net inter-segment funding income/(expense).
(3) Total income excludes internal service fee income which has been calculated on a cost plus mark-up basis.
(4) Refer to Note 25 Memorandum items – Contingent liabilities and commitments.

Notes to the consolidated financial statements continued

5 Pensions

NatWest Group operates two types of pension scheme: defined contribution and defined benefit. The defined contribution schemes invest contributions in a choice of funds and the accumulated contributions and investment returns are used by the employee to provide benefits on retirement. There is no legal or constructive obligation for NatWest Group to pay any further contributions or benefits. The defined benefit schemes provide pensions in retirement based on employees' pensionable salaries and service.

NatWest Group's balance sheet includes any defined benefit pension scheme surplus or deficit as a retirement benefit asset or liability reported in other assets and other liabilities. The surplus or deficit is the difference between the liabilities to be paid from the defined benefit scheme and the assets held by the scheme to meet these liabilities. The liabilities are calculated by external actuaries using a number of financial and demographic assumptions.

For some NatWest Group defined benefit schemes where there is a net defined benefit surplus in excess of the present value of any economic benefits that can be obtained from that surplus, the application of accounting standards means we do not recognise that surplus on the balance sheet.

For accounting policy information refer to Accounting policy 3.3.

Defined contribution schemes

NatWest Group sponsors several defined contribution schemes in different territories, which new employees are entitled to join. NatWest Group pays specific contributions into individual investment funds on employees' behalf. Once those contributions are paid, there is no further liability on the NatWest Group balance sheet relating to the defined contribution schemes.

Defined benefit schemes

NatWest Group sponsors a number of pension schemes in the UK and overseas, including the Main section of the NatWest Group Pension Fund (the Main section) which operates under UK trust law and is managed and administered on behalf of its members in accordance with the terms of the trust deed, the scheme rules and UK legislation.

Pension fund trustees are appointed to operate each fund and ensure benefits are paid in accordance with the scheme rules and national law. The trustees are the legal owner of a scheme's assets, and have a duty to act in the best interests of all scheme members.

The schemes generally provide a pension of one-sixtieth of final pensionable salary for each year of service prior to retirement up to a maximum of 40 years and are contributory for current members.

These have been closed to new entrants since 2006, although active members continue to build up additional pension benefits, currently subject to 2% maximum annual pensionable salary inflation, while they remain employed by NatWest Group.

The Main section corporate trustee is NatWest Pension Trustee Limited (the Trustee), a wholly owned subsidiary of NWB Plc, Principal Employer of the Main section.

The Board of the Trustee includes member trustee directors selected from eligible active staff, deferred and pensioner members who apply and trustee directors appointed by NatWest Group.

Under UK legislation, a defined benefit pension scheme is required to meet the statutory funding objective of having sufficient and appropriate assets to cover its liabilities (the pensions that have been promised to members).

Similar governance principles apply to NatWest Group's other defined benefit pension schemes.

Investment strategy

The assets of the Main section represent 90% of all plan assets at 31 December 2025 (2024 - 90%) and are invested as shown below.

Within the non-insured portfolio the Main section employs physical, derivative and non-derivative instruments to achieve a desired asset class exposure and to reduce the section's interest rate, inflation, and currency risk. This means that the net funding position is considerably less sensitive to changes in market conditions than the value of the assets or liabilities in isolation. In particular, movements in interest rate and inflation are substantially hedged by the Trustee.

The Main and AA sections now include buy-in insurance policies, following transactions over 2023-2025. Each insurance transaction saw a premium paid to an insurer in exchange for a buy-in insurance contract. The contracts provide a stream of cashflows to the Trustee replicating payments due to members, thereby passing material demographic and market risk to the insurer.

At 31 December 2025, the Main section included buy-in insurance contracts covering around 44% of the liabilities, while around 99% of AA section liabilities were insured.

The premium for each transaction was determined by the insurer using its pricing basis. Under IAS 19, the value placed on this asset mirrors the valuation of the defined benefit obligations covered, incorporating an assessment of credit risk. Since the insurer's pricing basis is more conservative than the best-estimate valuation under IAS 19, an asset loss arises at outset. However, the asset loss is offset by a corresponding movement in the asset ceiling adjustment, meaning the net balance sheet and OCI impacts are neutral. Once the contract has been established, the value of the buy-in insurance contracts will move in line with movements in the defined benefit obligations covered, protecting the scheme against demographic and market risk.

Notes to the consolidated financial statements continued

5 Pensions continued

Major classes of plan assets as a percentage of total plan assets of the Main section

	2025			2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	%	%	%	%	%	%
Equities	-	6.1	6.1	0.1	6.6	6.7
Index-linked bonds	16.8	-	16.8	23.6	-	23.6
Government bonds	8.6	-	8.6	9.9	-	9.9
Corporate and other bonds	12.4	3.0	15.4	14.4	4.1	18.5
Real estate	-	2.7	2.7	-	2.4	2.4
Derivatives	-	(0.2)	(0.2)	-	0.1	0.1
Buy-in insurance contracts	-	35.9	35.9	-	27.0	27.0
Cash and other assets	-	14.7	14.7	-	11.8	11.8
	37.8	62.2	100.0	48.0	52.0	100.0

The Main section's holdings of derivative instruments are summarised in the table below:

	2025			2024		
		Fair value			Fair value	
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m
Inflation rate swaps	8	33	88	24	1,548	812
Interest rate swaps	30	363	390	57	3,096	3,763
Currency forwards	10	76	38	8	60	130
Equity and bond call options	-	-	-	-	-	-
Equity and bond put options	-	-	-	-	-	-
Other	1	-	3	1	22	4

Swaps have been executed at prevailing market rates and within standard market bid/offer spreads with a number of counterparties, including NWB Plc.

At 31 December 2025, the gross notional value of the swaps was £39 billion (2024 - £81 billion) and had a net negative fair value of £85 million (2024 - £73 million net positive) against which the scheme had posted 43% collateral.

The schemes do not invest directly in NatWest Group but may have exposure to NatWest Group through indirect holdings. The trustees of the respective UK schemes are responsible for ensuring that indirect investments in NatWest Group do not exceed the regulatory limit of 5% of plan assets.

Notes to the consolidated financial statements continued

5 Pensions continued

Changes in value of net pension assets/(liability)

	Main section				All schemes			
	Fair value of plan assets £m	Present value of defined benefit obligation (1) £m	Asset ceiling/ minimum funding £m	Net pension assets/ liability £m	Fair value of plan assets £m	Present value of defined benefit obligation (1) £m	Asset ceiling/ minimum funding £m	Net pension assets (2) £m
At 1 January 2024	33,638	(26,534)	(7,104)	-	37,111	(29,592)	(7,417)	102
Currency translation and other adjustments	-	-	-	-	(5)	9	(4)	-
Income statement - operating expenses	1,589	(1,319)	(341)	(71)	1,737	(1,468)	(355)	(86)
Other comprehensive income	(4,612)	2,118	2,360	(134)	(4,860)	2,278	2,416	(166)
Contributions by employer	205	-	-	205	250	-	-	250
Contributions by plan participants and other scheme members	7	(7)	-	-	11	(11)	-	-
Assets/liabilities extinguished upon settlement	-	-	-	-	(42)	42	-	-
Benefits paid	(1,281)	1,281	-	-	(1,445)	1,455	-	10
At 1 January 2025	**29,546**	**(24,461)**	**(5,085)**	**-**	**32,757**	**(27,287)**	**(5,360)**	**110**
Currency translation and other adjustments	**-**	**-**	**-**	**-**	**34**	**(11)**	**(12)**	**11**
Income statement - operating expenses								
Net interest expense	**1,606**	**(1,323)**	**(282)**	**1**	**1,755**	**(1,453)**	**(294)**	**8**
Current service cost	**-**	**(59)**	**-**	**(59)**	**-**	**(85)**	**-**	**(85)**
Past service cost	**-**	**(1)**	**-**	**(1)**	**-**	**(14)**	**-**	**(14)**
Loss on curtailments and settlements	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
	1,606	**(1,383)**	**(282)**	**(59)**	**1,755**	**(1,554)**	**(294)**	**(93)**
Other comprehensive income								
Return on plan assets excluding recognised interest income (3)	**(1,107)**	**-**	**-**	**(1,107)**	**(1,305)**	**-**	**-**	**(1,305)**
Experience gains and losses	**-**	**(165)**	**-**	**(165)**	**-**	**(176)**	**-**	**(176)**
Effect of changes in actuarial financial assumptions	**-**	**823**	**-**	**823**	**-**	**1,001**	**-**	**1,001**
Effect of changes in actuarial demographic assumptions	**-**	**(108)**	**-**	**(108)**	**-**	**(91)**	**-**	**(91)**
Asset ceiling adjustments (3)	**-**	**-**	**565**	**565**	**-**	**-**	**602**	**602**
	(1,107)	**550**	**565**	**8**	**(1,305)**	**734**	**602**	**31**
Contributions by employer (4)	**51**	**-**	**-**	**51**	**93**	**-**	**-**	**93**
Contributions by plan participants and other scheme members	**7**	**(7)**	**-**	**-**	**10**	**(10)**	**-**	**-**
Assets/liabilities extinguished upon settlement	**-**	**-**	**-**	**-**	**(55)**	**55**	**-**	**-**
Benefits paid	**(1,292)**	**1,292**	**-**	**-**	**(1,444)**	**1,448**	**-**	**4**
At 31 December 2025	**28,811**	**(24,009)**	**(4,802)**	**-**	**31,845**	**(26,625)**	**(5,064)**	**156**

(1) Defined benefit obligations are subject to annual valuation by independent actuaries.
(2) NatWest Group recognises the net pension scheme surplus or deficit as a net asset or liability. In doing so, the funded status is adjusted to reflect any schemes with a surplus that NatWest Group may not be able to access, as well as any minimum funding requirement to pay in additional contributions. This is most relevant to the Main section, where the surplus is not recognised as the trustees have rights over the use of the surplus. Other NatWest Group schemes that this applies to include the Ulster Bank Pension Scheme (NI) and the NatWest Markets section.
(3) Buy-in transactions have had an, offsetting impact on the 'Return on plan assets excluding recognised interest income' and "Asset ceiling adjustments" line items recognised in OCI.
(4) NatWest Group expects to make contributions to the Main section of £40 million in 2026.

Notes to the consolidated financial statements continued

5 Pensions continued

Amounts recognised on the balance sheet

	All schemes 2025 £m	2024 £m
Fund asset at fair value	**31,845**	32,757
Present value of fund liabilities	**(26,625)**	(27,287)
Funded status	**5,220**	5,470
Assets ceiling/minimum funding	**(5,064)**	(5,360)
	156	110

Net pension asset/(liability) comprises

	2025 £m	2024 £m
Net assets of schemes in surplus (Note 17)	**234**	190
Net liabilities of schemes in deficit (Note 20)	**(78)**	(80)
	156	110

Funding and contributions by NatWest Group

In the UK, the trustees of defined benefit pension schemes are required to perform funding valuations every three years. The trustees and the sponsor, with the support of the Scheme Actuary, agree the assumptions used to value the liabilities and to determine future contribution requirements. The funding assumptions incorporate a margin for prudence over and above the expected cost of providing the benefits promised to members, taking into account the sponsor's covenant and the investment strategy of the scheme. Similar arrangements apply in the other territories where NatWest Group sponsors defined benefit pension schemes.

A full triennial funding valuation of the Main section, effective 31 December 2023, was completed during financial year 2024.

This triennial funding valuation determined the funding level to be 115%, pension liabilities to be £29 billion and the surplus to be £4 billion, all assessed on the agreed funding basis. The average cost of the future service of current members is 21.2% of salary before contributions from those members. Given the strong funding level, it was agreed that future service contributions would cease from 1 January 2025. The sponsor continues to meet administrative expenses.

The key assumptions used to determine the uninsured funding liabilities were the discount rate, which is determined based on fixed interest swap and gilt yields plus 0.64% per annum, and mortality assumptions, which result in life expectancies of 27.1/29.1 years for male/female pensioners who were age 60 and 28.5/30.6 years from age 60 for males/females who were age 40 at the valuation date.

Accounting Assumptions

Placing a value on NatWest Group's defined benefit pension schemes' liabilities requires NatWest Group's management to make a number of assumptions, with the support of independent actuaries. The ultimate cost of the defined benefit obligations depends upon actual future events and the assumptions made are unlikely to be exactly borne out in practice, meaning the final cost may be higher or lower than expected.

The most significant assumptions used for the Main section are shown below:

	Principal IAS 19 actuarial assumptions (1) 2025 %	2024 %
Discount rate	**5.7**	5.6
Inflation assumption (RPI)	**2.9**	3.2
Rate of increase in salaries	**1.8**	1.8
Rate of increase in deferred pensions	**2.9**	3.4
Rate of increase in pensions in payment	**2.4**	2.6
Lump sum conversion rate at retirement	**18.0**	18.0
Longevity at age 60:	**years**	years
Current pensioners		
Males	**26.9**	26.5
Females	**28.6**	28.5
Future pensioners, currently aged 40		
Males	**27.9**	27.5
Females	**29.9**	29.7

(1) The above financial assumptions are long-term assumptions set with reference to the period over which the obligations are expected to be settled.

Notes to the consolidated financial statements continued

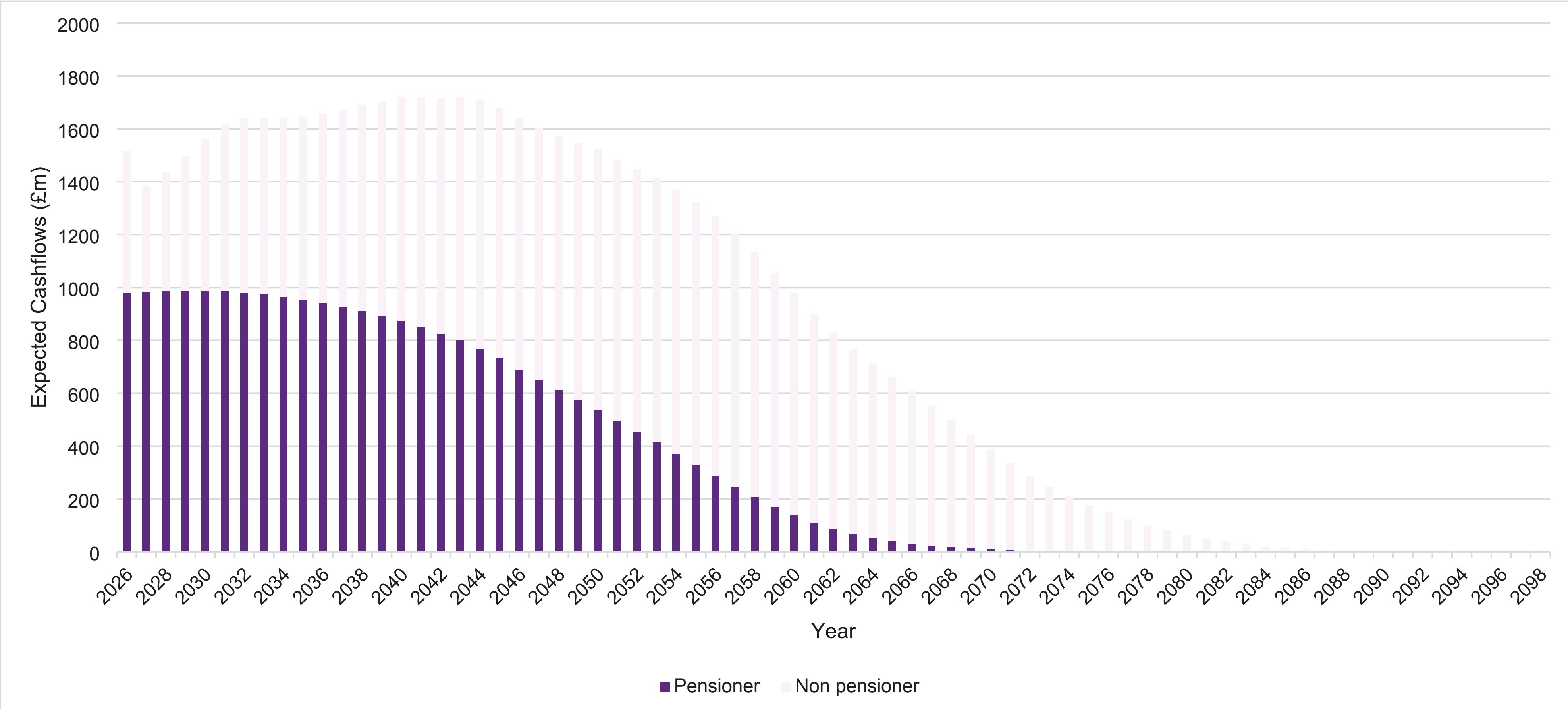
5 Pensions continued

Discount rate

The IAS 19 valuation uses a single discount rate set by reference to the yield on a basket of high quality sterling corporate bonds.

Significant judgement is required when setting the criteria for bonds to be included in the basket of bonds that is used to determine the discount rate used in the IAS 19 valuations. The criteria include issue size, quality of pricing and the exclusion of outliers. Judgement is also required in determining the shape of the yield curve at long durations; a constant credit spread relative to gilts is assumed. Sensitivity to the main assumptions is presented below.

The weighted average duration of the Main section's defined benefit obligation at 31 December 2025 is 13 years (2024 – 13 years). The chart below shows the projected benefit payment pattern for the Main section in nominal terms. These cashflows are based on the most recent formal actuarial valuation, effective 31 December 2023.



Notes to the consolidated financial statements continued

5 Pensions continued

The table below shows how the funded status of the Main section would change if the key assumptions used were changed independently. In practice the variables have a degree of correlation and do not move completely in isolation.

2025 (1)	(Decrease)/ increase in value of assets £m	(Decrease)/ increase in value of liabilities £m	Increase in net pension (obligations)/assets £m
0.5% increase in interest rates/discount rate	**(1,434)**	**(1,425)**	**(9)**
0.25% increase in inflation	**585**	**525**	**60**
0.5% increase in credit spreads	**(10)**	**(1,425)**	**1,415**
Longevity increase of one year	**308**	**773**	**(465)**
0.25% additional rate of increase in pensions in payment	**264**	**613**	**(349)**
Increase in equity values of 10% (2)	**180**	**na**	**180**
2024			
0.5% increase in interest rates/discount rate	(1,554)	(1,529)	(25)
0.25% increase in inflation	648	571	77
0.5% increase in credit spreads	(4)	(1,529)	1,525
Longevity increase of one year	295	832	(537)
0.25% additional rate of increase in pensions in payment	205	605	(400)
Increase in equity values of 10% (2)	199	na	199

na = not applicable

(1) The asset sensitivities shown for 2025 are derived using benchmark information, so will be more approximate than those shown for 2024.
(2) Includes both quoted and private equity.

The table below shows the combined change in defined benefit obligation from larger movements in these assumptions, assuming no changes in other assumptions.

		Change in life expectancies				
2025		- 2 years £bn	- 1 year £bn	No change £bn	+ 1 year £bn	+ 2 years £bn
Change in credit spreads	+50 bps	**(2.9)**	**(2.2)**	**(1.4)**	**(0.7)**	**-**
	No change	**(1.6)**	**(0.8)**	**-**	**0.8**	**1.5**
	-50 bps	**(0.1)**	**0.7**	**1.6**	**2.4**	**3.2**
2024						
Change in credit spreads	+50 bps	(3.1)	(2.3)	(1.5)	(0.7)	-
	No change	(1.7)	(0.9)	-	0.8	1.7
	-50 bps	(0.2)	0.7	1.7	2.5	3.4

The defined benefit obligation of the Main section is attributable to the different classes of scheme members in the following proportions:

Membership category	2025 %	2024 %
Active members	**4.5**	6.9
Deferred members	**34.5**	40.7
Pensioners and dependants	**61.0**	52.4
	100.0	100.0

Notes to the consolidated financial statements continued

5 Pensions continued

The experience history of NatWest Group schemes is shown below:

	Main section					All schemes				
	2025	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
Experience history of defined benefit schemes	**£m**	£m	£m	£m	£m	**£m**	£m	£m	£m	£m
Fair value of plan assets	**28,811**	29,546	33,638	34,016	52,021	**31,845**	32,757	37,111	37,598	57,787
Present value of plan obligations	**(24,009)**	(24,461)	(26,534)	(24,733)	(42,020)	**(26,625)**	(27,287)	(29,592)	(27,601)	(46,808)
Net surplus	**4,802**	5,085	7,104	9,283	10,001	**5,220**	5,470	7,519	9,997	10,979
Experience (losses)/gains on plan liabilities	**(165)**	13	(1,531)	(2,053)	241	**(176)**	(3)	(1,599)	(2,137)	237
Experience (losses)/gains on plan assets	**(1,107)**	(4,612)	(1,042)	(18,180)	841	**(1,305)**	(4,860)	(1,182)	(20,326)	872
Actual return on plan assets	**499**	(3,023)	634	(17,248)	1,554	**450**	(3,123)	659	(19,285)	1,667
Actual return on plan assets	**1.7%**	(9.0%)	1.9%	(33.2%)	3.0%	**1.4%**	(8.4%)	1.8%	(33.4%)	2.9%

6 Auditor's remuneration

Amounts payable to NatWest Group's auditors for statutory audit and other services are set out below.

All audit-related and other services are approved by the Group Audit Committee and are subject to strict controls to ensure the external auditor's independence is unaffected by the provision of other services. The Group Audit Committee recognises that for certain assignments, the auditors are best placed to perform the work economically; for other work, NatWest Group selects the supplier best placed.

	2025	2024	2023
	£m	£m	£m
Fees payable for:			
- the audit of NatWest Group's annual accounts (1)	**5.3**	5.1	4.9
- the audit of NatWest Group plc's subsidiaries (1)	**34.8**	32.5	32.3
- audit-related assurance services (1,2)	**4.7**	4.2	4.5
Total audit and audit-related assurance services fees	**44.8**	41.8	41.7
Other assurance services	**1.0**	1.0	0.7
Corporate finance services (3)	**0.9**	3.1	0.7
Total other services	**1.9**	4.1	1.4

(1) The 2025 audit fee was approved by the Group Audit Committee. At 31 December 2025, £16.0 million has been billed and paid in respect of the 2025 NatWest Group audit fees.
(2) Comprises fees of £1.5 million (2024 - £1.4 million) for reviews of interim financial information and £3.2 million (2024 - £2.8 million) for reports to NatWest Group's regulators in the UK and overseas.
(3) Comprises fees of £0.9 million (2024 - £3.1 million) in respect of work performed by the auditors as reporting accountants on debt and equity issuances undertaken by NatWest Group.

Notes to the consolidated financial statements continued

7 Tax

NatWest Group's corporate income tax charge for the period is set out below, together with a reconciliation to the expected tax charge calculated using the UK standard corporation tax rate and details of the NatWest Group's deferred tax balances.

For accounting policy information refer to Accounting policies 2.1 and 3.7.

Analysis of the tax charge for the year

The tax charge comprises current and deferred tax in respect of profits and losses recognised or originating in the income statement. Tax on items originating outside the income statement is charged to other comprehensive income or direct to equity (as appropriate) and is therefore not reflected in the table below.

Current tax is tax payable or recoverable in respect of the taxable profit or loss for the year and any adjustments to tax payable in prior years. Deferred tax is explained on page 323.

Continuing operations	2025 £m	2024 £m	2023 £m
Current tax			
Charge for the year	(1,511)	(1,415)	(1,373)
Over/(under) provision in respect of prior years	110	(145)	(123)
	(1,401)	(1,560)	(1,496)
Deferred tax			
Charge for the year	(548)	(343)	(281)
Net increase in the carrying value of deferred tax assets in respect of losses	119	428	385
(Under)/over provision in respect of prior years	(44)	10	(42)
Tax charge for the year	(1,874)	(1,465)	(1,434)

Factors affecting the tax charge for the year

Taxable profits differ from profits reported in the income statement as certain amounts of income and expense may not be taxable or deductible. In addition, taxable profits may reflect items that have been included outside the income statement (for instance, in other comprehensive income) or adjustments that are made for tax purposes only.

Current tax for the year ended 31 December 2025 is based on rates of 25% for the standard rate of UK corporation tax and 3% for the UK banking surcharge.

The expected tax charge for the year is calculated by applying the standard UK corporation tax rate of 25% (2024 – 25% and 2023 – 23.5%) to the Operating profit or loss before tax in the income statement.

Notes to the consolidated financial statements continued

7 Tax continued

The actual tax charge differs from the expected tax charge as follows:

Continuing operations	2025 £m	2024 £m	2023 £m
Expected tax charge	**(1,927)**	(1,549)	(1,452)
Losses and temporary differences in year where no deferred tax asset recognised	**(5)**	(18)	(56)
Foreign profits and losses taxed at other rates	**15**	37	10
Items not allowed for tax:			
- losses on disposals and write-downs	**(10)**	(22)	(63)
- UK bank levy	**(30)**	(31)	(27)
- regulatory and legal actions	**4**	(47)	(1)
- other disallowable items	**(28)**	(61)	(57)
Non-taxable items:			
- foreign exchange recycling on capital reduction	**10**	-	114
- RPI-related uplift on index linked gilts	**8**	18	6
- dividends	**15**	-	-
- other non-taxable items	**34**	11	20
Taxable foreign exchange movements	**(6)**	7	9
Unrecognised losses brought forward and utilised	**18**	33	27
Net increase/(decrease) in the carrying value of deferred tax assets in respect of:			
- UK losses	**59**	378	371
- Netherlands losses	**58**	50	15
- Other overseas losses	**2**	-	(1)
Banking surcharge	**(198)**	(169)	(236)
Pillar 2 top-up tax	**-**	(20)	-
Redemption of AT1 (paid-in equity) capital notes	**(46)**	-	-
Tax on AT1 (paid-in equity) dividends	**87**	53	52
Adjustments in respect of prior years (1)	**66**	(135)	(165)
Actual tax charge	**(1,874)**	(1,465)	(1,434)

(1) Prior year tax adjustments incorporate refinements to tax computations made on submission and agreement with the tax authorities and adjustments to provisions in respect of uncertain tax positions.

Global minimum top-up tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The Group recognised no current tax expense related to the top-up tax for 2025 (2024 - £20 million) due to sufficient taxes being paid in the Group's jurisdictions under local tax rules.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Judgement: tax contingencies

NatWest Group's corporate income tax charge and its provisions for corporate income taxes necessarily involve a degree of estimation and judgement. The tax treatment of some transactions is uncertain and tax computations are yet to be agreed with the relevant tax authorities. Any difference between the final outcome and the amounts provided will affect current and deferred income tax charges in the period when the matter is resolved. NatWest Group recognises anticipated tax liabilities based on all available evidence and, where appropriate, in the light of external advice.

Notes to the consolidated financial statements continued

7 Tax continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences where the carrying amount of an asset or liability differs for accounting and tax purposes. Deferred tax liabilities reflect the expected amount of tax payable in the future on these temporary differences. Deferred tax assets reflect the expected amount of tax recoverable in the future on these differences.

The net deferred tax asset recognised by NatWest Group is shown below, together with details of the accounting judgements and tax rates that have been used to calculate the deferred tax. Details are also provided of any deferred tax assets or liabilities that have not been recognised on the balance sheet.

Analysis of deferred tax

	2025 £m	2024 £m
Deferred tax asset	**1,252**	1,876
Deferred tax liability	**(104)**	(99)
Net deferred tax asset	**1,148**	1,777

	Pension £m	Accelerated capital allowances £m	Expense provisions £m	Financial instruments (1) £m	Tax losses carried forward £m	Other £m	Total £m
At 1 January 2024	(16)	76	61	538	1,019	75	1,753
Credit/(charge) to income statement:							
- continuing operations	3	85	16	(57)	90	(42)	95
(Charge)/credit to other comprehensive income	(15)	-	-	(77)	-	26	(66)
Currency translation and other adjustments	(1)	-	-	(1)	(3)	-	(5)
At 1 January 2025	**(29)**	**161**	**77**	**403**	**1,106**	**59**	**1,777**
Charge to income statement:							
- continuing operations	**(6)**	**(35)**	**(19)**	**(115)**	**(297)**	**(1)**	**(473)**
(Charge)/credit to other comprehensive income	**(6)**	**-**	**-**	**(166)**	**-**	**15**	**(157)**
Currency translation and other adjustments	**(1)**	**(3)**	**-**	**-**	**5**	**-**	**1**
At 31 December 2025	**(42)**	**123**	**58**	**122**	**814**	**73**	**1,148**

(1) The in-year movement predominantly relates to cash flow hedges.

Notes to the consolidated financial statements continued

7 Tax continued

Deferred tax assets in respect of carried forward tax losses are recognised if the losses can be used to offset probable future taxable profits after taking into account the expected reversal of other temporary differences. Recognised deferred tax assets in respect of tax losses are analysed further below.

	2025 £m	2024 £m
UK tax losses carried forward		
- NWB Plc	**55**	333
- RBS plc	**622**	685
Total	**677**	1,018
Overseas tax losses carried forward		
- Ulydien DAC	**5**	5
- NWM N.V.	**132**	83
	814	1,106

Critical accounting policy: Deferred tax

NatWest Group has recognised a deferred tax asset of £1,252 million (2024 - £1,876 million) and a deferred tax liability of £104 million (2024 - £99 million). These include amounts recognised in respect of UK and overseas tax losses of £814 million (2024 - £1,106 million).

Judgement – NatWest Group has considered the carrying value of deferred tax assets and concluded that, based on management's estimates, sufficient sustainable taxable profits will be generated in future years to recover recognised deferred tax assets.

Estimates – For entities with mature business models and a longer track record of profitability and stable earnings, these estimates are partly based on forecast performance beyond the horizon for management's detailed plans. They have regard to inherent uncertainties. The deferred tax asset in Ulydien DAC is supported substantially by future reversing taxable temporary differences on which deferred tax liabilities are recognised at 31 December 2025.

UK tax losses

Under UK tax rules, tax losses can be carried forward indefinitely. As the recognised tax losses in NatWest Group arose prior to 1 April 2015, credit in future periods is given against 25% of profits at the main rate of UK corporation tax, excluding the Banking Surcharge.

NWM Plc – Losses of £5,553 million have not been recognised in the deferred tax balance at 31 December 2025.

NWB Plc – A deferred tax asset of £55 million (2024 - £333 million) has been recognised in respect of losses of £220 million of total losses of £1,036 million carried forward at 31 December 2025. NWB Plc expects the deferred tax asset to be utilised against future taxable profits by the end of 2032.

RBS plc – A deferred tax asset of £622 million (2024 - £685 million) has been recognised in respect of losses of £2,489 million carried forward at 31 December 2025. The losses were transferred from NatWest Markets Plc as a consequence of the ring fencing regulations. RBS plc expects the deferred tax asset to be utilised against future taxable profits by the end of 2032.

Overseas tax losses

Ulydien DAC – A deferred tax asset of £5 million (2024 - £5 million) has been recognised in respect of losses of £40 million, and is now entirely supported by way of future reversing taxable temporary differences on which deferred tax liabilities are recognised at 31 December 2025. The ability to set off unutilised RoI losses of £10,262 million against future taxable profits will cease following the Group's full exit of business operations in RoI.

NatWest Markets N.V. (NWM N.V.) – A deferred tax asset of £132 million (2024 - £83 million) has been recognised in respect of losses and tax credits of £512 million of total losses of £2,371 million carried forward at 31 December 2025. NWM N.V. expects the deferred tax asset to be utilised against future taxable profits by the end of 2032. The tax losses and tax credits have no expiry date.

Unrecognised deferred tax

Deferred tax assets of £4,882 million (2024 - £4,960 million; 2023 - £5,168 million) have not been recognised in respect of tax losses and other deductible temporary differences carried forward of £23,385 million (2024 - £23,238 million; 2023 - £24,438 million) in jurisdictions where doubt exists over the availability of future taxable profits. Of these losses and other deductible temporary differences, £4,176 million expire after 10 years. The balance of tax losses and other deductible temporary differences carried forward has no expiry date.

Deferred tax liabilities of £258 million (2024 - £269 million; 2023 - £256 million) on aggregate underlying temporary differences of £1,022 million (2024 - £1,241 million; 2023 - £1,005 million) have not been recognised in respect of retained earnings of overseas subsidiaries and held-over gains on the incorporation of certain overseas branches. These retained earnings are expected to be reinvested indefinitely or remitted to the UK free from further taxation. No taxation is expected to arise in the foreseeable future in respect of held-over gains on which deferred tax is not recognised. UK tax legislation largely exempts from UK tax overseas dividends received.

Notes to the consolidated financial statements continued

8 Earnings per share

Earnings per share measures how much profit NatWest Group makes for each share in issue during the year. Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding. Diluted earnings per ordinary share is calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on conversion of dilutive share options and convertible securities. The assessment of whether the effect of share options and convertible securities is dilutive or not is based on the earnings from continuing operations.

	2025 £m	2024 £m	2023 £m
Earnings			
Profit from continuing operations attributable to ordinary shareholders	**5,479**	4,438	4,506
Profit/(loss) from discontinued operations attributable to ordinary shareholders	**-**	81	(112)
Profit attributable to ordinary shareholders	**5,479**	4,519	4,394
Weighted average number of shares (millions)			
Weighted average number of ordinary shares outstanding during the year	**8,052**	8,450	9,164
Effect of dilutive share options and convertible securities	**74**	66	55
Diluted weighted average number of ordinary shares outstanding during the year	**8,126**	8,516	9,219
Earnings per ordinary share - continuing operations	**68.0p**	52.5p	49.2p
Earnings per ordinary share - discontinued operations	**-**	1.0p	(1.2p)
Total earnings per share attributable to ordinary shareholders - basic (1)	**68.0p**	53.5p	47.9p
Earnings per ordinary share - diluted continuing operations	**67.4p**	52.1p	48.9p
Earnings per ordinary share - diluted discontinued operations	**-**	1.0p	(1.2p)
Total earnings per share attributable to ordinary shareholders - diluted	**67.4p**	53.1p	47.7p

(1) In 2023, the unrounded Total earnings per share attributable to ordinary shareholders – basic is 47.948p. The unrounded Earnings per ordinary share – continuing operations was 49.170p. The unrounded Earnings per ordinary share – discontinued operations was (1.222p).

Notes to the consolidated financial statements continued

9 Financial instruments - classification

Financial instruments are contracts that give rise to a financial asset of one entity and a corresponding financial liability or equity instrument of a counterparty entity, such as cash, derivatives, loans, deposits and settlement balances. This note presents financial instruments classified in accordance with IFRS 9 – Financial Instruments.

Judgement: classification of financial assets

Classification of financial assets between amortised cost and fair value through other comprehensive income requires a degree of judgement in respect of business models and contractual cashflows.

- The business model criteria are assessed at a portfolio level to determine whether assets are classified as held to collect or held to collect and sell. Information that is considered in determining the applicable business model includes: the portfolio's policies and objectives; how the performance and risks of the portfolio are managed, evaluated and reported to management; and the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for sales.
- The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent solely payments of principal and interest (SPPI). A level of judgement is made in assessing terms that could change the contractual cash flows so that it would not meet the condition for SPPI, including contingent and leverage features, non-recourse arrangements and features that could modify the time value of money.

For accounting policy information refer to Accounting policies 3.8, 3.9 and 3.11.

The following tables analyse financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

Assets	MFVTPL £m	DFV £m	FVOCI £m	Amortised cost £m	Other assets £m	Total £m
Cash and balances at central banks				**85,182**		**85,182**
Trading assets	**46,537**					**46,537**
Derivatives (1)	**60,789**					**60,789**
Settlement balances				**645**		**645**
Loans to bank - amortised cost (2)				**6,958**		**6,958**
Loans to customers - amortised cost (3)				**418,881**		**418,881**
Other financial assets	**1,041**	**3**	**42,168**	**36,558**		**79,770**
Intangible assets					**7,292**	**7,292**
Other assets					**8,499**	**8,499**
31 December 2025	**108,367**	**3**	**42,168**	**548,224**	**15,791**	**714,553**
Cash and balances at central banks				92,994		92,994
Trading assets	48,917					48,917
Derivatives (1)	78,406					78,406
Settlement balances				2,085		2,085
Loans to bank - amortised cost (2)				6,030		6,030
Loans to customers - amortised cost (3)				400,326		400,326
Other financial assets	798	5	37,843	24,597		63,243
Intangible assets					7,588	7,588
Other assets					8,396	8,396
31 December 2024	128,121	5	37,843	526,032	15,984	707,985

For the notes to this table refer to the following page.

Notes to the consolidated financial statements continued

9 Financial instruments – classification continued

Liabilities	Held-for-trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Bank deposits (4)			**44,092**		**44,092**
Customer deposits			**442,998**		**442,998**
Settlement balances			**942**		**942**
Trading liabilities	**49,022**				**49,022**
Derivatives (1)	**53,974**				**53,974**
Other financial liabilities (5)		**4,617**	**62,982**		**67,599**
Subordinated liabilities		**237**	**5,886**		**6,123**
Notes in circulation			**3,164**		**3,164**
Other liabilities (6)			**594**	**3,432**	**4,026**
31 December 2025	**102,996**	**4,854**	**560,658**	**3,432**	**671,940**
Bank deposits (4)			31,452		31,452
Customer deposits			433,490		433,490
Settlement balances			1,729		1,729
Trading liabilities	54,714				54,714
Derivatives (1)	72,082				72,082
Other financial liabilities (5)		3,548	57,539		61,087
Subordinated liabilities		234	5,902		6,136
Notes in circulation			3,316		3,316
Other liabilities (6)			684	3,917	4,601
31 December 2024	126,796	3,782	534,112	3,917	668,607

(1) Includes net hedging derivatives assets of £535 million (2024 - £118 million) and net hedging derivatives liabilities of £356 million (2024 - £464 million).
(2) Includes items in the course of collection from other banks of £166 million (2024 - £59 million).
(3) Includes finance lease receivables of £8,971 million (2024 - £8,998 million).
(4) Includes items in the course of transmission to other banks of £192 million (2024 - £136 million).
(5) The carrying amount of customer deposits designated at fair value through profit or loss is materially the same as the principal amount for both periods. No amounts have been recognised in the profit or loss for changes in credit risk associated with these liabilities as the changes are immaterial both during the period and cumulatively.
(6) Includes lease liabilities of £535 million (2024 - £630 million), held at amortised cost.

Notes to the consolidated financial statements continued

9 Financial instruments – classification continued

We originate loans that include features that change the contractual cash flows based on the borrower meeting certain contractually specified environmental, social and governance (ESG) targets. These are known as ESG-linked, or sustainability-linked, loans. As part of the terms of these loans, the contractual interest rate is reduced or increased if the borrower meets, or fails to meet, specific targets linked to the activity of the borrower, for example; reducing carbon emissions, increasing the level of diversity at Board level, or achieving a sustainable supply chain. ESG features are first assessed to ascertain whether the adjustment to the contractual cash flows results in a de minimis exposure to risks or volatility in those contractual cash flows. If this is the case the classification of the loan is not affected. If the effect of the ESG feature is assessed as being more than de minimis, we apply judgement to ensure that the ESG features do not generate compensation for risks that are not in line with a basic lending arrangement. This includes, amongst other aspects, a review of the consistency of the ESG targets with the asset or activity of the borrower, and consideration of the targets within our risk appetite. Some of these loans were eligible under our climate and sustainable funding and financing inclusion (CSFFI) criteria, which underpinned our previous target to provide £100 billion in climate and sustainable funding and financing between 1 July 2021 and the end of 2025. Our CSFFI criteria was replaced with our climate and transition finance framework in July 2025 alongside our new target to provide £200 billion in climate and transition finance. Some of these loans continue to be eligible under the climate and transition finance framework.

The table below analyses financial assets forming a component of ESG-linked loans and other products with contractual terms that could change the timing or amount of cash flows. This is based on balance sheet values as at 31 December and the maximum impact of the potential margin changes on these over a 12 month period.

	2025			2024		
	Carrying value £bn	Positive impact on product margin bps	Negative impact on product margin bps	Carrying value £bn	Positive impact on product margin bps	Negative impact on product margin bps
Sustainability-linked loans	**8.0**	**2.9**	**3.7**	6.9	3.1	4.0
Other products	**21.9**	**-**	**-**	20.2	-	-
Lending subject to performance triggers	**29.9**			27.1		

Additional information on finance lease receivables

The following table shows the reconciliation of undiscounted finance lease receivables to net investment in finance leases which are presented under Loans to customers-amortised cost on the balance sheet.

	2025 £m	2024 £m
Amount receivable under finance leases		
Within 1 year	**3,670**	3,493
1 to 2 years	**2,411**	2,499
2 to 3 years	**1,478**	1,612
3 to 4 years	**946**	842
4 to 5 years	**454**	464
After 5 years	**854**	1,043
Total lease payments	**9,813**	9,953
Unguaranteed residual values	**151**	150
Future drawdowns	**(12)**	(12)
Unearned income	**(895)**	(1,001)
Present value of lease payments	**9,057**	9,090
Impairments	**(86)**	(92)
Net investment in finance leases	**8,971**	8,998

Notes to the consolidated financial statements continued

9 Financial instruments – classification continued

Financial instruments – financial assets and liabilities that can be offset

The tables below present information on financial assets and financial liabilities that are offset on the balance sheet under IFRS or subject to enforceable master netting agreements together with financial collateral received or given.

	Instruments which can be offset			Potential for offset not recognised by IFRS					
	Gross	IFRS offset	Balance sheet	Effect of master netting and similar agreements	Cash collateral	Securities collateral	Net amount after netting agreements and effect of related collateral	Instruments outside netting agreements	Balance sheet total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Derivative assets	**77,408**	**(17,007)**	**60,401**	**(45,928)**	**(9,275)**	**(3,283)**	**1,915**	**388**	**60,789**
Derivative liabilities	**71,589**	**(17,951)**	**53,638**	**(45,928)**	**(4,281)**	**(1,256)**	**2,173**	**336**	**53,974**
Net position (1)	**5,819**	**944**	**6,763**	**-**	**(4,994)**	**(2,027)**	**(258)**	**52**	**6,815**
Trading reverse repos	**44,729**	**(17,129)**	**27,600**	**(465)**	**-**	**(26,882)**	**253**	**56**	**27,656**
Trading repos	**43,648**	**(17,129)**	**26,519**	**(465)**	**-**	**(26,054)**	**-**	**2,059**	**28,578**
Net position	**1,081**	**-**	**1,081**	**-**	**-**	**(828)**	**253**	**(2,003)**	**(922)**
Non trading reverse repos	**50,889**	**(14,470)**	**36,419**	**(9)**	**-**	**(36,410)**	**-**	**-**	**36,419**
Non trading repos	**44,082**	**(14,470)**	**29,612**	**(9)**	**-**	**(29,603)**	**-**	**-**	**29,612**
Net position	**6,807**	**-**	**6,807**	**-**	**-**	**(6,807)**	**-**	**-**	**6,807**
2024									
Derivative assets	96,624	(18,746)	77,878	(61,883)	(10,005)	(4,072)	1,918	528	78,406
Derivative liabilities	92,620	(21,027)	71,593	(61,883)	(5,801)	(896)	3,013	489	72,082
Net position (1)	4,004	2,281	6,285	-	(4,204)	(3,176)	(1,095)	39	6,324
Trading reverse repos	42,261	(15,174)	27,087	(1,469)	-	(25,406)	212	40	27,127
Trading repos	45,033	(15,174)	29,859	(1,469)	-	(28,390)	-	703	30,562
Net position	(2,772)	-	(2,772)		-	2,984	212	(663)	(3,435)
Non trading reverse repos	45,600	(8,709)	36,891	(80)	-	(36,811)	-	-	36,891
Non trading repos	22,288	(8,709)	13,579	(80)	-	(13,499)	-	-	13,579
Net position	23,312	-	23,312	-	-	(23,312)	-	-	23,312

(1) Net IFRS offset balance of £944 million (2024 - £2,281 million) relates to variation margin netting reflected on other balance sheet lines.

Notes to the consolidated financial statements continued

10 Financial instruments - valuation

Financial instruments recognised at fair value are revalued using techniques that can include observable inputs (pricing information that is readily available in the market, for example UK Government securities), and unobservable inputs (pricing information that is not readily available, for example unlisted securities). Gains and losses are recognised in the income statement and statement of comprehensive income as appropriate. This note presents information on the valuation of financial instruments.

The table below provides an overview of the various sections contained within the note.

Critical accounting policy: Fair value – financial instruments

Financial instruments classified as mandatory fair value through profit or loss; held-for-trading; designated fair value through profit or loss; and fair value through other comprehensive income are recognised in the financial statements at fair value. All derivatives are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement considers the characteristics of the asset or liability and the assumptions that a market participant would consider when pricing the asset or liability.

NatWest Group manages some portfolios of financial assets and financial liabilities based on its net exposure to either market or credit risk. In these cases, the fair value is derived from the net risk exposure of that portfolio with portfolio level adjustments applied to incorporate bid-offer spreads, counterparty credit risk, and funding costs (refer to ‘Valuation Adjustments’).

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument’s complexity and the availability of market-based data. The complexity and uncertainty in the financial instrument’s fair value is categorised using the fair value hierarchy.

For accounting policy information refer to Accounting policies 2.2, 3.8 and 3.11.

Valuation

(D) = Descriptive; (T) = Table

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Fair value hierarchy

Financial instruments carried at fair value have been classified under the fair value hierarchy. The classification ranges from level 1 to level 3, with more expert judgement and price uncertainty for those classified at level 3.

The determination of an instrument's level cannot be made at a global product level as a single product type can be in more than one level. For example, a single name corporate credit default swap could be in level 2 or level 3 depending on the level of market activity for the referenced entity.

Level 1 – instruments valued using unadjusted quoted prices in active and liquid markets, for identical financial instruments. Examples include government bonds, listed equity shares and certain exchange-traded derivatives.

Level 2 – instruments valued using valuation techniques that have observable inputs. Observable inputs are those that are readily available with limited adjustments required. Examples include most government agency securities, investment-grade corporate bonds, certain mortgage products - including collateralised loan obligations (CLOs), most bank loans, repos and reverse repos, state and municipal obligations, most notes issued, certain money market securities, loan commitments and most over the counter (OTC) derivatives.

Level 3 – instruments valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Examples include non-derivative instruments which trade infrequently, certain syndicated and commercial mortgage loans, private equity, and derivatives with unobservable model inputs.

Valuation techniques

NatWest Group derives the fair value of its instruments differently depending on whether the instrument is a non-modelled or a modelled product.

Non-modelled products are valued directly from a price input, typically on a position-by-position basis. Examples include equities and most debt securities.

Non-modelled products can fall into any fair value levelling hierarchy depending on the observable market activity, liquidity, and assessment of valuation uncertainty of the instruments. The assessment of fair value and the classification of the instrument to a fair value level is subject to the valuation controls discussed in the Valuation control section.

Modelled products – valued using a pricing model range in complexity from comparatively vanilla products such as interest rate swaps and options (e.g., interest rate caps and floors) through to more complex derivatives (e.g., balance guarantee swaps).

For modelled products the fair value is derived using the model and the appropriate model inputs or parameters, as opposed to a cash price equivalent. Model inputs are taken either directly or indirectly from available data, where some inputs are also modelled.

Fair value classification of modelled instruments is either level 2 or level 3, depending on the product/model combination, the observability and quality of input parameters and other factors. All these must be assessed to classify a position. The modelled product is assigned to the lowest fair value hierarchy level of any significant input used in that valuation.

Most derivative instruments, for example vanilla interest rate swaps, foreign exchange swaps and liquid single name credit derivatives, are classified as level 2. This is because they are vanilla products valued using standard market models and with observable inputs. Level 2 products range from vanilla to more complex products, where more complex products remain classified as level 2 due to the low materiality of any unobservable inputs.

Inputs to valuation models

When using valuation techniques, the fair value can be significantly affected by the choice of valuation model and underlying assumptions. Factors considered include the cashflow amounts and timing of those cash flows, and application of appropriate discount rates, incorporating both funding and credit risk. Values between and beyond available data points are obtained by interpolation and extrapolation. The principal inputs to these valuation techniques are as follows:

Bond prices – quoted prices are generally available for government bonds, certain corporate securities, and some mortgage-related products.

Credit spreads/margins – these reflect credit default swap levels or the return required over a benchmark rate or index to compensate for the referenced credit risk. Where available, these are derived from the price of credit default swaps or other credit-based instruments, such as debt securities. When direct prices are not available, credit spreads/margins are determined with reference to available prices of entities with similar characteristics.

Interest rates – these are principally based on interest rate swap prices referencing benchmark interest rates. Interest rates, include SONIA (Sterling Overnight Interbank Average Rate) and other overnight rates. Other quoted interest rates may also be used from both the bond, and futures markets.

Foreign currency exchange rates – there are observable prices both for spot and forward contracts and futures in the world's major currencies.

Equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.

Price volatilities and correlations – volatility is a measure of the tendency of a price to change with time. Correlation measures the degree which two or more prices or variables are observed to move together. Variables that move in the same direction show positive correlation; those that move in opposite directions are negatively correlated.

Prepayment rates – are used to reflect how fast a pool of assets prepay. The fair value of a financial instrument that can be prepaid by the issuer or borrower differs from that of an instrument that cannot be prepaid. When valuing prepayable instruments, the value of this prepayment option is considered.

Recovery rates/loss given default – are used as an input to valuation models and reserves for asset-backed securities and other credit products as an indicator of severity of losses on default. Recovery rates are primarily sourced from market data providers, the value of the underlying collateral or inferred from observable credit spreads.

Notes to the consolidated financial statements continued

Valuation control

NatWest Group's control environment for the determination of the fair value of financial instruments includes formalised procedures for the review and validation of fair values. The review of market prices and inputs is performed by an independent price verification (IPV) team.

IPV is a key element of the control environment. Valuations are first performed by the business which entered into the transaction. These valuations are then reviewed by the IPV team, independent of those trading the financial instruments, in light of available pricing evidence.

Independent pricing data is collated from a range of sources. Each source is reviewed for quality and the independent data applied in the IPV processes using a formalised input quality hierarchy. Consensus services are one source of independent data and encompass interest rate, currency, credit, and bond markets, providing comprehensive coverage of vanilla products and a wide selection of exotic products.

Where measurement differences are identified through the IPV process these are grouped by the quality hierarchy of the independent data. If the size of the difference exceeds defined thresholds, an adjustment is made to bring the valuation to within the independently calculated fair value range.

IPV takes place at least monthly, for all fair value financial instruments. The IPV control includes formalised reporting and escalation of any valuation differences in breach of established thresholds.

The quality and completeness of the information gathered in the IPV process gives an indication as to the liquidity and valuation uncertainty of an instrument and forms part of the information considered when determining fair value hierarchy classifications.

Initial fair value level classification of a financial instrument is carried out by the IPV team. These initial classifications are subject to senior management review. Particular attention is paid to instruments transferring from one level to another, new instrument classes or products, instruments where the transaction price is significantly different from the fair value and instruments where valuation uncertainty is high.

Valuation Committees are made up of valuation specialists and senior business representatives from various functions and oversees pricing, reserving and valuations issues. These committees meet monthly to review and ratify any methodology changes. The Executive Valuation Committee meets quarterly to address key material and subjective valuation issues, to review items escalated by Valuation Committees and to discuss other relevant industry matters.

The Group model risk policy sets the policy for model documentation, testing and review. Governance of the model risk policy is carried out by the Group Model Risk Oversight Committee, which comprises model risk owners and independent model experts. All models are required to be independently validated in accordance with the model risk Policy.

Key areas of judgement

Over the years the business has simplified, with most products classified as level 1 or 2 of the fair value hierarchy. However, the diverse range of products historically traded by NatWest Group means some products remain classified as level 3. Level 3 indicates a significant level of pricing uncertainty, where expert judgement is used. As such, extra disclosures are required in respect of level 3 instruments.

In general, the degree of expert judgement used and hence valuation uncertainty depends on the degree of liquidity of an instrument or input.

Where markets are liquid, little judgement is required. However, when the information regarding the liquidity in a particular market is not clear, a judgement may need to be made. For example, for an equity traded on an exchange, daily volumes of trading can be seen, but for an OTC derivative, assessing the liquidity of the market with no central exchange is more challenging.

The breadth and depth of the IPV data allows for a rules-based quality assessment to be made of market activity, liquidity, and pricing uncertainty, which assists with the process of allocation to an appropriate level. Where suitable independent pricing information is not readily available, the quality assessment will result in the instrument being assessed as level 3.

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

The table below shows the assets and liabilities held by NatWest Group split by fair value hierarchy level. Level 1 are considered the most liquid instruments, and level 3 the most illiquid, valued using expert judgement and so carry the most significant price uncertainty.

	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Assets								
Trading assets								
Loans	**-**	**33,556**	**96**	**33,652**	-	34,761	278	35,039
Securities	**9,586**	**3,299**	**-**	**12,885**	8,772	5,106	-	13,878
Derivatives								
Interest rate	**-**	**32,382**	**360**	**32,742**	-	37,026	473	37,499
Foreign exchange	**-**	**27,878**	**103**	**27,981**	-	40,687	110	40,797
Other	**-**	**57**	**9**	**66**	-	63	47	110
Other financial assets								
Loans	**-**	**35**	**533**	**568**	-	288	565	853
Securities	**25,528**	**16,964**	**152**	**42,644**	23,943	13,641	209	37,793
Total financial assets held at fair value	**35,114**	**114,171**	**1,253**	**150,538**	32,715	131,572	1,682	165,969
As a % of total fair value assets	**23%**	**76%**	**1%**		20%	79%	1%	
Liabilities								
Trading liabilities								
Deposits	**-**	**41,284**	**-**	**41,284**	-	43,966	-	43,966
Debt securities in issue	**-**	**234**	**-**	**234**	-	257	-	257
Short positions	**6,172**	**1,331**	**1**	**7,504**	8,766	1,724	1	10,491
Derivatives								
Interest rate	**-**	**26,589**	**169**	**26,758**	-	31,253	279	31,532
Foreign exchange	**-**	**26,988**	**54**	**27,042**	-	40,240	66	40,306
Other	**-**	**119**	**55**	**174**	-	124	120	244
Other financial liabilities								
Debt securities in issue	**-**	**2,302**	**3**	**2,305**	-	1,733	3	1,736
Other deposits	**-**	**2,285**	**27**	**2,312**	-	1,787	25	1,812
Subordinated liabilities	**-**	**237**	**-**	**237**	-	234	-	234
Total financial liabilities held at fair value	**6,172**	**101,369**	**309**	**107,850**	8,766	121,318	494	130,578
As a % of total fair value liabilities	**6%**	**94%**	**0%**		7%	93%	0%	

(1) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instrument was transferred.
(2) For an analysis of debt securities held at mandatory fair value through profit or loss by issuer as well as ratings and derivatives, by type and contract, refer to Risk and capital management – Credit risk.

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Valuation adjustments

When valuing financial instruments in the trading book, adjustments are made to mid-market valuations to cover bid-offer spread, funding and credit risk. These adjustments are presented in the table below:

Adjustment	2025 £m	2024 £m
Funding valuation adjustments	(11)	123
Credit valuation adjustments	179	190
Bid-offer	60	76
Product and deal specific	124	157
Total	352	546

The decrease in funding valuation adjustments was primarily driven by unwinding of a major portfolio. The decrease in credit valuation adjustments was driven by credit spreads tightening with the impacts of exposure changes largely offsetting. The decrease in bid-offer was driven by risk reduction and unwinding of a major portfolio. The decrease in product and deal specific was driven by the amortisation of deferred trade inception profits partially offset by new trading activity.

Funding valuation adjustments (FVA)

FVA represents an estimate of the adjustment that a market participant would make to incorporate funding costs and benefits that arise in relation to derivative exposures. FVA is calculated as a portfolio level adjustment and can result in either a funding charge (positive) or funding benefit (negative).

Funding levels are applied to estimated potential future exposures. For uncollateralised derivatives, the exposure reflects the future valuation of the derivative. For collateralised derivatives, the exposure reflects the difference between the future valuation of the derivative and the level of collateral posted.

Credit valuation adjustments (CVA)

CVA represents an estimate of the adjustment to fair value that is made to incorporate the counterparty credit risk inherent in derivative exposures. CVA is calculated on a portfolio basis reflecting an estimate of the amount a third party would charge to assume the credit risk.

Collateral held under a credit support agreement is factored into the CVA calculation. In such cases where NatWest Group holds collateral against counterparty exposures, CVA is held to the extent that residual risk remains.

FVA and CVA are actively managed by a credit and market risk hedging process, and therefore movements in CVA and FVA are partially offset by trading revenue on the hedges.

Bid-offer

Fair value positions are required to be marked to exit levels, represented by bid (long positions) or offer (short positions) levels. Non-derivative positions are typically marked directly to bid or offer prices. However derivative exposures are adjusted to exit levels by taking bid-offer reserves calculated on a portfolio basis. The reserving approach is based on current market bid-offer spreads and standard market bucketing of risk.

Bid-offer spreads vary by maturity and risk type to reflect different spreads in the market. For positions where there is no observable quote, the bid-offer spreads are widened in comparison to proxies to reflect reduced liquidity or observability.

Netting is applied on a portfolio basis to reflect the value at which NatWest Group believes it could exit the net risk of the portfolio, rather than the sum of exit costs for each of the portfolio's individual trades. This is applied where the asset and liability positions are managed as a portfolio for risk and reporting purposes.

Product and deal specific

On initial recognition of financial assets and liabilities valued using valuation techniques which have a significant dependence on information other than observable market data, any difference between the transaction price and that derived from the valuation technique is deferred. Such amounts are recognised in the income statement over the life of the transaction, when market data becomes observable, or when the transaction matures or is closed out as appropriate. On 31 December 2025, net gains of £109 million (2024 - £139 million) were carried forward. During the year, net gains of £205 million (2024 - £218 million) were deferred and £235 million (2024 - £157 million) were recognised in the income statement.

Where system-generated valuations do not accurately reflect market prices, manual valuation adjustments are applied either at a position or portfolio level. Manual adjustments are subject to the scrutiny of independent control teams and are subject to monthly review by senior management.

Own credit

NatWest Group considers the effect of its own credit standing when valuing financial liabilities recorded at fair value. Own credit spread adjustments are made when valuing issued debt held at fair value, including issued structured notes. An own credit adjustment is applied to positions where it is believed that counterparties would consider NatWest Group's creditworthiness when pricing trades. Accumulated changes in fair value due to credit risk are £57 million (2024 – £44 million).

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Level 3 additional information

For illiquid assets and liabilities, classified as level 3, additional information is provided on the valuation techniques used and price sensitivity of the products to those inputs. This is to enable the reader to gauge the level of uncertainty that arises from positions with significant unobservable inputs or modelling parameters.

Level 3 ranges of unobservable inputs

The table below provides additional information on level 3 instruments and inputs. This shows the valuation technique used for the fair value calculation, the unobservable input and input range.

				2025		2024	
Financial instrument	Valuation technique	Unobservable inputs	Units	Low	High	Low	High
Trading assets and Other financial assets							
Loans	Price-based	Price	%	89	121	88	123
	Discount cash flow	Credit spreads	bps	34	81	36	93
Debt securities	Price-based	Price	%	-	111	-	116
Equity Shares	Price-based	Price	GBP	-	44,090	-	47,312
	Price-based	Price	%	-	-	-	15
	Discount cash flow	Discount margin	%	-	-	9	13
	Net asset valuation	Fund NAV	%	80	120	80	120
Derivative assets and liabilities							
Credit derivatives	Credit derivative pricing	Credit spreads	bps	16	133	15	86
	Option pricing	Correlation	%	(15)	75	(15)	95
		Volatility	%	30	75	30	80
		Upfront points	%	-	99	-	99
		Recovery rate	%	-	60	-	60
Interest rate & FX derivatives	Option pricing	Correlation	%	(50)	98	(50)	98
		Volatility	%	3	82	3	99
		Constant Prepayment Rate	%	2	25	2	20
		Mean Reversion	%	-	13	-	20
		Inflation volatility	%	1	2	1	2
		Inflation rate	%	2	2	2	2

(1) Valuation for private equity investments may be estimated by looking at past prices of similar stocks and from valuation statements where valuations are usually derived from earnings measures such as EBITDA or net asset value (NAV). Similarly, for equity or bond fund investments, prices may be estimated from valuation or credit statements using NAV or similar measures.
(2) NatWest Group does not have any material liabilities measured at fair value that are issued with an inseparable third-party credit enhancement.

Level 3 sensitivities

The level 3 sensitivities presented on the next page are calculated at a trade or low-level portfolio basis rather than an overall portfolio basis. As individual sensitivities are aggregated with no reflection of the correlated nature between instruments, the overall portfolio sensitivity may not be accurately reflected. For example, some portfolios may be negatively correlated to others, where a downwards movement in one asset would produce an upwards movement in another. However, due to the additive presentation of the above figures this correlation impact cannot be displayed. As such, the actual potential downside sensitivity of the total portfolio may be less than the non-correlated sum of the additive figures as shown in the table on the next page.

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Alternative assumptions

Reasonably plausible alternative assumptions of unobservable inputs are determined based on a specified target level of certainty of 90%.

Alternative assumptions are determined with reference to all available evidence including consideration of the following: quality of independent pricing information considering consistency between different sources, variation over time, perceived tradability or otherwise of available quotes; consensus service dispersion ranges; volume of trading activity and market bias (e.g. one-way inventory); day 1 profit or loss arising on new trades; number and nature of market participants; market conditions; modelling consistency in the market; size and nature of risk; length of holding of position; and market intelligence.

Other considerations

Whilst certain inputs used to calculate CVA, FVA and own credit adjustments are not based on observable market data, the uncertainty of these inputs is not considered to have a significant effect on the net valuation of the related derivative portfolios and issued debt.

As such, the fair value levelling of the derivative portfolios and issued debt is not determined by CVA, FVA or own credit inputs. In addition, any fair value sensitivity driven by these inputs is not included in the level 3 sensitivities presented.

The table below shows the favourable and unfavourable range of fair value of the level 3 assets and liabilities. This range incorporates the range of fair value inputs as described in the previous table.

	2025			2024		
	Level 3	Favourable	Unfavourable	Level 3	Favourable	Unfavourable
	£m	£m	£m	£m	£m	£m
Assets						
Trading assets						
Loans	96	-	-	278	-	-
Derivatives						
Interest rate	360	20	(10)	473	20	(20)
Foreign exchange	103	10	(10)	110	-	-
Other	9	-	-	47	-	-
Other financial assets						
Loans	533	-	(10)	565	-	(10)
Securities	152	10	(20)	209	20	(30)
Total financial assets held at fair value	1,253	40	(50)	1,682	40	(60)
Liabilities						
Trading liabilities						
Short positions	1	-	-	1	-	-
Derivatives						
Interest rate	169	10	(10)	279	10	(10)
Foreign exchange	54	-	-	66	-	-
Other	55	-	-	120	10	(10)
Other financial liabilities						
Debt securities in issue	3	-	-	3	-	-
Other deposits	27	-	(20)	25	10	(20)
Total financial liabilities held at fair value	309	10	(30)	494	30	(40)

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Movement in level 3 assets and liabilities

The following table shows the movement in level 3 assets and liabilities in the year.

2025	Derivatives assets £m	Other trading assets (2) £m	Other financial assets (3) £m	Total assets £m	Derivatives liabilities £m	Other trading liabilities (2) £m	Other financial liabilities £m	Total liabilities £m
At 1 January	630	278	774	1,682	465	1	28	494
Amounts recorded in the income statement (1)	(145)	(3)	7	(141)	(136)	-	2	(134)
Amount recorded in the statement of comprehensive income	-	-	5	5	-	-	-	-
Level 3 transfers in	42	-	-	42	12	-	-	12
Level 3 transfers out	(41)	-	(15)	(56)	(13)	-	(1)	(14)
Purchases/originations	124	105	164	393	98	-	-	98
Settlements/other decreases	(39)	(89)	-	(128)	(46)	-	-	(46)
Sales	(100)	(197)	(250)	(547)	(105)	-	-	(105)
Foreign exchange and other adjustments	1	2	-	3	3	-	1	4
At 31 December	472	96	685	1,253	278	1	30	309
Amounts recorded in the income statement in respect of balances held at period end - unrealised	(12)	12	4	4	(31)	-	-	(31)
2024								
At 1 January	823	223	915	1,961	685	3	3	691
Amounts recorded in the income statement (1)	(122)	(17)	12	(127)	(121)	-	-	(121)
Amount recorded in the statement of comprehensive income	-	-	13	13	-	-	-	-
Level 3 transfers in	7	1	56	64	1	2	25	28
Level 3 transfers out	(3)	(19)	(241)	(263)	(2)	(3)	-	(5)
Purchases/originations	147	118	117	382	121	1	-	122
Settlements/other decreases	(44)	(27)	(18)	(89)	(32)	-	-	(32)
Sales	(178)	-	(72)	(250)	(182)	(2)	-	(184)
Foreign exchange and other adjustments	-	(1)	(8)	(9)	(5)	-	-	(5)
At 31 December	630	278	774	1,682	465	1	28	494
Amounts recorded in the income statement in respect of balances held at period end - unrealised	83	1	12	96	56	-	-	56

(1) There were net losses on trading assets and liabilities of £12 million (2024 - net losses of £18 million) was included in income from trading activities. Net gains on other instruments of £5 million (2024 - net gains of £12 million) was included in other operating income or interest income as appropriate.
(2) Other trading assets and other trading liabilities comprise assets and liabilities held at fair value in trading portfolios.
(3) Other financial assets comprise fair value through other comprehensive income, designated as at fair value through profit or loss and other fair value through profit or loss.

Notes to the consolidated financial statements continued

10 Financial instruments – valuation continued

Fair value of financial instruments measured at amortised cost on the balance sheet

The following table shows the carrying value and fair value of financial instruments measured at amortised cost on the balance sheet.

	Carrying value	Fair value	Fair value hierarchy level			Items where fair value approximates carrying value
			Level 1	Level 2	Level 3	
2025	£bn	£bn	£bn	£bn	£bn	£bn
Financial assets						
Cash and balances at central banks	**85.2**	**85.2**	**-**	**-**	**-**	**85.2**
Settlement balances	**0.6**	**0.6**	**-**	**-**	**-**	**0.6**
Loans to banks	**7.0**	**6.9**	**-**	**3.6**	**0.8**	**2.5**
Loans to customers	**418.9**	**414.5**	**-**	**33.1**	**381.4**	**-**
Other financial assets - securities	**36.6**	**36.6**	**15.4**	**15.1**	**6.1**	**-**
2024						
Financial assets						
Cash and balances at central banks	93.0	93.0	-	-	-	93.0
Settlement balances	2.1	2.1	-	-	-	2.1
Loans to banks	6.0	5.9	-	1.8	0.5	3.6
Loans to customers	400.3	396.6	-	34.9	361.7	-
Other financial assets - securities	24.6	24.6	4.3	12.4	7.9	-
2025						
Financial liabilities						
Bank deposits	**44.1**	**44.1**	**-**	**36.2**	**3.8**	**4.1**
Customer deposits	**443.0**	**424.4**	**-**	**30.4**	**26.3**	**367.7**
Settlement balances	**0.9**	**0.9**	**-**	**-**	**-**	**0.9**
Other financial liabilities						
- debt securities in issue	**63.0**	**63.6**	**-**	**51.9**	**11.7**	**-**
Subordinated liabilities	**5.9**	**6.1**	**-**	**6.1**	**-**	**-**
Notes in circulation	**3.2**	**3.2**	**-**	**-**	**-**	**3.2**
2024						
Financial liabilities						
Bank deposits	31.5	31.2	-	23.9	3.0	4.3
Customer deposits	433.5	433.3	-	24.3	46.0	363.0
Settlement balances	1.7	1.7	-	-	-	1.7
Other financial liabilities						
- debt securities in issue	57.5	57.6	-	48.9	8.7	-
Subordinated liabilities	5.9	6.0	-	6.0	-	-
Notes in circulation	3.3	3.3	-	-	-	3.3

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

Short-term financial instruments

For certain short-term financial instruments, including but not limited to, cash and balances at central banks, settlement balances, loans with short-term maturities, notes in circulation and customer demand deposits, carrying value is deemed a reasonable approximation of fair value.

Loans to banks and customers

In estimating the fair value of net loans to customers and banks measured at amortised cost, NatWest Group's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans. Two principal methods are used to estimate fair value:

(a) Contractual cash flows that are discounted using a market discount rate that incorporates the current spread for the borrower or where this is not observable, the spread for borrowers of a similar credit standing.

(b) Expected cash flows (unadjusted for credit losses) are discounted at the current offer rate for the same or similar products. The current methodology caps all loan values at par rather than modelling clients' option to repay loans early. This approach is adopted for lending portfolios in Retail Banking, Commercial & Institutional (SME loans) and Private Banking & Wealth Management in order to reflect the homogeneous nature of these portfolios.

Debt securities and subordinated liabilities

Most debt securities are valued using quoted prices in active markets or from quoted prices of similar financial instruments. The remaining population is valued using discounted cashflows at current offer rates.

Bank and customer deposits

Fair values of deposits are estimated using discounted cash flow valuation techniques. Where required, methodologies can be revised as additional information and valuation inputs become available.

Notes to the consolidated financial statements continued

11 Financial instruments – maturity analysis

This note shows the maturity profile of NatWest Group's financial assets and liabilities by contractual date of maturity and contractual cash flows.

Remaining maturity

The following table shows the residual maturity of financial instruments, based on contractual date of maturity.

	2025			2024		
	Less than 12 months £m	More than 12 months £m	Total £m	Less than 12 months £m	More than 12 months £m	Total £m
Assets						
Cash and balances at central banks	85,182	-	85,182	92,994	-	92,994
Trading assets	33,677	12,860	46,537	37,168	11,749	48,917
Derivatives	24,126	36,663	60,789	34,267	44,139	78,406
Settlement balances	645	-	645	2,085	-	2,085
Loans to banks - amortised cost	6,122	836	6,958	5,360	670	6,030
Loans to customers - amortised cost	100,120	318,761	418,881	99,793	300,533	400,326
Other financial assets	11,905	67,865	79,770	14,524	48,719	63,243
Liabilities						
Bank deposits	28,465	15,627	44,092	21,675	9,777	31,452
Customer deposits	434,149	8,849	442,998	430,693	2,797	433,490
Settlement balances	942	-	942	1,729	-	1,729
Trading liabilities	39,918	9,104	49,022	44,683	10,031	54,714
Derivatives	24,204	29,770	53,974	34,134	37,948	72,082
Other financial liabilities	21,029	46,570	67,599	22,773	38,314	61,087
Subordinated liabilities	1,076	5,047	6,123	1,051	5,085	6,136
Notes in circulation	3,164	-	3,164	3,316	-	3,316
Lease liabilities	85	450	535	94	536	630

Assets and liabilities by contractual cash flows up to 20 years

The tables on the following page show the contractual undiscounted cash flows receivable and payable, up to a period of 20 years, including future receipts and payments of interest of financial assets and liabilities by contractual maturity. The balances in the following tables do not agree directly with the consolidated balance sheet, as the tables include all cash flows relating to principal and future coupon payments, presented on an undiscounted basis. The tables have been prepared on the following basis:

Financial assets have been reflected in the time band of the latest date on which they could be repaid, unless earlier repayment can be demanded by NatWest Group. Financial liabilities are included at the earliest date on which the counterparty can require repayment, regardless of whether or not such early repayment results in a penalty. If the repayment of a financial instrument is triggered by, or is subject to, specific criteria such as market price hurdles being reached, the asset is included in the time band that contains the latest date on which it can be repaid, regardless of early repayment. The liability is included in the time band that contains the earliest possible date on which the conditions could be fulfilled, without considering the probability of the conditions being met.

Notes to the consolidated financial statements continued

11 Financial instruments – maturity analysis continued

For example, if a structured note is automatically prepaid when an equity index exceeds a certain level, the cash outflow will be included in the less than three months period, whatever the level of the index at the year end. The settlement date of debt securities in issue, issued by certain securitisation vehicles consolidated by NatWest Group, depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of the cash outflow relating to securities assumes that each asset will be prepaid at the earliest possible date. As the repayments of assets and liabilities are linked, the repayment of assets in securitisations is shown on the earliest date that the asset can be prepaid, as this is the basis used for liabilities.

The principal amounts of financial assets and liabilities that are repayable after 20 years or where the counterparty has no right to repayment of the principal are excluded from the table, as are interest payments after 20 years.

The maturity of guarantees and commitments is based on the earliest possible date they would be drawn in order to evaluate NatWest Group's liquidity position.

MFVTPL assets of £108 billion (2024 - £128 billion) and HFT liabilities of £102.6 billion (2024 - £126.3 billion) have been excluded from the following tables.

2025	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Assets by contractual maturity up to 20 years						
Cash and balances at central banks	85,182	-	-	-	-	-
Derivatives held for hedging	121	164	21	153	70	69
Settlement balances	645	-	-	-	-	-
Loans to banks - amortised cost	5,544	563	778	8	19	153
Loans to customers - amortised cost	63,503	52,679	93,380	70,214	104,670	127,073
Other financial assets (1)	4,770	7,726	26,014	11,733	24,491	8,742
Finance lease	-	3	7	14	37	26
	159,765	61,135	120,200	82,122	129,287	136,063
Liabilities by contractual maturity up to 20 years						
Bank deposits	26,707	2,111	10,523	2,712	3,094	-
Customer deposits	401,858	33,017	9,239	14	-	14
Settlement balances	942	-	-	-	-	-
Derivatives held for hedging	42	54	299	163	39	1
Other financial liabilities	7,547	14,212	24,824	17,301	6,804	1,218
Subordinated liabilities	68	1,193	1,742	3,676	52	342
Other liabilities - Notes in circulation	3,164	-	-	-	-	-
Lease liabilities	25	68	156	80	175	25
	440,353	50,655	46,783	23,946	10,164	1,600
Guarantees and commitments - notional amount (2)						
Guarantees (3)	2,810	-	-	-	-	-
Commitments (4)	137,519	-	-	-	-	-
	140,329	-	-	-	-	-

For the notes to this table refer to the following page.

Notes to the consolidated financial statements continued

11 Financial instruments – maturity analysis continued

2024	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Assets by contractual maturity up to 20 years						
Cash and balances at central banks	92,994	-	-	-	-	-
Derivatives held for hedging	17	66	107	61	53	76
Settlement balances	2,085	-	-	-	-	-
Loans to banks - amortised cost	5,080	297	612	9	23	158
Loans to customers - amortised cost	59,702	56,264	82,995	63,857	99,837	123,946
Other financial assets (1)	7,068	9,414	17,417	11,643	11,843	7,493
Finance lease	27	89	126	105	207	325
	166,973	66,130	101,257	75,675	111,963	131,998
Liabilities by contractual maturity up to 20 years						
Bank deposits	16,914	5,315	10,114	81	79	-
Customer deposits	396,703	34,316	2,713	82	-	14
Settlement balances	1,729	-	-	-	-	-
Derivatives held for hedging	63	343	335	271	43	2
Other financial liabilities	8,305	13,501	22,869	15,350	4,710	987
Subordinated liabilities	53	1,201	2,059	2,927	754	339
Other liabilities - Notes in circulation	3,316	-	-	-	-	-
Lease liabilities	24	68	185	96	168	102
	427,107	54,744	38,275	18,807	5,754	1,444
Guarantees and commitments - notional amount (2)						
Guarantees (3)	3,060	-	-	-	-	-
Commitments (4)	132,958	-	-	-	-	-
	136,018	-	-	-	-	-

(1) Other financial assets exclude equity shares.
(2) Refer to Note 25 Memorandum items – Contingent liabilities and commitments.
(3) NatWest Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. NatWest Group expects most guarantees it provides to expire unused.
(4) NatWest Group has given commitments to provide funds to customers under undrawn formal facilities, credit lines and other commitments to lend subject to certain conditions being met by the counterparty. NatWest Group does not expect all facilities to be drawn, and some may lapse before drawdown.

Notes to the consolidated financial statements continued

12 Trading assets and liabilities

Trading assets and liabilities comprise assets and liabilities held at fair value and classified as held-for-trading. Financial instruments are classified as held-for-trading if they are held for the purpose of selling or repurchasing them in the short term, to make a spread between purchase and sale price or held to take advantage of movements in prices and yields.

For accounting policy information refer to Accounting policy 3.8.

	2025	2024
Assets	£m	£m
Loans		
Reverse repos	**27,656**	27,127
Collateral given	**5,701**	7,367
Other loans	**295**	545
Total loans	**33,652**	35,039
Securities		
Central and local government		
- UK	**2,120**	2,077
- US	**4,153**	3,734
- Other	**4,135**	3,506
Financial institutions and corporate	**2,477**	4,561
Total securities	**12,885**	13,878
Total	**46,537**	48,917

	2025	2024
Liabilities		
Deposits		
Repos	**28,578**	30,562
Collateral received	**11,966**	12,509
Other deposits	**740**	895
Total deposits	**41,284**	43,966
Debt securities in issue	**234**	257
Short positions		
Central and local government		
- UK	**1,504**	2,680
- US	**1,161**	1,677
- Other	**4,137**	4,755
Financial institutions and Corporate	**702**	1,379
Total short positions	**7,504**	10,491
Total	**49,022**	54,714

Notes to the consolidated financial statements continued

13 Derivatives

Derivative is a term covering a wide range of financial instruments that derive their fair value from an underlying rate or price, for example interest rates or exchange rates (the underlying). NatWest Group uses derivatives as a part of its trading activities, to manage its own risks such as interest rate, foreign exchange, or credit risk and in certain customer transactions. This note shows contracted volumes of derivatives, how they are used for hedging purposes and the effects of the application of hedge accounting.

For accounting policy information refer to Accounting policies 3.8 and 3.11.

	Notional			Asset			Liability		
	Traded on recognised exchanges	Traded over the counter	Total	Traded on recognised exchanges	Traded over the counter	Total	Traded on recognised exchanges	Traded over the counter	Total
2025	**£bn**	**£bn**	**£bn**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Interest rate	**794**	**10,294**	**11,088**	**4**	**32,738**	**32,742**	**-**	**26,758**	**26,758**
- *Swaps*	***-***	***7,938***	***7,938***	***-***	***25,700***	***25,700***	***-***	***19,685***	***19,685***
- *Options*	***324***	***1,105***	***1,429***	***4***	***7,038***	***7,042***	***-***	***7,073***	***7,073***
- *Forwards and futures*	***470***	***1,251***	***1,721***	***-***	***-***	***-***	***-***	***-***	***-***
Exchange rate	**1**	**3,413**	**3,414**	**-**	**27,981**	**27,981**	**12**	**27,030**	**27,042**
- *Swaps*	***-***	***456***	***456***	***-***	***4,978***	***4,978***	***-***	***4,417***	***4,417***
- *Options*	***1***	***727***	***728***	***-***	***4,422***	***4,422***	***12***	***4,474***	***4,486***
- *Spot, forwards and futures*	***-***	***2,230***	***2,230***	***-***	***18,581***	***18,581***	***-***	***18,139***	***18,139***
Credit	**-**	**15**	**15**	**-**	**66**	**66**	**-**	**174**	**174**
Equity and commodity	**-**	**2**	**2**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**795**	**13,724**	**14,519**	**4**	**60,785**	**60,789**	**12**	**53,962**	**53,974**
2024									
Interest rate	1,066	9,267	10,333	20	37,479	37,499	2	31,530	31,532
- *Swaps*	*-*	*7,015*	*7,015*	*-*	*28,960*	*28,960*	*-*	*23,138*	*23,138*
- *Options*	*736*	*1,490*	*2,226*	*20*	*8,519*	*8,539*	*2*	*8,392*	*8,394*
- *Forwards and futures*	*330*	*762*	*1,092*	*-*	*-*	*-*	*-*	*-*	*-*
Exchange rate	1	3,278	3,279	6	40,791	40,797	15	40,291	40,306
- *Swaps*	*-*	*454*	*454*	*-*	*8,450*	*8,450*	*-*	*8,195*	*8,195*
- *Options*	*1*	*851*	*852*	*6*	*5,385*	*5,391*	*15*	*5,561*	*5,576*
- *Spot, forwards and futures*	*-*	*1,973*	*1,973*	*-*	*26,956*	*26,956*	*-*	*26,535*	*26,535*
Credit	-	14	14	-	110	110	-	244	244
Equity and commodity	-	2	2	-	-	-	-	-	-
Total	1,067	12,561	13,628	26	78,380	78,406	17	72,065	72,082

Included in the table above is the notional amount of £8,768 billion (2024 - £7,321 billion) of interest rate derivatives that are traded over the counter and settled through central clearing counterparties. NatWest Group has no other type of derivatives that are settled through central counterparties.

Notes to the consolidated financial statements continued

13 Derivatives continued

Hedge accounting using derivatives

NatWest Group applies hedge accounting to reduce the accounting mismatch caused in the income statement by using derivatives to hedge the following risks: interest rate, foreign exchange and the foreign exchange risk associated with net investment in foreign operations.

NatWest Group's interest rate hedging relates to the management of NatWest Group's non-trading structural interest rate risk, caused by the mismatch between fixed interest rates and floating interest rates on its financial instruments. NatWest Group manages this risk within approved limits. Residual risk positions are hedged with derivatives, principally interest rate swaps.

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest payments and receipts due to the movement of interest rates on forecast transactions and on financial assets and financial liabilities. This variability in cash flows is hedged by interest rate swaps, which convert variable cash flows into fixed. For these cash flow hedge relationships, the hedged items are actual and forecast variable interest rate cash flows arising from financial assets and financial liabilities with interest rates linked to the relevant interest rates, most notably SOFR, EURIBOR, the European Central Bank deposit rate, SONIA and the Bank of England Official Bank Rate. The variability in cash flows due to movements in the relevant interest rate is hedged; this risk component is identified using the risk management systems of NatWest Group and encompasses the majority of cash flow variability risk.

Suitable larger fixed rate financial instruments are subject to fair value hedging in line with documented risk management strategies.

Fair value hedges of interest rate risk involve interest rate swaps transforming the fixed interest rate risk in financial assets and financial liabilities to floating. The hedged risk is the risk of changes in the hedged item's fair value attributable to changes in the interest rate risk component of the hedged item. The significant interest rates identified as risk components are SOFR, EURIBOR, ESTR and SONIA. These risk components are identified using the risk management systems of NatWest Group and encompass the majority of the hedged item's fair value risk.

NatWest Group hedges the exchange rate risk of its net investment in foreign currency denominated operations with currency borrowings and forward foreign exchange contracts.

NatWest Group reviews the value of the investments' net assets, executing hedges where appropriate to reduce the sensitivity of capital ratios to foreign exchange rate movement. Hedge accounting relationships will be designated where required.

Exchange rate risk also arises in NatWest Group where payments are denominated in currencies other than the functional currency. Residual risk positions are hedged with foreign exchange derivatives, fixing the exchange rate the payments will be settled in. The derivatives are documented as cash flow hedges.

For all cash flow hedging, fair value hedge relationships and net investment hedging, NatWest Group determines that there is an economic relationship between the hedged item and hedging instrument via assessing the initial and ongoing effectiveness by comparing movements in the fair value of the expected highly probable forecast interest cash flows/ fair value of the hedged item attributable to the hedged risk with movements in the fair value of the expected changes in cash flows from the hedging instrument. The method used for comparing movements is either regression testing, or the dollar offset method. The method for testing effectiveness and the period over which the test is performed depends on the applicable risk management strategy and is applied consistently to each risk management strategy. Hedge effectiveness is assessed on a cumulative basis and the determination of effectiveness is in line with the requirements of IAS 39.

NatWest Group uses either the actual ratio between the hedged item and hedging instrument(s) or one that minimises hedge ineffectiveness to establish the hedge ratio for hedge accounting. Hedge ineffectiveness is measured in line with the requirements of IAS 39 and recognised in the income statement as it arises.

Notes to the consolidated financial statements continued

13 Derivatives continued

Derivatives in hedge accounting relationships

Included in the table below are derivatives held for hedging purposes as follows.

	2025				2024			
	Notional	Assets	Liabilities	Changes in fair value used for hedge ineffectiveness (1)	Notional	Assets	Liabilities	Changes in fair value used for hedge ineffectiveness (1)
	£bn	£m	£m	£m	£bn	£m	£m	£m
Fair value hedging								
Interest rate contracts (2)	**92.7**	**829**	**1,256**	**522**	83.1	1,096	1,965	958
Cash flow hedging								
Interest rate contracts	**156.1**	**868**	**1,619**	**717**	167.9	1,424	3,300	581
Exchange rate contracts	**25.3**	**532**	**355**	**(3)**	14.4	116	457	1
Net investment hedging								
Exchange rate contracts (3)	**0.4**	**3**	**1**	**(10)**	0.3	2	1	9
	274.5	**2,232**	**3,231**	**1,226**	265.7	2,638	5,723	1,549
IFRS netting and clearing house settlements		**(1,697)**	**(2,875)**			(2,520)	(5,259)	
		535	**356**			118	464	

(1) The change in fair value used for hedge ineffectiveness includes instruments that were derecognised in the year.
(2) The hedged risk includes inflation risk.
(3) In addition to the derivative hedging instruments above, NatWest Group held notionals of £2,760 million (2024 - £3,144 million) of non-derivative hedging instruments with a carrying value of £2,776 million (2024 - £3,163 million), that were used in net investment hedges. The non-derivative instruments are other financial liabilities - debt securities in issue.

Hedge ineffectiveness

Hedge ineffectiveness recognised in other operating income comprises.

	2025	2024	2023
	£m	£m	£m
Fair value hedging			
Loss on hedged items attributable to the hedged risk	**(533)**	(954)	(364)
Gain on the hedging instruments	**522**	958	406
Fair value hedging ineffectiveness	**(11)**	4	42
Cash flow hedging			
Interest rate risk	**(5)**	(2)	10
Cash flow hedging ineffectiveness	**(5)**	(2)	10
Total	**(16)**	2	52

The main sources of ineffectiveness for interest rate risk hedge accounting relationships are:

- The effect of the counterparty credit risk on the fair value of the interest rate swap which is not reflected in the fair value of the hedged item attributable to the change in interest rate (fair value hedge);
- Differences in the repricing basis between the hedging instrument and hedged cash flows (cash flow hedge); and
- Upfront present values on the hedging derivatives where hedge accounting relationships have been designated after the trade date (cash flow hedge and fair value hedge).

Notes to the consolidated financial statements continued

13 Derivatives continued

Maturity of notional hedging contracts

The following table shows the period in which the notional of hedging contract ends.

2025	0-3 months £bn	3-12 months £bn	1-3 years £bn	3-5 years £bn	5-10 years £bn	Over 10 years £bn	Total £bn
Fair value hedging							
Interest rate risk (1)							
Hedging assets	**0.6**	**4.4**	**21.3**	**8.5**	**8.6**	**2.9**	**46.3**
Hedging liabilities	**1.4**	**4.4**	**14.9**	**20.5**	**4.7**	**0.5**	**46.4**
2024							
Fair value hedging							
Interest rate risk (1)							
Hedging assets	4.0	5.5	12.6	9.7	6.6	3.7	42.1
Hedging liabilities	0.8	4.3	14.2	15.5	5.7	0.5	41.0

2025							
Cash flow hedging							
Interest rate risk							
Hedging assets	**4.8**	**8.2**	**20.1**	**31.8**	**4.7**	**-**	**69.6**
Hedging liabilities	**10.7**	**18.0**	**52.0**	**4.6**	**0.8**	**0.4**	**86.5**
Exchange rate risk							
Hedging assets	**6.3**	**3.6**	**-**	**-**	**-**	**-**	**9.9**
Hedging liabilities	**-**	**2.7**	**4.5**	**8.2**	**-**	**-**	**15.4**
2024							
Cash flow hedging							
Interest rate risk							
Hedging assets	10.6	10.8	22.0	30.3	12.0	-	85.7
Hedging liabilities	2.5	17.1	50.7	10.1	1.4	0.4	82.2
Exchange rate risk							
Hedging assets	0.5	0.8	0.5	-	-	-	1.8
Hedging liabilities	3.1	2.5	3.7	3.3	-	-	12.6

(1) The hedged risk includes inflation risk.

Notes to the consolidated financial statements continued

13 Derivatives continued

Average fixed interest rates

The following table shows average fixed rate for cash flow hedges, interest rate risk.

2025	0-3 months %	3-12 months %	1-3 years %	3-5 years %	5-10 years %	Over 10 years %	Total %
Average fixed interest rate							
Hedging assets	**1.26**	**2.57**	**3.22**	**3.21**	**3.60**	**3.12**	**3.03**
Hedging liabilities	**4.37**	**3.78**	**3.63**	**3.67**	**3.71**	**4.18**	**3.75**
2024							
Average fixed interest rate							
Hedging assets	3.85	0.98	2.52	3.32	2.84	3.12	2.82
Hedging liabilities	4.34	4.76	3.97	3.09	3.64	4.18	4.03

Average foreign exchange rates

For cash flow hedging of exchange rate risk, the average foreign exchange rates applicable across the relationships were as below for the main currencies hedged.

	2025	2024
INR/GBP	**119.17**	109.07
USD/GBP	**1.32**	1.30
JPY/GBP	**195.35**	176.04
EUR/GBP	**1.14**	-
JPY/USD	**137.82**	130.79
NOK/USD	**9.21**	9.21
AUD/USD	**1.54**	1.49
CHF/USD	**0.88**	0.91
EUR/USD	**0.89**	0.91

Notes to the consolidated financial statements continued

13 Derivatives continued

Analysis of hedged items and related hedging instruments

The table below analyses assets and liabilities subject to hedging derivatives.

2025	Carrying value of hedged assets and liabilities £m	Impact on hedged items included in carrying value £m	Changes in fair value used as a basis to determine ineffectiveness (1) £m
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	**5,466**	**(368)**	**87**
Other financial assets - securities	**41,688**	**7**	**-**
Total (3)	**47,154**	**(361)**	**87**
Bank and customer deposits	**1,582**	**2**	**1**
Other financial liabilities - debt securities in issue (5)	**41,221**	**(277)**	**(501)**
Subordinated liabilities	**5,748**	**(105)**	**(120)**
Total	**48,551**	**(380)**	**(620)**
2024			
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	5,318	(478)	(182)
Other financial assets - securities	36,724	(29)	(347)
Total (3)	42,042	(507)	(529)
Bank and customer deposits	382	-	(3)
Other financial liabilities - debt securities in issue (5)	37,548	(784)	(315)
Subordinated liabilities	5,772	(244)	(107)
Total	43,702	(1,028)	(425)

For the notes to this table refer to the following page.

Notes to the consolidated financial statements continued

13 Derivatives continued

2025	Carrying value of hedged assets and liabilities £m	Changes in fair value used as a basis to determine ineffectiveness (1) £m
Cash flow hedging - interest rate		
Loans to banks and customers - amortised cost (4)	**68,660**	**(1,455)**
Other financial assets - securities	**982**	**(23)**
Total	**69,642**	**(1,478)**
Bank and customer deposits	**86,285**	**756**
Other financial liabilities - debt securities in issue	**156**	**-**
Total	**86,441**	**756**
Cash flow hedging - exchange rate		
Loans to banks and customers - amortised cost (4)	**7,269**	**-**
Other financial assets - securities	**2,586**	**-**
Total	**9,855**	**-**
Other financial liabilities - debt securities in issue	**8,751**	**(2)**
Other	**210**	**5**
Total	**8,961**	**3**
2024		
Cash flow hedging - interest rate		
Loans to banks and customers - amortised cost (4)	84,065	(190)
Other financial assets - securities	1,625	(2)
Total	85,690	(192)
Bank and customer deposits	82,081	(391)
Other financial liabilities - debt securities in issue	149	-
Total	82,230	(391)
Cash flow hedging - exchange rate		
Loans to banks and customer - amortised cost (4)	223	-
Other financial assets - securities	1,598	-
Total	1,821	-
Other financial liabilities - debt securities in issue	8,279	(1)
Other	195	-
Total	8,474	(1)

(1) The change in fair value used for hedge ineffectiveness includes instruments that were derecognised in the year.
(2) The hedged risk includes inflation risk.
(3) Carrying values include £35 million (2024 - £46 million) adjustment for discontinued fair value hedges.
(4) Includes cash and balances at central banks.
(5) The carrying value include £4,759 million (2024 - £4,631 million) of debt securities held at amortised cost.

Notes to the consolidated financial statements continued

13 Derivatives continued

Analysis of cash flow and foreign exchange hedge reserve

The following table shows an analysis of the pre-tax cash flow hedge reserve and foreign exchange hedge reserve.

	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Continuing				
Interest rate risk	(598)	-	(1,564)	-
Foreign exchange risk	1	(50)	(6)	15
De-designated				
Interest rate risk	(438)	-	(437)	-
Foreign exchange risk	-	(699)	2	(663)
Total	(1,035)	(749)	(2,005)	(648)

	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Amount recognised in equity				
Interest rate risk	50	-	(931)	-
Foreign exchange risk	19	(92)	59	122
Total	69	(92)	(872)	122
Amount transferred from equity to earnings				
Interest rate risk to net interest income	912	-	1,562	-
Foreign exchange risk to net interest income	(21)	-	(73)	-
Foreign exchange risk to non interest income	-	(9)	-	19
Foreign exchange risk to operating expenses	8	-	5	-
Total	899	(9)	1,494	19

Notes to the consolidated financial statements continued

14 Loan impairment provisions

There is a risk that customers and counterparties fail to meet their contractual obligation to settle outstanding amounts, for which we hold expected credit losses (ECL). The calculation of ECL considers historical, current, and forward-looking information to determine the amount we do not expect to recover. It considers losses on both defaulted exposures and performing exposures that may default in future. ECL is recognised on drawn exposures, loans commitments, and contingent liabilities.

For accounting policy information refer to Accounting policy 2.3. Further disclosures on credit risk and information on ECL methodology are shown from page 187.

Loan exposure and impairment metrics

The table below summarises loans and credit impairment measures within the scope of IFRS 9 Expected credit loss framework.

	2025 £m	2024 £m
Loans - amortised cost and FVOCI (1,2)		
Stage 1	**386,651**	363,821
Stage 2	**38,582**	40,474
Stage 3	**4,683**	5,930
Of which: individual	***1,456***	*1,285*
Of which: collective	***3,227***	*4,645*
	429,916	410,225
ECL provisions (3)		
- Stage 1	**614**	598
- Stage 2	**796**	787
- Stage 3	**2,175**	2,040
Of which: individual	***598***	*451*
Of which: collective	***1,577***	*1,589*
	3,585	3,425
ECL provision coverage (4)		
- Stage 1 (%)	**0.16**	0.16
- Stage 2 (%)	**2.06**	1.94
- Stage 3 (%)	**46.44**	34.40
	0.83	0.83
Continuing operations		
Impairment (releases)/losses		
ECL charge (5)	**671**	359
Stage 1	**(204)**	(438)
Stage 2	**421**	360
Stage 3	**454**	437
Of which: individual	***188***	*192*
Of which: collective	***266***	*245*
Amounts written off	**579**	654
Of which: individual	***137***	*144*
Of which: collective	***442***	*510*

(1) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to Financial instruments within the scope of the IFRS 9 ECL framework for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling £84.1 billion (2024 – £91.8 billion) and debt securities of £78.4 billion (2024 – £62.4 billion).
(2) Includes loans to customers and banks.
(3) Includes £6 million (2024 - £4 million) related to assets classified as FVOCI and £0.1 billion (2024 - £0.1 billion) related to off-balance sheet exposures.
(4) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful coverage ratio.
(5) Includes a £6 million release (2024 - £12 million release) related to other financial assets, of which £1 million charge (2024 - £4 million release) related to assets classified as FVOCI; and £3 million charge (2024 - £5 million release) related to contingent liabilities.

14 Loan impairment provisions continued

Credit risk enhancement and mitigation

For information on Credit risk enhancement and mitigation held as security, refer to Risk and capital management – Credit risk enhancement and mitigation section.

Critical accounting policy: Loan impairment provisions

Accounting policy 2.3 sets out how the expected loss approach is applied. At 31 December 2025, impairment provisions amounted to £3,585 million (2024 - £3,425 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan was advanced. Such evidence includes changes in the credit rating of a borrower, the failure to make payments in accordance with the loan agreement, significant reduction in the value of any security, breach of limits or covenants, and observable data about relevant macroeconomic measures.

The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

The measurement of credit impairment under the IFRS expected loss model depends on management's assessment of any potential deterioration in the creditworthiness of the borrower, its modelling of expected performance and the application of economic forecasts. All three elements require judgements that are potentially significant to the estimate of impairment losses. For further information and sensitivity analysis, refer to Risk and capital management – Measurement uncertainty and ECL sensitivity analysis section.

IFRS 9 models

Refer to Credit risk – IFRS 9 models section for further details.

Approach for multiple economic scenarios (MES)

The base scenario plays a greater part in the calculation of ECL than the approach to MES. Refer to Credit risk – Economic loss drivers - Probability weightings of scenarios section for further details.

Notes to the consolidated financial statements continued

15 Other financial assets

Other financial assets consist of debt securities, equity shares and loans that are not held for trading. Balances consist of local and central government securities, a part of NatWest Group's liquidity portfolio.

For accounting policy information refer to Accounting policy 3.8.

	Debt securities							
	Central and local government					Equity		
	UK	US	Other	Other debt	Total	shares	Loans	Total
2025	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Mandatory fair value through profit or loss	**-**	**-**	**-**	**631**	**631**	**1**	**409**	**1,041**
Designated at fair value	**-**	**-**	**-**	**3**	**3**	**-**	**-**	**3**
Fair value through other comprehensive income (1)	**14,117**	**5,128**	**6,403**	**16,241**	**41,889**	**121**	**158**	**42,168**
Amortised cost	**13,083**	**341**	**1,795**	**21,339**	**36,558**	**-**	**-**	**36,558**
Total	**27,200**	**5,469**	**8,198**	**38,214**	**79,081**	**122**	**567**	**79,770**
2024								
Mandatory fair value through profit or loss	-	-	-	1	1	4	793	798
Designated at fair value	-	-	2	3	5	-	-	5
Fair value through other comprehensive income (1)	13,281	4,587	6,192	13,476	37,536	247	60	37,843
Amortised cost	3,571	500	85	20,441	24,597	-	-	24,597
Total	16,852	5,087	6,279	33,921	62,139	251	853	63,243

(1) Upon initial recognition, NatWest Group occasionally irrevocably designates some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial instruments: presentation, are not held for trading or they are held for strategic purposes. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are not recycled to the income statement and dividends are recognised in profit or loss except when they represent a recovery of part of the cost of the instrument, in which case such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

There were no significant acquisitions of equity shared in either year.

NatWest Group disposed of equity shares in Visa Inc £16 million (2024: £62 million), Permanent TSB p.l.c of £109 million, and Vodeno £45 million.

Dividends received on FVOCI equity shares during 2025 includes £58 million from OTCDERIV LIMITED.

Notes to the consolidated financial statements continued

16 Intangible assets

Intangible assets, such as internally generated software and goodwill generated on business combinations, are not physical in nature. This note presents the cost of the assets, which is the amount NatWest Group initially paid or incurred, additions and disposals during the year, and any amortisation or impairment. Amortisation is a charge that reflects the usage of the asset and impairment is a reduction in value arising from specific events identified during the year.

For accounting policy information refer to Accounting policies 3.4 and 3.5.

	2025			2024		
	Goodwill	**Other (1)**	**Total**	Goodwill	Other (1)	Total
Cost	**£m**	**£m**	**£m**	£m	£m	£m
At 1 January	**10,086**	**4,782**	**14,868**	10,090	4,447	14,537
Currency translation and other adjustments	**-**	**59**	**59**	(4)	(65)	(69)
Acquisitions of companies and businesses	**-**	**-**	**-**	-	-	-
Additions	**-**	**617**	**617**	-	614	614
Disposals and write-off of fully amortised assets	**-**	**(9)**	**(9)**	-	(214)	(214)
Reclassifications to assets held for sale (2)	**(155)**	**(43)**	**(198)**	-	-	-
At 31 December	**9,931**	**5,406**	**15,337**	10,086	4,782	14,868
Accumulated amortisation and impairment						
At 1 January	**4,411**	**2,869**	**7,280**	4,410	2,513	6,923
Currency translation and other adjustments	**-**	**66**	**66**	-	(24)	(24)
Disposals and write-off of fully amortised assets	**-**	**(5)**	**(5)**	-	(201)	(201)
Impairment of intangible assets	**-**	**23**	**23**	1	20	21
Amortisation charge for the year	**-**	**689**	**689**	-	561	561
Reclassifications to assets held for sale (2)	**-**	**(8)**	**(8)**	-	-	-
At 31 December	**4,411**	**3,634**	**8,045**	4,411	2,869	7,280
Net book value at 31 December	**5,520**	**1,772**	**7,292**	5,675	1,913	7,588

(1) Principally consists of internally generated software.
(2) Being reclassification of goodwill associated with Cushon to assets held for sale.

Intangible assets and goodwill are reviewed for indicators of impairment. Intangible assets were impaired by £23 million in 2025 (2024 – £21 million).

NatWest Group's goodwill acquired in business combinations is reviewed for impairment annually at 31 December by cash-generating unit (CGU): 2025 - Retail Banking £2,607 million (2024 - £2,607 million), Ring-Fenced Bank Commercial & Institutional £2,604 million (2024 - £2,604 million), Other £309 million (2024 – £464 million). Our CGUs represent the smallest group of assets to which we have allocated goodwill and reflect the lowest level at which we monitor goodwill post acquisition. Analysis by reportable segment is in Note 4 Segmental analysis.

Impairment testing involves the comparison of the carrying value of each CGU with its recoverable amount. The carrying values of the segments reflect the equity allocations made by management, which are consistent with NatWest Group's capital targets. Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. Value in use is the present value of expected future cash flows from the CGU.

The recoverable amounts for all CGUs at 31 December 2025 were based on value in use, using management's latest five-year revenue and cost forecasts. These are discounted cash flow projections over five years. The forecast is then extrapolated in perpetuity using a long-term growth rate to compute a terminal value, which comprises the majority of the value in use. The long-term growth rates have been based on expected growth of the CGUs (2024 and 2025 – 1.4%). The 2025 pre-tax risk discount rates are informed by our view of the rates of relevant comparable companies using data from market brokers, our Capital Asset Pricing Model and the Warranted Equity Value method. Using the selected post-tax discount rate, the implied pre-tax discount rate is then determined for calculating the equivalent value in use figure. Pre-tax discount rates for the CGUs are: Retail Banking – 16% (2024 – 16%), Ring-Fenced Bank Commercial & Institutional and Private Banking & Wealth Management – 16.9% (2024 – 16%), RBS International – 16.7% (2024 – 14.6%).

Notes to the consolidated financial statements continued

17 Other assets

Other assets are non-financial assets and reflect a grouping of assets that are not large enough to present separately on the balance sheet.

	2025 £m	2024 £m
Interests in associates (1)	**753**	690
Property, plant and equipment (2)	**4,282**	3,967
Pension schemes in net surplus (Note 5)	**234**	190
Tax recoverable	**71**	7
Deferred tax (Note 7)	**1,252**	1,876
Assets of disposal groups	**229**	64
Other	**1,678**	1,602
Other assets	**8,499**	8,396

(1) Includes interest in Business Growth Fund £730 million (2024 - £678 million).
(2) The estimated useful lives of NatWest Group's property, plant and equipment are: freehold buildings and long leasehold 50 years, short leaseholds for unexpired period of lease, property adaptation costs 10 to 15 years, computer equipment up to 5 years and other equipment 4 to 15 years.

18 Other financial liabilities

Other financial liabilities consist of customer deposits designated at fair value and debt securities in issue.

For accounting policy information refer to Accounting policies 3.8 and 3.10.

	2025 £m	2024 £m
Customer deposits including repos	**2,312**	1,812
Debt securities in issue		
- MRELs	**25,441**	23,998
- Other medium term notes	**28,033**	22,087
- Commercial paper and certificates of deposit	**9,401**	11,266
- Covered bonds	**749**	749
- Securitisation	**1,663**	1,175
Total	**67,599**	61,087

Notes to the consolidated financial statements continued

19 Subordinated liabilities

Subordinated liabilities are debt securities that, in the event of winding up or bankruptcy, rank below other liabilities for interest payments and repayment.

For accounting policy information refer to Accounting policies 3.8 and 3.10.

	2025 £m	2024 £m
Dated loan capital	**5,983**	5,996
Undated loan capital	**21**	21
Preference shares	**119**	119
	6,123	6,136

Certain preference shares issued by the company are classified as liabilities; these securities remain subject to the capital maintenance rules of the Companies Act 2006.

Dated loan capital		First call date	Maturity date	Capital treatment	2025 £m	2024 £m
NatWest Group plc						
£1,000 million	3.622% notes	May-25	Aug-30	Tier 2	**-**	1,006
£1,000 million	2.105% notes	Aug-26	Nov-31	Tier 2	**1,002**	1,001
€1,000 million	3.723% notes	Feb-30	Feb-35	Tier 2	**898**	-
$1,000 million	6.475% notes	Mar-29	Jun-34	Tier 2	**746**	799
$850 million	3.032% notes	Aug-30	Nov-35	Tier 2	**547**	550
€750 million	1.043% notes	Jun-27	Sep-32	Tier 2	**656**	624
€700 million	5.763% notes	Nov-28	Feb-34	Tier 2	**640**	608
£650 million	7.416% notes	Mar-28	Jun-33	Tier 2	**655**	644
£600 million	5.642% notes	Oct-29	Oct-34	Tier 2	**605**	608
					5,749	5,840
Other subsidiaries						
€170 million	Floating rate notes	-	Feb-41	Not applicable	**237**	234
$150 million	7.125% notes	-	Oct-93	Not applicable	**17**	17
					6,003	6,091
Fair value hedging					**(20)**	(95)
					5,983	5,996

Notes to the consolidated financial statements continued

19 Subordinated liabilities continued

Undated loan capital		First call date	Maturity date	Capital treatment	2025 £m	2024 £m
Other subsidiaries						
£31 million	7.380% notes	-	-	Not applicable	**1**	1
£16 million	5.630% notes	Sep-26	-	Not applicable	**17**	17
£4.9 million	2.500% fixed notes	-	-	Not applicable	**3**	3
					21	21
Preference shares						
Other subsidiaries						
£140 million	Non-cumulative preference shares of £1	-	-	Not applicable	**119**	119
					119	119
Total					**6,123**	6,136

Notes to the consolidated financial statements continued

20 Other liabilities

Other liabilities are amounts due to third parties that are not financial liabilities, including lease liabilities held at amortised cost. Other liabilities represent, for example, amounts due for goods and services that have been received but not invoiced, tax due to HMRC, and retirement benefit liabilities. Liabilities which have a level of uncertainty regarding their timing or the future cost to settle them are included in other liabilities as provisions for liabilities and charges.

Other liabilities	2025 £m	2024 £m
Lease liabilities	535	630
Provisions for liabilities and charges	619	864
Retirement benefit liabilities (Note 5)	78	80
Accruals	1,350	1,353
Deferred income	422	394
Current tax	76	263
Deferred tax (Note 7)	104	99
Other liabilities (1)	842	918
Total	4,026	4,601

(1) Other liabilities include liabilities of disposal groups of £27 million (2024 - nil).

Provisions for liabilities and charges

	Customer redress £m	Litigation and other regulatory £m	Property £m	Commitments and guarantees £m	Other (1) £m	Total £m
At 1 January 2025	420	128	90	55	171	864
Expected credit loss impairment release	-	-	-	3	-	3
Currency translation and other movements	1	(7)	-	-	3	(3)
Charge to income statement	78	39	26	-	220	363
Release to income statement	(42)	(50)	(24)	-	(46)	(162)
Provisions utilised	(175)	(46)	(19)	-	(206)	(446)
At 31 December 2025	282	64	73	58	142	619

(1) Other materially comprises provisions for restructuring costs and provision for Bank of England Levy.

Provisions are liabilities of uncertain timing or amount and are recognised when there is a present obligation as a result of a past event, the outflow of economic benefit is probable and the outflow can be estimated reliably. Any difference between the final outcome and the amounts provided will affect the reported results in the period when the matter is resolved.

For accounting policy information refer to Accounting policy 3.12.

Background information on all material provisions is given in Note 25.

Notes to the consolidated financial statements continued

21 Share capital and other equity

Share capital consists of ordinary shares and preference shares and is measured as the number of shares allotted and fully paid, multiplied by the nominal value of a share. Other equity includes paid-in equity, merger reserve, capital redemption reserve and own shares held.

For accounting policy information refer to Accounting policy 3.10.

			Number of shares	
	2025	2024	2025	2024
Allotted, called up and fully paid	£m	£m	000s	000s
Ordinary shares of £1.0769 (1)	**8,860**	8,972	**8,227,042**	8,331,145
Cumulative preference shares of £1	**0.5**	0.5	**483.0**	483.0

(1) The nominal value of ordinary shares without rounding is £1.076923076923077 per share.

		Number of shares
Movement in allotted, called up and fully paid ordinary shares	£m	000s
At 31 December 2023	**9,683**	**8,991,737**
Share cancellation	**(711)**	**(660,592)**
At 31 December 2024	**8,972**	**8,331,145**
Share cancellation	**(112)**	**(104,103)**
At 31 December 2025	**8,860**	**8,227,042**

Ordinary shares

There is no authorised share capital under the company's constitution. At 31 December 2025, the directors had authority granted at the 2025 Annual General Meeting (AGM) to issue up to £435 million nominal of ordinary shares other than by pre-emption to existing shareholders.

On-market purchases

At the AGM in 2025, shareholders renewed the authority (2025 Authority) for the company to make on-market purchases of up to 807,750,182 ordinary shares. The directors used the 2025 Authority to carry out a share buyback programme (the 2025 Programme) of up to £750 million, as announced to the market on 28 July 2025.

The 2025 Programme started on 28 July 2025 and will end no later than 13 February 2026, provided that the term of the 2025 Programme may be extended to end no later than 13 March 2026 to account for any days where usual trading has not been possible because of market events during the term of the 2025 Programme.

As at 31 December 2025, 104,103,117 ordinary shares (nominal value £112,111,049) have been purchased by the company under the 2025 Programme at a volume weighted average price of 551.8173 pence per ordinary share for a total consideration of £574,458,965. All of the purchased ordinary shares were cancelled, representing 1.27% of the company's issued ordinary share capital.

Off-market purchases

The authority from shareholders to make off-market purchases of ordinary shares from HMT (or its nominee) was renewed at the 2025 AGM.

The company did not make any off-market purchases under this authority in 2025.

Dividends

In 2025 NatWest Group paid an interim dividend of £768 million, or 9.5 pence per ordinary share (2024 – £498 million, or 6 pence per ordinary share).

The company has announced that the directors have recommended a final dividend of £1.8 billion, or 23.0 pence per ordinary share (2024 – £1.2 billion, or 15.5 pence per ordinary share). The final dividend recommended by directors is subject to shareholders' approval at the AGM on 28 April 2026. If approved, payment will be made on 5 May 2026 to shareholders on the register at the close of business on 20 March 2026. The ex-dividend date will be 19 March 2026.

Cumulative preference shares

At the AGM in 2025, shareholders renewed the authority for the company to make an off-market purchase of its preference shares. Shareholders will be asked to renew the authority at the AGM in 2026.

Notes to the consolidated financial statements continued

21 Share capital and other equity continued

Other equity

	2025 £m	2024 £m	2023 £m
Additional Tier 1 notes			
$1.15 billion 8.000% notes callable August 2025	-	736	735
$1.50 billion 6.000% notes callable December 2025 - June 2026	-	1,220	1,220
£1.00 billion 5.125% notes callable May - November 2027 (1)	998	998	998
£0.40 billion 4.5% notes callable March 2028 (2)	399	399	399
$0.75 billion 4.6% notes callable June 2031 (3)	539	539	538
£0.75 billion 7.50% notes callable February 2032 (4)	748	-	-
$1.00 billion 8.125% notes callable November 2033 (5)	798	798	-
$0.75 billion 7.3% notes callable November 2034 (6)	590	590	-
£0.50 billion 7.625% notes callable February 2035 (7)	499	-	-
	4,571	5,280	3,890

(1) Issued in November 2020. In the event of conversion, converted into ordinary shares at a price of £1.764 per share.
(2) Issued in March 2021. In the event of conversion, converted into ordinary shares at a price of £1.764 per share.
(3) Issued in June 2021. In the event of conversion, converted into ordinary shares at a price of $2.462 (translated at applicable exchange rate) per share.
(4) Issued in March 2025. In the event of conversion, converted into ordinary shares at a price of £1.764 per share.
(5) Issued in May 2024. In the event of conversion, converted into ordinary shares at a price of $2.205 (translated at applicable exchange rate) per share.
(6) Issued in November 2024. In the event of conversion, converted into ordinary shares at a price of $2.226 (translated at applicable exchange rate) per share.
(7) Issued in September 2025. In the event of conversion, converted into ordinary shares at a price of £1.764 per share.

Paid-in equity - comprises equity instruments issued by the company other than those legally constituted as shares.

Additional Tier 1 instruments issued by NatWest Group plc having the legal form of debt are classified as equity under IFRS. The coupons on these instruments are non-cumulative and payable at the company's discretion. In the event NatWest Group's CET1 ratio falls below 7% any outstanding instruments will be converted into ordinary shares at a fixed price.

Capital recognised for regulatory purposes cannot be redeemed without Prudential Regulation Authority consent. This includes ordinary shares, preference shares and Additional Tier 1 instruments.

Merger reserve - the merger reserve comprises the premium on shares issued to acquire NatWest Bank Plc less goodwill amortisation charged under previous GAAP.

Capital redemption reserve - under UK companies legislation, when shares are redeemed or purchased wholly or partly out of the company's profits, the amount by which the company's issued share capital is diminished must be transferred to the capital redemption reserve. The capital maintenance provisions of UK companies legislation apply to the capital redemption reserve as if it were part of the company's paid up share capital. The nominal value of the shares bought back from market during 2025 and via the Programme during 2025 have been transferred to the Capital redemption reserve.

Own shares held - at 31 December 2025, 10 million ordinary shares of £1.0769 each of the company (2024 - 11 million) were held by employee share trusts in respect of share awards and options granted to employees.

During 2025, the employee share trusts purchased no ordinary shares and delivered 1 million ordinary shares in satisfaction of the exercise of options and the vesting of share awards under the employee share plans. The company retains the flexibility to use newly issued shares, shares purchased by the NatWest Group Employee Share Ownership Trust and any available treasury shares to satisfy obligations under its employee share plans.

The company does not use performance conditions or targets based on earnings per share (EPS), total shareholder return (TSR), and net asset value (NAV) in connection with its employee share plans.

The company has used a total of 56 million treasury shares in 2025 to satisfy the exercise of options and the vesting of share awards under the employee share plans. The balance of ordinary shares held in treasury as at 31 December 2025 was 221 million.

NatWest Group plc optimises capital efficiency by maintaining reserves in subsidiaries, including regulated entities. Certain preference shares and subordinated debt are also included within regulatory capital. The remittance of reserves to the company or the redemption of shares or subordinated capital by regulated entities may be subject to maintaining the capital resources required by the relevant regulator.

UK law prescribes that only the reserves of the company are taken into account for the purpose of making distributions and in determining permissible applications of the share premium account.

Notes to the consolidated financial statements continued

22 Structured entities

A structured entity (SE) is an entity that has been designed such that voting or similar rights are not the dominant factor in deciding who controls the entity, for example, when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. SEs are usually established for a specific, limited purpose. They do not carry out a business or trade and typically have no employees.

Securitisations

In a securitisation, assets, or interests in a pool of assets, are transferred, or the credit risk is transferred via a derivative or financial guarantee to a SE which then issues liabilities to third party investors.

NatWest Group's involvement in client securitisations takes a number of forms. It may provide secured finance to, or purchase asset-backed notes from, client sponsored SEs secured on assets transferred by the client entity; purchase asset backed securities issued by client sponsored SEs in the primary or secondary markets; or provide liquidity facilities to client sponsored SEs. In addition, NatWest Group arranges or acts as lead manager or placement agent in client primary markets securitisations. NatWest Group provides portfolio structured derivative hedging solutions to clients. NatWest Group undertakes own-asset securitisations to transfer the credit risk on portfolios of financial assets. In 2025 NatWest Group transacted an own-asset RMBS via a sponsored unconsolidated SE, resulting in £2.1 billion of residential mortgage assets being derecognised from the NatWest Group balance sheet.

Other credit risk transfer securitisations

NatWest Group transfers credit risk on originated loans and mortgages without the transfer of assets to a SE. As part of this, NatWest Group enters into credit derivative and financial guarantee contracts with consolidated SEs. At 31 December 2025, debt securities in issue by such SEs (and held by third parties) were £1,663 million (2024 - £1,175 million). The associated loans and mortgages at 31 December 2025 were £24,535 million (2024 - £13,226 million). At 31 December, ECL in relation to non - defaulted assets was reduced by £43 million (2024 - £43 million) as a result of financial guarantee contracts with consolidated SEs.

Covered debt programme

Group companies have assigned loans to customers and debt investments to bankruptcy remote limited liability partnerships to provide security for issues of debt securities. NatWest Group retains all of the risks and rewards of these assets and continues to recognise them. The partnerships are consolidated by NatWest Group and the related covered bonds included within other financial liabilities. At 31 December 2025, £8,278 million (2024 - £9,668 million) of loans to customers provided security for debt securities in issue and other borrowing of £2,935 million (2024 - £2,305 million).

Lending of own issued securities

Where the NatWest Group issues and retains debt securities it does not recognise them. From time to time the NatWest Group issues, retains, and lends debt securities under bespoke securities lending and repurchase financing arrangements. Under standard terms in the UK and US markets, the recipient has an unrestricted right to sell or repledge collateral, subject to returning equivalent securities on maturity of the transaction. NatWest Group retains all of the risks and rewards of own issued liabilities lent or sold under such arrangements and, where the ability of the recipient to sell or pledge the asset is restricted under a bespoke arrangement, does not recognise them. At 31 December 2025, £4,580 million (2024 - £4,715 million) of secured own issued liabilities have been retained and lent under securities lending and repurchase financing arrangements, total retained secured own issued liabilities £8,156 million (2024 - £6,956 million).

At 31 December 2025, £5,071 million (2024 - £4,878 million) of loans and other debt instruments provided security for secured own issued liabilities that have been retained and lent under securities lending and repurchase financing arrangements, total loans and other debt instruments providing security for retained secured own issued liabilities £10,872 million (2024 - £10,770 million).

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to structured entities not controlled by NatWest Group, and which are established either by NatWest Group or a third party. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns for NatWest Group arising from the performance of the entity. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to NatWest Group, provision of lending and loan commitments, financial guarantees and investment management agreements. NatWest Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. Structured entities may take the form of funds, trusts, partnerships, securitisation vehicles, and private investment companies. NatWest Group considers itself to be the sponsor of a structured entity where it is primarily involved in the set up and design of the entity and where NatWest Group transfers assets to the entity, markets products associated with the entity in its own name, and/or provides guarantees in relation to the performance of the entity. The nature and extent of NatWest Group's interests in unconsolidated structured entities is summarised in the following table:

	2025			2024		
	Asset-backed securitisation vehicles	Investment funds and other	Total	Asset-backed securitisation vehicles	Investment funds and other	Total
	£m	£m	£m	£m	£m	£m
Assets						
Trading assets	122	28	150	252	216	468
Derivatives	96	-	96	94	-	94
Loans to customers	7,471	1,736	9,207	5,399	1,601	7,000
Other financial assets	17,504	723	18,227	15,744	923	16,667
Total	25,193	2,487	27,680	21,489	2,740	24,229
Liabilities						
Derivatives	82	2	84	153	8	161
Total	82	2	84	153	8	161
Off balance sheet						
Liquidity facilities/loan commitments	2,374	416	2,790	2,134	457	2,591
Guarantees	-	546	546	-	104	104
Total	2,374	962	3,336	2,134	561	2,695
Maximum exposure	27,485	3,447	30,932	23,470	3,293	26,763

Notes to the consolidated financial statements continued

23 Asset transfers and collateral received

This note provides an overview of assets that have been transferred but where the NatWest Group retains substantially all the risks and rewards of the transferred assets and therefore continues to recognize them on balance sheet. This note also provides an overview of collateral received by NatWest Group, which the Group is permitted to sell or re-pledge.

Transfers that do not qualify for derecognition

NatWest Group enters into securities repurchase, lending and total return transactions in accordance with normal market practice which includes the provision of additional collateral if necessary. Under standard terms in the UK and US markets, the recipient has an unrestricted right to sell or repledge collateral, subject to returning equivalent securities on settlement of the transaction.

Securities sold under repurchase transactions and transactions with the substance of securities repurchase agreements are not derecognised if NatWest Group retains substantially all the risks and rewards of ownership. The fair value (and carrying value) of securities transferred under such transactions included on the balance sheet are set out below. All of these securities could be sold or repledged by the holder.

The following assets have failed derecognition (1)	2025 £m	2024 £m
Trading assets	**8,210**	7,708
Loans to bank - amortised cost	**29**	70
Loans to customers - amortised cost	**110**	45
Other financial assets	**19,854**	13,174
Total	**28,203**	20,997

(1) Associated liabilities were £27,478 million (2024 – £20,394 million).

Assets pledged as collateral

NatWest Group pledges collateral with its counterparties in respect of derivative liabilities, bank and stock borrowings and other transactions. Under standard arrangements the counterparty has the right to sell or repledge the collateral. Where the NatWest Group retains exposure to the significant risks and rewards of the transferred collateral it is not derecognised from the NatWest Group balance sheet and continues to be disclosed within either Trading Assets, Loans to Customers or Other Financial Assets.

Assets pledged against liabilities	2025 £m	2024 £m
Trading assets	**7,894**	10,288
Loans to customers - amortised cost	**16,052**	19,030
Other financial assets (1)	**5,648**	4,451
Total	**29,594**	33,769

(1) Includes assets pledged for pension derivatives and £524 million of debt securities under the continuing control of NWB Plc. This follows the agreement between NWB Plc and the Group Pension Fund to establish a bankruptcy remote reservoir trust to hold these assets. Refer to Note 5 for additional information.

As part of the covered debt programme £8,278 million of loans to customers and other debt instruments (2024 – £9,668 million) have been transferred to bankruptcy remote limited liability partnerships within the NatWest Group to provide collateral for issuances of debt securities and other borrowings by the NatWest Group of £2,935 million (2024 – £2,305 million). Refer to Note 22.

Collateral received

The fair value of assets accepted as collateral relating primarily to standard securities lending, reverse repurchase agreements, swaps of securities and derivatives margining that NatWest Group is permitted to sell or repledge in the absence of default was £113,866 million (2024: £110,151 million).The fair value of any such collateral sold or repledged was £70,284 million (2024: £61,530 million).

NatWest Group is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard securities lending, reverse repurchase agreements, swaps of securities and derivative margining.

Notes to the consolidated financial statements continued

24 Capital resources

NatWest Group's regulatory capital is assessed against minimum requirements that are set out under the UK Capital Requirements Regulation to determine the strength of its capital base. This note shows a reconciliation of shareholders' equity to regulatory capital.

	2025 £m	2024 £m
Shareholders' equity (excluding non-controlling interests)		
Shareholders' equity	**42,599**	39,350
Other equity instruments	**(4,571)**	(5,280)
	38,028	34,070
Regulatory adjustments and deductions		
Own credit	**42**	28
Defined benefit pension fund adjustment	**(187)**	(147)
Cash flow hedging reserve	**752**	1,443
Deferred tax assets	**(804)**	(1,084)
Prudential valuation adjustments	**(167)**	(230)
Goodwill and other intangible assets	**(7,386)**	(7,544)
Expected loss less impairment	**(89)**	(27)
Foreseeable ordinary dividends	**(1,837)**	(1,249)
Adjustment for trust assets (1)	**(365)**	(365)
Foreseeable charges (2)	**(921)**	-
Adjustment under IFRS 9 transitional arrangements	**-**	33
	(10,962)	(9,142)
CET1 capital	**27,066**	24,928
Additional Tier 1 (AT1) capital		
Qualifying instruments and related share premium	**4,555**	5,259
AT1 capital	**4,555**	5,259
Tier 1 capital	**31,621**	30,187
Qualifying Tier 2 capital		
Qualifying instruments and related share premium	**5,754**	5,918
Tier 2 capital	**5,754**	5,918
Total regulatory capital	**37,375**	36,105

(1) Prudent deduction in respect of agreement with the pension fund to establish legal structure to remove dividend linked contribution. Refer to Notes 5 and 32.
(2) For December 2025, the foreseeable charge of £921 million relates to share buybacks (£750 million relating to FY 2025, £171 million relating to H1 2025).

It is NatWest Group policy to maintain a strong capital base, to expand it as appropriate and to utilise it efficiently throughout its activities to optimise the return to shareholders while maintaining a prudent relationship between the capital base and the underlying risks of the business. In carrying out this policy, NatWest Group has regard to the supervisory requirements of the PRA. The PRA uses capital ratios as a measure of capital adequacy in the UK banking sector, comparing a bank's capital resources with its risk-weighted assets (the assets and off-balance sheet exposures are weighted to reflect the inherent credit and other risks); by international agreement, the Pillar 1 capital ratios should be not less than 8% with a Common Equity Tier 1 component of not less than 4.5%. NatWest Group has complied with the PRA's capital requirements throughout the year.

A number of subsidiaries and sub-groups within NatWest Group, principally banking entities, are subject to various individual regulatory capital requirements in the UK and overseas. Furthermore, the payment of dividends by subsidiaries and the ability of members of NatWest Group to lend money to other members of NatWest Group may be subject to restrictions such as local regulatory or legal requirements, the availability of reserves and financial and operating performance.

Notes to the consolidated financial statements continued

25 Memorandum items

Contingent liabilities and commitments

NatWest Group provides its customers with a variety of services to support their businesses, such as guarantees. These are reported as commitments. Contingent liabilities are possible obligations dependent on a future event or present obligations which are either not probable or cannot be measured reliably.

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2025. Although NatWest Group is exposed to credit risk in the event of a customer's failure to meet its obligations, the amounts shown do not, and are not intended to, provide any indication of NatWest Group's expectation of future losses.

	2025 £m	2024 £m
Contingent liabilities and commitments		
Guarantees	**2,810**	3,060
Other contingent liabilities	**1,548**	1,496
Standby facilities, credit lines and other commitments	**142,765**	135,405
Total	**147,123**	139,961

Banking commitments and contingent obligations, which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. NatWest Group's maximum exposure to credit loss, in the event of its obligation crystallising and all counterclaims, collateral or security proving valueless, is represented by the contractual nominal amount of these instruments included in the table above. These commitments and contingent obligations are subject to NatWest Group's normal credit approval processes.

Guarantees – NatWest Group gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that NatWest Group will meet a customer's specified obligations to a third party if the customer fails to do so. The maximum amount that NatWest Group could be required to pay under a guarantee is its principal amount as disclosed in the table above. NatWest Group expects most guarantees it provides to expire unused.

Other contingent liabilities - these include standby letters of credit, supporting customer debt issues and contingent liabilities relating to customer trading activities such as those arising from performance and customs bonds, warranties and indemnities.

Standby facilities and credit lines - under a loan commitment, NatWest Group agrees to make funds available to a customer in the future. Loan commitments, which are usually for a specified term, may be unconditionally cancellable or may persist, provided all conditions in the loan facility are satisfied or waived. Commitments to lend include commercial standby facilities and credit lines, liquidity facilities to commercial paper conduits and unutilised overdraft facilities.

Other commitments - these include documentary credits, which are commercial letters of credit providing for payment by NatWest Group to a named beneficiary against presentation of specified documents, forward asset purchases, forward deposits placed and undrawn note issuance and revolving underwriting facilities, and other short-term trade related transactions.

Contractual obligations for future expenditure not provided for in the accounts

The following table shows contractual obligations for future expenditure not provided for in the accounts at the year end.

	2025 £m	2024 £m
Capital expenditure on property, plant and equipment	**12**	14
Contracts to purchase goods or services (1)	**1,188**	1,160
	1,200	1,174

(1) Of which due within 1 year: £477 million (2024 – £356 million).

Trustee and other fiduciary activities

In its capacity as trustee or other fiduciary role, NatWest Group may hold or place assets on behalf of individuals, trusts, companies, pension schemes and others. The assets and their income are not included in NatWest Group's financial statements. NatWest Group earned fee income of £339 million (2024 - £302 million; 2023 - £264 million) from these activities.

The Financial Services Compensation Scheme

The Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort for customers of authorised financial services firms, pays compensation if a firm is unable to meet its obligations. The FSCS funds compensation for customers by raising management expenses levies and compensation levies on the industry. In relation to protected deposits, each deposit-taking institution contributes towards these levies in proportion to their share of total protected deposits on 31 December of the year preceding the scheme year (which runs from 1 April to 31 March), subject to annual maxima set by the Prudential Regulation Authority. In addition, the FSCS has the power to raise levies on a firm that has ceased to participate in the scheme and is in the process of ceasing to be authorised for the costs that it would have been liable to pay had the FSCS made a levy in the financial year it ceased to be a participant in the scheme.

Notes to the consolidated financial statements continued

25 Memorandum items continued

Litigation and regulatory matters

NatWest Group plc and certain members of NatWest Group are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the United Kingdom (UK), the United States (US), the European Union (EU) and other jurisdictions.

NatWest Group recognises a provision for a liability in relation to these Matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

In many of the Matters, it is not possible to determine whether any loss is probable, or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and regulatory matters or as a result of adverse impacts or restrictions on NatWest Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the probability of a liability, if any, arising can reasonably be estimated in respect of any Matter.

NatWest Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for Matters that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

There are situations where NatWest Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending or contesting Matters, even for those for which NatWest Group believes it has credible defences and should prevail on the merits. The uncertainties inherent in all Matters affect the amount and timing of any potential economic outflows for both Matters with respect to which provisions have been established and other contingent liabilities in respect of any such Matter.

It is not practicable to provide an aggregate estimate of potential liability for our Matters as a class of contingent liabilities.

The future economic outflow in respect of any Matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NatWest Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised. NatWest Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NatWest Group will be necessary, in amounts that are expected to be substantial in some instances. Refer to Note 20 for information on material provisions.

Matters which are, or could be, material, either individually or in aggregate, having regard to NatWest Group, considered as a whole, in which NatWest Group is currently involved are set out below. We have provided information on the procedural history of certain Matters, where we believe appropriate, to aid the understanding of the Matter.

For a discussion of certain risks associated with NatWest Group's litigation and regulatory matters (including the Matters), refer to the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 417 to 419.

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

NatWest Group plc and certain other members of NatWest Group, including NWM Plc, are defendants in a number of claims pending in the United States District Court for the Southern District of New York (SDNY) with respect to the setting of USD LIBOR. The complainants allege that certain members of NatWest Group and other panel banks violated various federal laws, including the US commodities and antitrust laws, and state statutory and common law, as well as contracts, by manipulating LIBOR and prices of LIBOR-based derivatives in various markets through various means.

The co-ordinated proceeding in the SDNY relating to USD LIBOR now includes one remaining class action, which is on behalf of persons who purchased LIBOR-linked instruments from defendants and bonds issued by defendants, as well as two non-class actions.

On 25 September 2025, the SDNY granted summary judgment to the defendants on the issue of liability and dismissed all claims in both the class action and the non-class actions. The decision is being appealed in the United States Court of Appeals for the Second Circuit (US Court of Appeals).

In addition to the USD LIBOR cases described above, there is a class action relating to derivatives allegedly tied to JPY LIBOR and Euroyen TIBOR, which was dismissed by the SDNY in relation to NWM Plc and other NatWest Group companies in September 2021. That dismissal is now the subject of an appeal to the US Court of Appeals.

Two other IBOR-related class actions involving NWM Plc, concerning alleged manipulation of Euribor and Pound Sterling LIBOR, were previously dismissed by the SDNY for various reasons.

On 22 August 2025, the US Court of Appeals reversed the SDNY's decision in the Euribor case, reinstating claims against NWM plc. That case has therefore returned to the SDNY for further proceedings.

On 15 September 2025, the US Court of Appeals affirmed the SDNY's dismissal of the Pound Sterling LIBOR case.

Foreign exchange litigation

NatWest Group plc, NWM Plc and/or NWMSI are defendants in several cases relating to NWM Plc's foreign exchange (FX) business.

Notes to the consolidated financial statements continued

25 Memorandum items continued

In May 2019, a cartel class action was filed in the Federal Court of Australia against NWM Plc and four other banks on behalf of persons who bought or sold currency through FX spots or forwards between 1 January 2008 and 15 October 2013 with a total transaction value exceeding AUD 0.5 million. The claimant has alleged that the banks, including NWM Plc, contravened Australian competition law by sharing information, coordinating conduct, widening spreads and manipulating FX rates for certain currency pairs during this period. NatWest Group plc and NWMSI have been named in the action as 'other cartel participants' but are not respondents.

In May 2025, NWM Plc executed an agreement to settle the claim in the Federal Court of Australia, which the court approved in August 2025. The settlement amount is covered in full by an existing provision.

In July and December 2019, two separate applications seeking opt-out collective proceedings orders were filed in the UK Competition Appeal Tribunal (CAT) against NatWest Group plc, NWM Plc and other banks. Both applications were brought on behalf of persons who, between 18 December 2007 and 31 January 2013, entered into a relevant FX spot or outright forward transaction in the European Economic Area with a relevant financial institution or on an electronic communications network.

In March 2022, the CAT declined to certify either application as collective proceedings on an opt-out basis. This decision was appealed by the applicants and was the subject of an application for judicial review.

The CAT, in its judgment, allowed the applicants three months in which to reformulate their claims as opt-in claims.

In its amended judgment in November 2023, the Court of Appeal allowed the appeal and decided that the claims should proceed on an opt-out basis. Separately, the court determined which of the two competing applicants can proceed as class representative and dismissed the application for judicial review of the CAT's decision. The other applicant has discontinued its claim and withdrawn from the proceedings. The banks sought permission to appeal the Court of Appeal decision directly to the UK Supreme Court, which was granted in April 2024. The appeal was heard in April 2025.

In December 2025, the UK Supreme Court reinstated the CAT's decision to refuse the application for a collective proceedings order on an opt-out basis.

Two motions to certify FX-related class actions were filed in the Tel Aviv District Court in Israel in September and October 2018 and were subsequently consolidated into one motion. The consolidated motion to certify, which names The Royal Bank of Scotland plc (now NWM Plc) and several other banks as defendants, was served on NWM Plc in May 2020.

The applicants sought the court's permission to amend their motions to certify the class actions. NWM Plc filed a motion challenging the permission granted by the court for the applicants to serve the consolidated motion outside the Israeli jurisdiction. That NWM Plc motion remains pending. In February 2024, NWM Plc executed an agreement to settle the claim, subject to court approval.

The settlement amount is covered in full by an existing provision.

In December 2021, a summons was served in the Netherlands against NatWest Group plc, NWM Plc and NWM N.V. by Stichting FX Claims on behalf of a number of parties, seeking declarations from the court concerning liability for anti-competitive FX market conduct described in decisions of the European Commission (EC) of 16 May 2019, along with unspecified damages. The claimant amended its claim to also refer to a 2 December 2021 decision by the EC, which described anti-competitive FX market conduct. NatWest Group plc, NWM Plc and other defendants contested the jurisdiction of the Dutch court.

In March 2023, the district court in Amsterdam accepted that it has jurisdiction to hear claims against NWM N.V. but refused jurisdiction to hear any claims against the other defendant banks (including NatWest Group plc and NWM Plc) brought on behalf of the parties represented by the claimant that are domiciled outside of the Netherlands. The claimant is appealing that decision.

The defendant banks have brought cross-appeals which seek a ruling that the Dutch court has no jurisdiction to hear any claims against the defendant banks domiciled outside of the Netherlands, irrespective of whether the claim has been brought on behalf of a party represented by the claimant that is domiciled within or outside of the Netherlands. The Amsterdam Court of Appeal has stayed these appeal proceedings until the Court of Justice of the European Union has answered preliminary questions that have been referred to it in another matter.

In September 2023, a second summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of a new group of parties. The claimant seeks declarations from the district court in Amsterdam concerning liability for anti-competitive FX market conduct described in the above referenced decisions of the EC of 16 May 2019 and 2 December 2021, along with unspecified damages. NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

In January 2025, a third summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of another new group of parties. The claimant seeks similar declarations from the district court in Amsterdam to those being sought in the above-mentioned claims, along with unspecified damages.

NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

Certain other foreign exchange transaction related claims have been or may be threatened. NatWest Group cannot predict whether all or any of these claims will be pursued.

25 Memorandum items continued

Swaps antitrust litigation

NWM Plc and other members of NatWest Group, including NatWest Group plc, as well as a number of other interest rate swap dealers, are defendants in several cases pending in the SDNY alleging violations of the US antitrust laws in the market for interest rate swaps. Three swap execution facilities (TeraExchange, Javelin, and trueEx) allege that they would have successfully established exchange-like trading of interest rate swaps if the defendants had not unlawfully conspired to prevent that from happening through boycotts and other means. Discovery is complete though expert discovery is ongoing.

In June 2021, a class action antitrust complaint was filed against a number of credit default swap dealers in New Mexico federal court on behalf of persons who, from 2005 onwards, settled credit default swaps in the United States by reference to the ISDA credit default swap auction protocol. The complaint alleges that the defendants conspired to manipulate that benchmark through various means in violation of the antitrust laws and the Commodity Exchange Act.

In May 2025, the US Court of Appeals affirmed a January 2024 decision by the SDNY which barred the plaintiffs in the New Mexico case from pursuing claims based on conduct occurring before 30 June 2014 on the ground that such claims were extinguished by a 2015 settlement agreement that resolved a prior class action relating to credit default swaps.

The case in New Mexico (which had been stayed pending the appeal of the SDNY's decision) has now resumed. The defendants have filed a motion to dismiss, which is pending.

Odd lot corporate bond trading antitrust litigation

On 2 September 2025, the SDNY dismissed the class action antitrust complaint alleging that, from August 2006 onwards, various securities dealers, including NWMSI, conspired artificially to widen spreads for odd lots of corporate bonds bought or sold in the United States secondary market and to boycott electronic trading platforms that would have allegedly promoted pricing competition in the market for such bonds. The plaintiffs did not appeal the SDNY's decision and the case is now closed.

Spoofing litigation

In December 2021, three substantially similar class actions complaints were filed in federal court in the United States against NWM Plc and NWMSI alleging Commodity Exchange Act and common law unjust enrichment claims arising from manipulative trading known as spoofing. The complaints refer to NWM Plc's December 2021 spoofing-related guilty plea (described below under "US investigations relating to fixed-income securities") and purport to assert claims on behalf of those who transacted in US Treasury securities and futures and options on US Treasury securities between 2008 and 2018.

In July 2022, the defendants filed a motion to dismiss these claims, which have been consolidated into one matter in the United States District Court for the Northern District of Illinois. The motion to dismiss remains pending.

Madoff

NWM N.V. was named as a defendant in two actions filed by the trustee for the bankrupt estates of Bernard L. Madoff and Bernard L. Madoff Investment Securities LLC, in bankruptcy court in New York, which together seek to clawback more than US$300 million (plus pre-judgment interest) that NWM N.V. allegedly received from certain Madoff feeder funds and certain swap counterparties.

The claims were previously dismissed, but as a result of an August 2021 decision by the US Court of Appeals, they are now proceeding in the discovery phase in the bankruptcy court, where they have been consolidated into one action.

Offshoring VAT assessments

HMRC, as part of an industry-wide review, issued protective tax assessments in 2018 against NatWest Group plc totalling £143 million relating to unpaid VAT in respect of the UK branches of two NatWest Group companies registered in India for the period from 1 January 2014 until 31 December 2017 inclusive. NatWest Group formally requested reconsideration by HMRC of their assessments, and this process was completed in November 2020. HMRC upheld their original decision and, as a result, NatWest Group plc lodged an appeal with the Tax Tribunal and an application for judicial review with the High Court of Justice of England and Wales, both in December 2020.

In order to lodge the appeal with the Tax Tribunal, NatWest Group plc was required to pay amounts totalling £153 million (including statutory interest) to HMRC in December 2020 and May 2022. The appeal and the application for judicial review were previously stayed behind a separate case involving another bank.

NatWest Group plc was informed in late 2024 that the other bank had settled its case with HMRC by agreement. NatWest Group plc is progressing its appeal before the Tax Tribunal in its own name. NatWest Group plc will also continue to review next steps relevant to the judicial review.

The amount of £153 million continues to be recognised as an asset that NatWest Group plc expects to recover. Since 1 January 2018, NatWest Group plc has paid VAT on intra-group supplies from the India-registered NatWest Group companies.

US Anti-Terrorism Act litigation

NWM N.V. and certain other financial institutions are defendants in several actions filed by a number of US nationals (or their estates, survivors, or heirs), most of whom are, or were, US military personnel who were killed or injured in attacks in Iraq between 2003 and 2011.

NWM Plc is also a defendant in some of these cases.

According to the plaintiffs' allegations, the defendants are liable for damages arising from the attacks because they allegedly conspired with and/or aided and abetted Iran and certain Iranian banks to assist Iran in transferring money to Hezbollah and the Iraqi terror cells that committed the attacks, in violation of the US Anti-Terrorism Act, by agreeing to engage in 'stripping' of transactions initiated by the Iranian banks so that the Iranian nexus to the transactions would not be detected.

Notes to the consolidated financial statements continued

25 Memorandum items continued

The first of these actions, alleging conspiracy claims but not aiding and abetting claims, was filed in the United States District Court for the Eastern District of New York in November 2014. In September 2019, the district court dismissed the case, finding that the claims were deficient for several reasons, including lack of sufficient allegations as to the alleged conspiracy and causation. In January 2023, the US Court of Appeals affirmed the district court's dismissal of this case.

On 30 September 2025, the district court denied a motion by the plaintiffs to re-open the case to assert aiding and abetting claims that they previously did not assert. Another action, filed in the SDNY in 2017, which asserted both conspiracy and aiding and abetting claims, was dismissed by the SDNY in March 2019 on similar grounds as the first case, but remains subject to appeal to the US Court of Appeals.

Other follow-on actions that are substantially similar to those described above are pending in the same courts.

1MDB litigation

A Malaysian court claim was served in Switzerland in November 2022 by 1MDB, a sovereign wealth fund, in which Coutts & Co Ltd was named, along with six others, as a defendant in respect of losses allegedly incurred by 1MDB.

It is claimed that Coutts & Co Ltd is liable as a constructive trustee for having dishonestly assisted the directors of 1MDB in the breach of their fiduciary duties by failing (amongst other alleged claims) to undertake due diligence in relation to a customer of Coutts & Co Ltd, through which funds totalling c.US$1 billion were received and paid out between 2009 and 2011. 1MDB sought the return of that amount plus interest.

Coutts & Co Ltd filed an application in January 2023 challenging the validity of service and the Malaysian court's jurisdiction to hear the claim, and a hearing took place in February 2024. In March 2024, the court granted that application. 1MDB appealed that decision and a prior decision by the court not to allow them to discontinue their claim. Both appeals were scheduled to be heard in November 2025 but did not progress as 1MDB withdrew their appeal and discontinued the claim.

Coutts & Co Ltd (a subsidiary of RBS Netherlands Holdings B.V., which in turn is a subsidiary of NWM Plc) is a company registered in Switzerland and is in wind-down following the announced sale of its business assets in 2015.

Oracle Securities Litigation

On 14 January 2026, a class action complaint was filed in New York state court against Oracle Corporation and the underwriters of a September 2025 bond offering by Oracle, including NWMSI. The complaint alleges that the offering documents for the bonds were materially misleading because they failed to disclose that, at the time of the bond offering, Oracle was already planning to further increase its debt to fund its Artificial Intelligence infrastructure expansion.

The complaint seeks damages under the U.S. Securities Act of 1933 (the 'Securities Act'), as amended, on behalf of those who purchased Oracle's bonds. In connection with the bond offering, Oracle agreed to indemnify the underwriters against certain potential liabilities, including disclosure-based liability under the Securities Act.

Tandanor Litigation in Argentina

In October 2012, a claim was filed in the District Court of Buenos Aires by 'Argentina Talleres Navales Dársena Norte Sociedad Anónima Comercial, Industrial y Naviera' ("Tandanor") (a naval repair business) against what is now the Representative Office of The Royal Bank of Scotland NV, Argentine Branch (in liquidation) (the "Representative Office") and eleven private individuals. (The Representative Office inherited the claim from Banco Holandés Unido, Argentine Branch.) The claim, which was unquantified, sought damages for alleged fraudulent conduct during Tandanor's privatisation, which concluded in 1993. The Representative Office's participation in the privatisation was 2.9%. The Argentine Ministry of Defence joined Tandanor as a plaintiff in 2014.

The claim was dismissed on limitation grounds in 2018, and the plaintiffs were unsuccessful in subsequent appeals. In November 2024, however, the Argentine Supreme Court set the appealed judgments aside and, in June 2025, the Argentine Federal Court of Appeal returned the case to the Argentine Federal District Court for further consideration. In December 2025, the plaintiffs filed an update quantifying damages at USD 1.1 billion. The Representative Office continues to defend the claim and has requested a hearing.

Regulatory matters (including investigations and customer redress programmes)

NatWest Group's businesses and financial condition can be affected by the actions of various governmental and regulatory authorities in the UK, the US, the EU and elsewhere. NatWest Group has engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the UK, the US, the EU and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes. NatWest Group expects government and regulatory intervention in financial services to be high for the foreseeable future, including increased scrutiny from competition and other regulators in the retail and SME business sectors.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NatWest Group, remediation of systems and controls, public or private censure, restriction of NatWest Group's business activities and/or fines. Any of the events or circumstances mentioned in this paragraph or below could have a material adverse effect on NatWest Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it, or lead to material additional provisions being taken.

Notes to the consolidated financial statements continued

25 Memorandum items continued

NatWest Group is co-operating fully with the matters described below.

US investigations relating to fixed-income securities

In December 2021, NWM Plc pled guilty in the United States District Court for the District of Connecticut to one count of wire fraud and one count of securities fraud in connection with historical spoofing conduct by former employees in US Treasuries markets between January 2008 and May 2014 and, separately, during approximately three months in 2018. The 2018 trading occurred during the term of a non-prosecution agreement (NPA) between NWMSI and the United States Attorney's Office for the District of Connecticut (USAO CT), under which non-prosecution was conditioned on NWMSI and affiliated companies not engaging in criminal conduct during the term of the NPA. The relevant trading in 2018 was conducted by two NWM traders in Singapore and breached that NPA. The plea agreement reached with the US Department of Justice (DOJ) and the USAO CT resolved both the spoofing conduct and the breach of the NPA.

The DOJ and USAO CT paused the monitorship in May 2025 and, following a review, determined that a monitorship was no longer necessary as a result of NWM's notable progress in strengthening its compliance programme, certain of NWM's remedial improvements, internal controls, and the status of implementation of Monitor recommendations, and that reporting by NWM to the DOJ and USAO CT on its continued compliance programme progress provided an appropriate degree of oversight. The court approved the agreement and extended NWM's obligations under the plea agreement and probation until December 2026.

In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as increased costs, findings that NWM Plc violated its probation term, and possible re-sentencing, amongst other consequences. Other material adverse collateral consequences may occur as a result of this matter, as further described in the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 417 to 419 of the NatWest Group plc Annual Report and Accounts 2025.

Investment advice review

In October 2019, the FCA notified NatWest Group of its intention to appoint a Skilled Person under section 166 of the Financial Services and Markets Act 2000 to conduct a review of whether NatWest Group's past business review of investment advice provided during 2010 to 2015 was subject to appropriate governance and accountability and led to appropriate customer outcomes.

The Skilled Person's review has concluded and, after discussion with the FCA, NatWest Group is undertaking additional review / remediation work, which is expected to conclude in H1 2026.

Review and investigation of treatment of tracker mortgage customers in Ulster Bank Ireland DAC

In December 2015, correspondence was received from the Central Bank of Ireland setting out an industry examination framework in respect of the sale of tracker mortgages from approximately 2001 until the end of 2015.

The redress and compensation process has now largely concluded, although a small number of cases remain outstanding relating to uncontactable customers.

Ulydien (formerly UBIDAC) customers have lodged tracker mortgage complaints with the Financial Services and Pensions Ombudsman (FSPO). UBIDAC challenged three FSPO adjudications in the Irish High Court. In June 2023, the High Court found in favour of the FSPO in all matters. UBIDAC appealed that decision to the Court of Appeal. In September 2024, the Court of Appeal allowed UBIDAC's appeal and set aside certain findings of the FSPO. The Court of Appeal directed one aspect of the FSPO decisions to be remitted to the FSPO for its consideration following an oral hearing.

Decisions are awaited from the FSPO in respect of these cases.

Other customer remediation in Ulster Bank Ireland DAC

Ulydien identified other legacy issues leading to the establishment of remediation requirements, and progress is ongoing to conclude activities.

Notes to the consolidated financial statements continued

26 Non-cash and other items

This note shows non-cash items adjusted for in the cash flow statement and movement in operating assets and liabilities.

	2025 £m	2024 £m	2023 £m
Impairment losses	**671**	359	572
Depreciation and amortisation	**1,154**	1,058	934
Change in fair value taken to profit or loss of other financial assets	**33**	274	(584)
Change in fair value taken to profit or loss of other financial liabilities and subordinated liabilities	**517**	200	831
Foreign exchange recycling losses/(gains)	**28**	77	(484)
Elimination of foreign exchange differences	**(1,673)**	1,525	312
Income receivable on other financial assets	**(3,138)**	(2,459)	(1,415)
Loss on sale of other financial assets	**8**	21	44
Share of (profit)/loss of associates	**(68)**	(19)	9
(Gain)/loss on sale of other assets and net assets and liabilities	**(7)**	(23)	125
Interest payable on MRELs and subordinated liabilities	**1,340**	1,407	1,352
Gain on redemption of own debt	**-**	-	(3)
Charges and releases of provisions	**201**	330	313
Change in fair value of cash flow hedges	**899**	1,494	1,021
Other non-cash items	**126**	35	59
Defined benefit pension schemes	**93**	86	122
Non-cash and other items	**184**	4,365	3,208
Change in operating assets and liabilities			
Change in trading assets	**197**	(5,331)	327
Change in derivative assets	**17,687**	(373)	20,826
Change in settlement balance assets	**1,440**	5,146	(4,659)
Change in loans to banks	**(950)**	278	752
Change in loans to customers	**(16,846)**	(17,173)	(15,626)
Change in other financial assets	**292**	(92)	132
Change in other assets	**(81)**	133	(213)
Change in assets of disposal groups	**-**	106	412
Change in bank deposits	**12,640**	9,262	1,749
Change in customer deposits	**6,848**	2,113	(18,964)
Change in settlement balance liabilities	**(787)**	(4,916)	4,633
Change in trading liabilities	**(5,694)**	1,078	828
Change in derivative liabilities	**(18,108)**	(313)	(21,652)
Change in other financial liabilities	**5,090**	3,640	6,564
Change in notes in circulation	**(152)**	79	19
Change in other liabilities	**(604)**	(904)	(807)
Change in operating assets and liabilities	**972**	(7,267)	(25,679)

Notes to the consolidated financial statements continued

27 Analysis of the net investment in business interests and intangible assets

This note shows cash flows relating to obtaining or losing significant influence in associates or control of subsidiaries and net assets and liabilities purchased and sold.

These cash flows are presented as investing activities on the cash flow statement.

	2025 £m	2024 £m	2023 £m
Fair value given for business acquired	-	-	(139)
Acquisition of interest in associates	(14)	(4)	-
Additional investment in associates	-	(1)	(5)
Cash paid for assets and liabilities purchased	244	(2,296)	-
Net inflow/(outflow) of cash in respect of acquisitions	230	(2,301)	(144)
Disposal of net assets and liabilities	-	1,003	5,560
Loss on disposal of net assets and liabilities	-	(8)	(87)
Net inflow of cash in respect of disposals	-	995	5,473
Dividends received from associate	19	1	16
Net cash expenditure on intangible assets	(617)	(614)	(744)
Net (outflow)/inflow of cash	(368)	(1,919)	4,601

28 Analysis of changes in financing during the year

This note shows cash flows and non-cash movements relating to the financing activities of the Group, including movements in share capital, share premium, paid-in equity, subordinated liabilities and MRELs.

	Share capital, share premium, and paid-in equity			Subordinated liabilities			MREL instruments		
	2025 £m	2024 £m	2023 £m	2025 £m	2024 £m	2023 £m	2025 £m	2024 £m	2023 £m
At 1 January	15,413	14,734	15,590	6,136	5,714	6,260	23,998	21,660	22,265
Issued	1,248	1,390	-	828	1,386	611	4,864	5,051	3,973
Redeemed	(1,957)			(1,000)	(999)	(1,250)	(3,177)	(2,854)	(4,236)
Interest paid				(267)	(459)	(439)	(1,035)	(885)	(844)
Net cash flows from financing activities	(709)	1,390	-	(439)	(72)	(1,078)	652	1,312	(1,107)
Shares repurchased	(112)	(711)	(856)						
Effects of foreign exchange				16	(54)	(166)	(666)	(49)	(987)
Changes in fair value				127	76	230	390	124	601
Loss on redemption of own debt				-	-	(3)	-		
Interest payable				279	465	464	1,061	942	888
Other				4	7	7	6	9	-
At 31 December	14,592	15,413	14,734	6,123	6,136	5,714	25,441	23,998	21,660

Notes to the consolidated financial statements continued

29 Analysis of cash and cash equivalents

Non-cash and other add back items and movements in operating assets and liabilities are adjusted for in the cash flow statement. Loans to banks and treasury bills with an original maturity of less than three months that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

	2025 £m	2024 £m	2023 £m
Cash and balances at central banks	**85,182**	92,994	104,262
Trading assets (1)	**4,703**	6,886	8,851
Other financial assets	**631**	-	139
Loans to banks	**4,917**	4,965	5,572
Cash and cash equivalents	**95,433**	104,845	118,824

(1) Includes cash collateral posted with bank counterparties in respect of derivative liabilities of £2,647 million (2024 - £3,660 million; 2023 - £4,434 million).

Certain members of NatWest Group are required by law or regulation to maintain balances with the central banks in the jurisdictions in which they operate. NatWest Markets N.V. had mandatory reserve deposits with De Nederlandsche Bank N.V. of €100 million (2024 - €95 million, 2023 - €132 million). The Royal Bank of Scotland International Limited had balances with Central Bank of Luxembourg of £79 million (2024 - £111 million, 2023 - £135 million).

Notes to the consolidated financial statements continued

30 Directors' and key management remuneration

Directors and key management are remunerated for services rendered in the period. The executive directors may participate in the company's long-term incentive plans, executive share option and Sharesave schemes and details of their interests in the company's shares arising from their participation are given in the Directors' remuneration report. Details of the remuneration received by each director are also given in the Directors' remuneration report.

Key management comprises members of the NatWest Group plc and NWH Ltd Boards, members of the NatWest Group plc and NWH Ltd Executive Committees, and the Chief Executives of NatWest Markets Plc and RBS International (Holdings) Limited. This is on the basis that these individuals have been identified as Persons Discharging Managerial Responsibilities of NatWest Group plc under the new governance structure.

Directors' remuneration	2025 £000	2024 £000
Non-executive directors emoluments	**1,638**	1,547
Chair and executive directors emoluments	**7,519**	6,425
	9,157	7,972
Amounts receivable under long-term incentive plans and share option plans	**3,279**	1,471
Total	**12,436**	9,443

Compensation of key management

The aggregate remuneration of directors and other members of key management during the year was as follows:

	2025 £000	2024 £000
Short-term benefits	**23,380**	20,862
Post-employment benefits	**683**	643
Share-based payments	**10,801**	5,624
	34,864	27,129

Short term benefits include benefits expected to be settled wholly within twelve months of balance sheet date. Post-employment benefits include defined benefit contributions for active members and pension funding to support contributions to the defined contribution schemes. Share-based payments include awards vested under rewards schemes.

31 Transactions with directors and key management

This note presents information relating to any transactions with directors and key management. Key management comprises directors of the company and Persons Discharging Managerial Responsibilities (PDMRs) of NatWest Group plc.

For the purposes of IAS 24 Related party disclosures, key management comprises directors of the company and PDMRs of NatWest Group plc. Key management have banking relationships with NatWest Group entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Amounts in the table below are attributed to each person at their highest level of NatWest Group key management, and relate to those who were key management at any time during the financial period.

	At 31 December	
	2025 £000	2024 £000
Loans to customers - amortised cost	**2,631**	3,538
Customer deposits	**52,378**	39,431

At 31 December 2025, amounts outstanding in relation to transactions, arrangements and agreements entered into by authorised institutions in NatWest Group, as defined in UK legislation, were £2,582,333 in respect of loans to six persons who were directors of the company at any time during the financial period.

Notes to the consolidated financial statements continued

32 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements. This includes subsidiaries, associates, joint ventures, post-employment benefits plans, Key management personnel and their close family members and entities controlled by them. Transactions between an entity and any related party are disclosed in the financial statements in accordance with both accounting standards and relevant listing rules to ensure readers are aware of how financial statements may be affected by these transactions.

UK Government

In May 2025, the UK Government through His Majesty's Treasury (HMT) sold its remaining shareholding in NatWest Group plc. Under UK listing rules the UK Government and UK Government-controlled bodies remained related parties until 12 July 2025, 12 months after the UK Government shareholding in NatWest Group plc fell below 20%.

NatWest Group enters into transactions with many of these bodies. Transactions include the payment of: taxes – principally UK corporation tax (Note 7) and value added tax; national insurance contributions; local authority rates; and regulatory fees and levies (including the UK bank levy Note 3) and FSCS levy (Note 25) - together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

Bank of England facilities

NatWest Group may participate in a number of schemes operated by the Bank of England in the normal course of business.

In March 2024 Bank of England Levy replaced the Cash Ratio Deposit scheme. Members of NatWest Group that are UK authorised institutions having eligible liabilities greater than £600 million are required to pay the levy. They also have access to Bank of England reserve accounts: sterling current accounts that earn interest at the Bank of England Base rate.

NatWest Group provides guarantees for certain subsidiaries, liabilities to the Bank of England.

Other Related Parties

In accordance with IAS 24, transactions or balances between NatWest Group entities that have been eliminated on consolidation are not reported.

The primary financial statements of the parent company include transactions and balances with its subsidiaries which have been further disclosed in the relevant notes.

Associates, joint ventures (JVs) and equity investments

In their roles as providers of finance, NatWest Group companies provide development and other types of capital support to businesses. These investments are made in the normal course of business. To further strategic partnerships, NatWest Group may seek to invest in third parties or allow third parties to hold a minority interest in a subsidiary of NatWest Group. We disclose as related parties for associates and joint ventures and where equity interest are over 10%. Ongoing business transactions with these entities are on normal commercial terms.

Amounts included in the NatWest Group financial statements, in aggregate, by category of related party are as follows:

31 December 2025	Associates and joint ventures £m	Equity shares (1) £m	Total £m
Investments	**753**	**1**	**754**
Loans to customers - amortised cost	**-**	**4**	**4**
Customer deposits	**1**	**-**	**1**
Other comprehensive income	**-**	**33**	**33**
Other operating income	**69**	**10**	**79**
31 December 2024			
Investments	690	122	812
Loans to customers - amortised cost	-	4	4
Customer deposits	1	1	2
Other comprehensive income	-	(22)	(22)
Other operating income	19	-	19

(1) Represents investments in entities where ownership is more than 10%

Notes to the consolidated financial statements continued

32 Related parties continued

Post employment benefits

NatWest Group recharges NatWest Group Pension Fund with the cost of pension management services incurred by it. NatWest Group Pension Fund holds bank accounts held with the NatWest Group plc. At 31 December 2025 these balances amounted to £44.1 million (2024 - £43.2 million).

NatWest Group Pension fund also holds certain interest rate swaps, inflation swaps, credit derivatives, cross currency swaps and forward exchange rate agreements where subsidiaries of NatWest Group act as counterparties. These transactions are on commercial terms and carried out on an arms-length basis.

During February 2023, NatWest Group entered into an agreement to establish a new legal structure to hold assets, consolidated on NatWest Group's balance sheet, to meet potential future contributions required by the Main section of the Group' Pension Fund. This transaction required transfer of £471 million to the Reservoir Trust after the final dividend for 2022 approved by shareholders. This transaction does not create a pension liability with the Main section of the Group Pension Fund. Refer to details in Note 5 and in Material contracts information on page 423.

33 Post balance sheet events

A post balance sheet event is an event that takes place between the reporting date and the date of approval of the financial statements. Significant events are included in the financial statements either to provide new information about conditions that existed at 31 December 2025 (reporting date), including estimates used to prepare the financial statements (known as an adjusting event) or to provide new information about conditions that did not exist at 31 December 2025 (non-adjusting events). This note provides information relating to material non-adjusting events.

On 9 February 2026, NatWest Group plc announced that it had reached an agreement to acquire Evelyn Partners for an enterprise value of £2.7 billion. Evelyn Partners is a leading integrated wealth management and financial planning firm with approximately £69 billion of assets under management and administration. The transaction is expected to complete in the summer of 2026, subject to regulatory approval.

As part of the ongoing on-market share buyback programme, NatWest Group plc has repurchased and cancelled a further 23.99 million shares since December 2025 for a total consideration (excluding fees) of £156.76 million.

Other than as disclosed in the accounts, there have been no other significant events subsequent to 31 December 2025 which would require a change or additional disclosure.

Parent company financial statements and notes

Balance sheet as at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Derivatives with subsidiaries		**113**	462
Loans to banks - amortised cost		**2**	2
Amounts due from subsidiaries	4	**29,555**	27,306
Investments in Group undertakings	8	**53,037**	53,428
Other assets		**69**	21
Total assets		**82,776**	81,219
Liabilities			
Amounts due to subsidiaries	4	**86**	483
Derivatives		**262**	685
Other financial liabilities		**25,754**	24,243
Subordinated liabilities	7	**5,749**	5,840
Other liabilities		**27**	25
Total liabilities		**31,878**	31,276
Owners' equity		**50,898**	49,943
Total liabilities and equity		**82,776**	81,219

Owners' equity of NatWest Group plc as at 31 December 2025 includes the profit for the year of £4,472 million (2024 - £3,950 million).

As permitted by section 408(3) of the Companies Act 2006, the primary financial statements of the company do not include an income statement or a statement of comprehensive income.

The accounts were approved by the Board of directors on 12 February 2026 and signed on its behalf by:

Richard Haythornthwaite
Chair

John-Paul Thwaite
Group Chief Executive Officer

Katie Murray
Group Chief Financial Officer

NatWest Group plc
Registered No. SC45551

Parent company financial statements and notes continued

Statement of changes in equity for the year ended 31 December 2025

	Share capital and share premium £m	Paid-in equity £m	Other statutory reserves (3) £m	Retained earnings £m	Other reserves: Cash flow hedging £m	Total equity £m
At 1 January 2025	**10,133**	**5,265**	**2,344**	**32,202**	**(1)**	**49,943**
Profit attributable to ordinary shareholders and other equity owners				**4,472**		**4,472**
Other comprehensive income						
Amounts recognised in equity					**(4)**	**(4)**
Reclassification of OCI to Income statement					**4**	**4**
Total comprehensive income				**4,472**	**-**	**4,472**
Transactions with owners						
Ordinary share dividends paid				**(2,018)**		**(2,018)**
Paid-in equity dividends paid				**(352)**		**(352)**
Redemption of paid-in equity		**(1,951)**		**(27)**		**(1,978)**
Shares repurchased (1)	**(112)**		**112**	**(579)**		**(579)**
Paid-in equity issued (2)		**1,244**				**1,244**
Share-based payments				**16**		**16**
Shares vested under employee share schemes			**150**			**150**
At 31 December 2025	**10,021**	**4,558**	**2,606**	**33,714**	**(1)**	**50,898**
At 1 January 2024	10,844	3,875	1,999	32,221	(4)	48,935
Profit attributable to ordinary shareholders and other equity owners				3,950		3,950
Other comprehensive income						
Amounts recognised in equity					1	1
Reclassification of OCI to Income statement					3	3
Tax					(1)	(1)
Total comprehensive income				3,950	3	3,953
Transactions with owners						
Ordinary share dividends paid				(1,505)		(1,505)
Paid-in equity dividends paid				(283)		(283)
Shares repurchased (1,4)	(711)		711	(2,176)		(2,176)
Paid-in equity issued (2)		1,390				1,390
Share-based payments				(5)		(5)
Shares vested under employee share schemes			174			174
Own shares acquired (3)			(540)			(540)
At 31 December 2024	10,133	5,265	2,344	32,202	(1)	49,943

For the notes to this table refer to the following page.

Parent company financial statements and notes continued

Statement of changes in equity for the year ended 31 December 2025 continued

	Share capital and share premium £m	Paid-in equity £m	Other statutory reserves (3) £m	Retained earnings £m	Other reserves: Cash flow hedging £m	Total equity £m
At 1 January 2023	11,700	3,875	1,388	33,134	15	50,112
Profit attributable to ordinary shareholders and other equity owners				2,842		2,842
Other comprehensive income						
Amounts recognised in equity					(6)	(6)
Reclassification of OCI to Income statement					(19)	(19)
Tax					6	6
Total comprehensive income				2,842	(19)	2,823
Transactions with owners						
Ordinary share dividends paid				(1,456)		(1,456)
Paid-in equity dividends paid				(242)		(242)
Shares repurchased (1,4)	(856)		856	(2,057)		(2,057)
Shares vested under employee share schemes			114			114
Own shares acquired			(359)			(359)
At 31 December 2023	10,844	3,875	1,999	32,221	(4)	48,935

(1) As part of the On Market Share Buyback Programmes NatWest Group plc repurchased and cancelled 105.5 million shares (2024 - 173.3 million, 2023 - 460.3 million, of which 2.3 million were settled in January 2024) of which 1.4 million shares were settled in January 2026. The total consideration for these shares excluding fees was £586.3 million (2024 - £450.9 million, 2023 - £1,151.7 million of which 4.9 million shares were settled in January 2024) of which 9 million was settled in January 2026. The nominal value of the share cancellations was transferred to the capital redemption reserve.
(2) The issuance above is after netting of issuance fees of £2.8 million (2024 – £2.4 million), and the associated tax credit of £0.7 million (2024 – £0.7 million).
(3) Other statutory reserves consist of Capital redemption reserves of £3,306 million (2024 - £3,194 million, 2023 - £2,483 million) and Own shares held reserves of £700 million (2024 – £850 million, 2023 – £484 million).
(4) In June 2024, there was an agreement to buy 392.4 million ordinary shares of the Company from His Majesty's Treasury (HM Treasury) at 316.2 pence per share for total consideration of £1.2 billion. NatWest Group cancelled 222.4 million of the purchased ordinary shares, amounting to £706.9 million excluding fees and held the remaining 170.0 million shares as Own Shares Held, amounting to £540.2 million excluding fees. The nominal value of the share cancellation was transferred to the capital redemption reserve. There were no repurchases in 2025.

The accompanying notes on pages 380 to 393 form an integral part of these financial statements.

Parent company financial statements and notes continued

Cash flow statement for the year ended 31 December 2025

	Note	2025 £m	2024 £m	2023 £m
Cash flows from operating activities				
Operating profit before tax from continuing operations		**4,404**	3,932	2,796
Adjustments for:				
Non-cash and other items	9	**(3,948)**	(3,414)	(3,602)
Change in operating assets and liabilities	9	**(2,416)**	178	3,699
Income taxes received		**23**	78	-
Net cash flows from operating activities (1)		**(1,937)**	774	2,893
Cash flows from investing activities				
Additional investments in Group undertakings		**(2,361)**	(1,391)	(260)
Disposals of investments in Group undertakings		**3,113**	559	-
Dividends received from subsidiaries		**4,555**	4,163	3,542
Net cash flows from investing activities		**5,307**	3,331	3,282
Cash flows from financing activities				
Issue of paid-in equity		**1,244**	1,390	-
Redemption of paid-in equity		**(1,978)**	-	-
Issue of subordinated liabilities		**827**	1,386	611
Redemption of subordinated liabilities		**(1,000)**	(1,001)	(907)
Interest paid on subordinated liabilities		**(255)**	(317)	(314)
Issue of MRELs		**1,474**	8	43
Maturity and redemption of MRELs		**(800)**	(834)	(1,409)
Interest paid on MRELs		**(269)**	(262)	(333)
Share repurchased		**(579)**	(2,716)	(2,416)
Dividends paid		**(2,370)**	(1,788)	(1,698)
Net cash flows from financing activities		**(3,706)**	(4,134)	(6,423)
Effects of exchange rate changes on cash and cash equivalents		**(4)**	(1)	(10)
Net decrease in cash and cash equivalents		**(340)**	(30)	(258)
Cash and cash equivalents at 1 January		**910**	940	1,198
Cash and cash equivalents at 31 December (2)		**570**	910	940

(1) Includes interest received of £492 million (2024 - £520 million, 2023 - £541 million) and interest paid of £855 million (2024 - £968 million, 2023 - £1,073 million).
(2) Cash and cash equivalents comprise loans and advances due from the holding company and fellow subsidiaries with an original maturity of less than three months for 2025, 2024 and 2023.

1 Presentation of financial statements

The accounting policies applied to the parent company financial statements are the same as those applied in the consolidated financial statements except investment in group undertaking (subsidiaries) are stated at cost less impairment and that it has no policy regarding consolidation.

The directors have prepared the financial statements on a going concern basis based on the directors' assessment that the parent company will continue in operational existence for a period of twelve months from the date the financial statements are approved (refer to the Report of the directors).

2 Critical accounting policies and sources of estimation uncertainty

The reported results of the parent company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The judgements and assumptions involved in the parent company's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are those involved in assessing the impairment, if any, in its investment in group undertakings, refer to Note 8.

3 Derivatives with subsidiaries – designated hedges

Fair value hedging is used to hedge loans and other financial liabilities, and cash flow hedging is used to hedge other financial liabilities and subordinated liabilities.

For accounting policy information refer to Accounting policies 3.8 and 3.11.

The following table shows derivatives held for hedging purposes.

	2025			2024		
	Notional £bn	Assets £m	Liabilities £m	Notional £bn	Assets £m	Liabilities £m
Fair value hedging - interest rate contracts	**11.2**	**28**	**220**	12.6	48	472
Cash flow hedging - exchange rate contracts	**1.4**	**-**	**4**	1.4	-	8
Total	**12.6**	**28**	**224**	14.0	48	480

4 Financial instruments – classification

The following tables analyse NatWest Group plc's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9. Instruments held at fair value are within level 2 of the fair value hierarchy for both periods. Refer to Note 10 for information on the valuation of fair value instruments.

For accounting policy information refer to Accounting policies 3.8, 3.9 and 3.11.

Assets	MFVTPL £m	Amortised cost £m	Other assets £m	Total £m
Derivatives with subsidiaries	**113**			**113**
Loans to banks - amortised cost		**2**		**2**
Amounts due from subsidiaries	**19,342**	**10,210**	**3**	**29,555**
Investment in Group undertakings			**53,037**	**53,037**
Other assets			**69**	**69**
31 December 2025	**19,455**	**10,212**	**53,109**	**82,776**
Derivatives with subsidiaries	462			462
Loans to banks - amortised cost		2		2
Amounts due from subsidiaries	18,835	8,471		27,306
Investment in Group undertakings			53,428	53,428
Other assets			21	21
31 December 2024	19,297	8,473	53,449	81,219

Liabilities	Held-for-trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Amounts due to subsidiaries	**66**		**15**	**5**	**86**
Derivatives with subsidiaries	**262**				**262**
Other financial liabilities (1)		**16,209**	**9,545**		**25,754**
Subordinated liabilities			**5,749**		**5,749**
Other liabilities				**27**	**27**
31 December 2025	**328**	**16,209**	**15,309**	**32**	**31,878**
Amounts due to subsidiaries	338		22	123	483
Derivatives with subsidiaries	685				685
Other financial liabilities (1)		14,775	9,468		24,243
Subordinated liabilities			5,840		5,840
Other liabilities				25	25
31 December 2024	1,023	14,775	15,330	148	31,276

(1) Other financial liabilities are MRELs.

Parent company financial statements and notes continued

4 Financial instruments – classification continued

The following table shows amounts due to/from subsidiaries of NatWest Group plc.

	2025 £m	2024 £m
Assets		
Trading assets	220	561
Loans to banks and customers - amortised cost	10,211	8,471
Other financial assets	19,122	18,273
Other assets	2	1
Amounts due from subsidiaries	29,555	27,306
Derivatives (1)	113	462
Liabilities		
Trading liabilities	66	338
Bank and customer deposits	-	4
Other liabilities	4	123
Subordinated liabilities	16	18
Amounts due to subsidiaries	86	483
Derivatives (1)	262	685

(1) Intercompany derivatives are included within derivatives on the balance sheet.

5 Financial instruments - fair value of financial instruments not carried at fair value

The following table shows the carrying value and fair value of financial instruments carried at amortised cost on the balance sheet.

	2025		2024	
	Carrying value £bn	Fair value £bn	Carrying value £bn	Fair value £bn
Financial assets				
Amounts due from subsidiaries (1)	10.2	10.3	8.5	8.5
Financial liabilities				
Other financial liabilities				
- debt securities in issue (2)	9.5	9.7	9.5	9.6
Subordinated liabilities (2)	5.7	5.9	5.8	5.9

(1) Fair value hierarchy level 2 - £10.3 billion (2024 - £5.7 billion) and level 3 - £nil billion (2024 - £2.8 billion).
(2) Fair value hierarchy level 2.

6 Financial instruments - maturity analysis

Remaining maturity

The following table shows the residual maturity of financial instruments based on contractual date of maturity.

	2025			2024		
	Less than 12 months £m	More than 12 months £m	Total £m	Less than 12 months £m	More than 12 months £m	Total £m
Assets						
Derivatives with subsidiaries	8	105	113	34	428	462
Loans to banks - amortised cost	2	-	2	2	-	2
Amounts due from subsidiaries (1)	4,666	24,886	29,552	4,023	23,283	27,306
Liabilities						
Amounts due to subsidiaries (2)	65	16	81	342	18	360
Derivatives with subsidiaries	28	234	262	78	607	685
Other financial liabilities	3,820	21,934	25,754	3,592	20,651	24,243
Subordinated liabilities	1,077	4,672	5,749	1,057	4,783	5,840

(1) Amounts due from subsidiaries relating to non-financial instruments of £3 million (2024 - nil) have been excluded from the table.
(2) Amounts due to subsidiaries relating to non-financial instruments of £5 million (2024 - £123 million) have been excluded from the table.

Parent company financial statements and notes continued

6 Financial instruments - maturity analysis continued

Financial liabilities: contractual maturity

The following table shows undiscounted cash flows payable up to 20 years from the balance sheet date, including future interest payments.

Held-for-trading liabilities amounting to £0.1 billion (2024 - £0.3 billion) have been excluded from the table.

2025	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Liabilities by contractual maturity						
Amounts due to subsidiaries (1)	**-**	**1**	**3**	**3**	**6**	**13**
Derivatives held for hedging	**68**	**24**	**72**	**42**	**34**	**-**
Other financial liabilities	**1,566**	**2,906**	**11,299**	**8,244**	**5,376**	**-**
Subordinated liabilities	**68**	**1,166**	**1,721**	**3,656**	**-**	**-**
	1,702	**4,097**	**13,095**	**11,945**	**5,416**	**13**

2024	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Liabilities by contractual maturity						
Amounts due to subsidiaries (1)	-	1	3	3	7	14
Derivatives held for hedging	96	103	192	67	63	-
Other financial liabilities	1,594	2,676	10,108	9,887	4,007	-
Subordinated liabilities	52	1,191	2,021	2,906	699	-
	1,742	3,971	12,324	12,863	4,776	14

(1) Amounts due from subsidiaries relating to non-financial instruments have been excluded from the table.

7 Subordinated liabilities

	2025 £m	2024 £m
Dated loan capital	**5,749**	5,840
	5,749	5,840

For details of subordinated liabilities, refer to Note 19 to the consolidated financial statements and notes.

For accounting policy information refer to Accounting policies 3.8 and 3.10.

8 Investments in Group undertakings

Critical accounting policy: Investments in Group undertakings

At each reporting date, the parent company assesses whether there is any indication that its investment in its Group undertakings is impaired. If any such indication exists, the parent company undertakes an impairment test by comparing the carrying value of the investment in its Group undertakings with its estimated recoverable amount. The key judgement is in determining the recoverable amount. The recoverable amount of an investment in its Group undertakings is the higher of its fair value less cost to sell and its value in use, being an assessment of the discounted future cash flows of the entity. Impairment testing inherently involves a number of judgements: the five-year cash flow forecast, the choice of appropriate discount and growth rates, and the estimation of fair value. For accounting policy information refer to Accounting policy note 3.5.

Investments in Group undertakings are carried at cost less impairment losses. Movements during the year were as follows:

	2025 £m	2024 £m
At 1 January	**53,428**	52,592
Additional investments in Group undertakings	**2,361**	1,391
Disposals of investments in Group undertakings	**(3,113)**	(555)
Net reversal of impairment of investments	**361**	-
At 31 December	**53,037**	53,428

The recoverable amount of investments in Group undertakings is the higher of net asset value as a proxy for fair value less cost to sell or value in use. Where recoverable value is based on net asset value, the fair value measurement is categorised as Level 3 of the fair value hierarchy. The carrying value of Investments in Group undertakings at 31 December 2025 is supported by the respective recoverable values of the entities.

In 2025 the parent company issued £1,741 million of contingent convertible AT1 notes to its subsidiary NatWest Holdings Limited and £600 million to its subsidiary NatWest Markets Plc, in addition to a capital contribution of £20 million to AA Holdings Limited. In 2025, the disposal of investments related to the redemption of contingent convertible AT1 notes including £1,985 million previously issued to NatWest Holdings Limited, £903 million previously issued to NatWest Markets Plc, and £225 million previously issued to RBS International Limited Jersey. The additions in 2024 were for previous AT1 issuances to NatWest Holdings Limited and NatWest Markets Plc. The disposals in 2024 were for the redemption of AT1 notes issued to NatWest Holdings Limited.

The net reversal of impairment of investments in 2025 was mainly the reversal of a previous impairment of the investment in NatWest Markets Plc due to the increase in its net asset value.

Parent company financial statements and notes continued

8 Investments in Group undertakings continued

The impact of reasonably possible changes to the more significant variables in the value in use calculations for Natwest Holdings Limited is presented below. This reflects the sensitivity of the value in use to each variable on its own. The carrying value of NatWest Group's investment in NatWest Holdings Limited remains recoverable in all cases. It is possible that more than one change may occur at the same time.

		Assumptions			Impact of adverse movement		
	Carrying value	Pre-tax discount rate	Terminal growth rate	Recoverable amount exceeded carrying value	1% increase in discount rate	1% decrease in terminal growth rate	5% decrease in forecast income (1)
31 December 2025	£bn	%	%	£bn	£bn	£bn	£bn
NatWest Holdings Ltd	**42.6**	**16.0**	**1.4**	**15.8**	**(6.2)**	**(2.5)**	**(5.5)**
31 December 2024							
NatWest Holdings Ltd	42.8	16.0	1.4	9.8	(4.9)	(2.2)	(5.8)

(1) 5% income sensitivity has been applied to each year in the value in use calculation. The impact on the value in use shown above is however nonlinear as the majority of the value in use is derived in the terminal year.

The principal subsidiary undertakings of the parent company are shown below. Their capital consists of ordinary shares, preference shares and Additional Tier 1 notes which are unlisted with the exception of certain preference shares listed by NatWest Bank Plc. All of these subsidiaries are included in NatWest Group's consolidated financial statements and have an accounting reference date of 31 December.

	Nature of business	Country of incorporation and principal area of operation	Group interest
National Westminster Bank Plc (1,3)	Banking	Great Britain	100%
The Royal Bank of Scotland plc (3)	Banking	Great Britain	100%
Coutts & Company (2,3)	Banking	Great Britain	100%
NatWest Markets Plc	Banking	Great Britain	100%
NatWest Markets N.V. (4)	Banking	Netherlands	100%
The Royal Bank of Scotland International Limited (5)	Financial Institution	Jersey	100%

(1) The parent company does not hold any of the preference shares in issue.
(2) Coutts & Company is incorporated with unlimited liability.
(3) Owned via NatWest Holdings Limited.
(4) Owned via NatWest Markets Plc.
(5) Owned via The Royal Bank of Scotland International (Holdings) Limited.

For full information on all related undertakings, refer to Note 12.

Parent company financial statements and notes continued

9 Non-cash and other items

This note shows non-cash items adjusted for in the cashflow statement and movement in operating assets and liabilities.

	2025 £m	2024 £m	2023 £m
Impairment losses/(releases) on intercompany loans to banks	**34**	(4)	(2)
Net (reversal of impairment)/impairment of investments in Group undertakings	**(361)**	-	484
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	**521**	267	(683)
Elimination of foreign exchange differences	**(163)**	(84)	(485)
Other non-cash items	**23**	7	(11)
Dividends receivable from subsidiaries	**(4,555)**	(4,163)	(3,542)
Profit on sale of investments in Group undertakings	**-**	(3)	-
Interest payable on MRELs and subordinated liabilities	**549**	564	644
Change in fair value of cash flow hedges	**4**	-	-
Loss/(gain) on redemption of own debt	**-**	2	(7)
Non-cash and other items	**(3,948)**	(3,414)	(3,602)
Change in operating assets and liabilities			
Change in derivative assets	**346**	(4)	363
Change in amounts due from subsidiaries	**(2,091)**	129	3,688
Change in other assets	**-**	7	6
Change in amounts due to subsidiaries	**(395)**	(2,111)	549
Change in derivative liabilities	**(422)**	(252)	(443)
Change in other financial liabilities	**-**	2,476	(462)
Change in other liabilities	**146**	(67)	(2)
Change in operating assets and liabilities	**(2,416)**	178	3,699

Parent company financial statements and notes continued

10 Analysis of changes in financing during the year

	Share capital, share premium, and paid-in equity			Subordinated liabilities (1)			MREL instruments (2)		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
	£m	£m	£m	**£m**	£m	£m	**£m**	£m	£m
At 1 January	**15,398**	14,719	15,575	**5,858**	5,498	5,838	**5,825**	6,446	8,950
Issued	**1,244**	1,390	-	**827**	1,386	611	**1,474**	8	43
Redeemed	**(1,951)**	-	-	**(1,000)**	(1,001)	(907)	**(800)**	(834)	(1,409)
Interest paid				**(255)**	(317)	(314)	**(269)**	(262)	(333)
Net cash flows from financing activities	**(707)**	1,390	-	**(428)**	68	(610)	**405**	(1,088)	(1,699)
Shares repurchased	**(112)**	(711)	(856)						
Effects of foreign exchange				**4**	(49)	(160)	**(171)**	(36)	(335)
Changes in fair value				**62**	11	91	**459**	256	(774)
Loss/(gain) on redemption of own debt				**-**	2	(7)	**-**	-	-
Interest payable				**267**	324	340	**282**	240	304
Other		-	-	**2**	4	6	**5**	7	-
At 31 December	**14,579**	15,398	14,719	**5,765**	5,858	5,498	**6,805**	5,825	6,446

(1) Subordinated liabilities include intercompany subordinated liabilities.
(2) MREL balances are shown net of the effect of down streaming funding to subsidiary companies. This includes RBSI International Limited where MREL resolution rules are under consultation in Jersey.

11 Directors' and key management remuneration

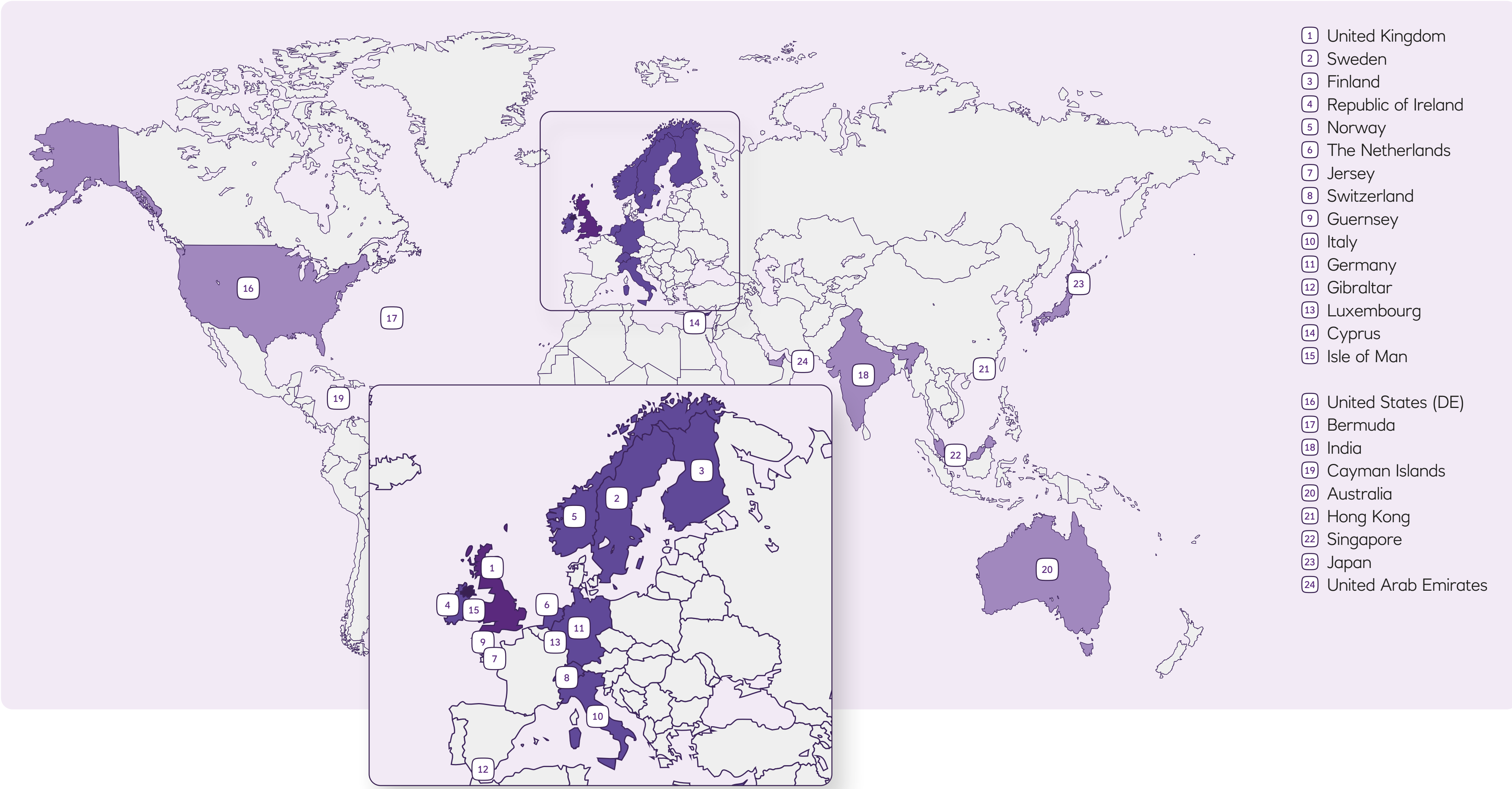
Directors' remuneration is disclosed in Note 30 to the consolidated accounts. The directors had no other reportable related party transactions or balances with the company.

Parent company financial statements and notes continued

12 Related undertakings

Legal entities and activities at 31 December 2025

In accordance with the Companies Act 2006, the company's related undertakings and the accounting treatment for each are listed below. All undertakings are wholly-owned by the company or subsidiaries of the company and are consolidated by reason of contractual control (Section 1162(2) CA 2006), unless otherwise indicated. NatWest Group interest refers to ordinary shares of equal values and voting rights unless further analysis is provided in the notes. Activities are classified in accordance with Annex I to the Capital Requirements Directive (CRD V) and the definitions in Article 4 of the UK Capital Requirements Regulation.



Parent company financial statements and notes continued

12 Related undertakings continued

Active related undertakings which are 100% owned by NatWest Group and fully consolidated for accounting purposes

Entity name	Activity	Regulatory treatment
United Kingdom		
250 Bishopsgate, London, EC2M 4AA, England		
Better With Money Ltd	BF	DE
Caledonian Sleepers Rail Leasing Ltd	BF	FC
Care Homes 3 Ltd	BF	FC
Care Homes Holdings Ltd	BF	FC
Creative Auto-Enrolment Limited	BF	DE
Creative Benefit Solutions Limited	BF	DE
Cushon Group Limited	BF	FC
Cushon Holdings Limited	BF	FC
Cushon Money Limited	BF	FC
Cushon MT Limited	BF	DE
Gatehouse Way Developments Ltd	INV	DE
Lombard Business Leasing Ltd	BF	FC
Lombard Corporate Finance (11) Ltd	BF	FC
Lombard Corporate Finance (December 3) Ltd	BF	FC
Lombard Corporate Finance (June 2) Ltd	BF	FC
Lombard Discount Ltd	BF	FC
Lombard Finance Ltd	BF	FC
Lombard Industrial Leasing Ltd	BF	FC
Lombard Lease Finance Ltd	BF	FC
Lombard Leasing Company Ltd	BF	FC
Lombard Leasing Contracts Ltd	BF	FC
Lombard Lessors Ltd	BF	FC
Lombard Maritime Ltd	BF	FC
Lombard North Central Leasing Ltd	BF	FC
Lombard North Central PLC	BF	FC
Lombard Property Facilities Ltd	BF	FC
Lombard Technology Services Ltd	BF	FC
Mettle Ventures Ltd	OTH	FC
National Westminster Bank Plc	CI	FC
National Westminster Home Loans Ltd	BF	FC
NatWest Boxed Ltd	OTH	FC
NatWest Holdings Ltd	INV	FC
NatWest Markets Secretarial Services Ltd	SC	FC
NatWest Property Investments Ltd	INV	DE
NatWest RT Holdings Limited	OTH	FC
NatWest Strategic Investments Limited	INV	FC
NatWest Trustee and Depositary Services Ltd	TR	FC
Pittville Leasing Ltd	BF	FC
Premier Audit Company Ltd	BF	FC
Price Productions Ltd	BF	FC
R.B. Equipment Leasing Ltd	BF	FC
R.B. Leasing (September) Ltd	BF	FC
R.B. Quadrangle Leasing Ltd	BF	FC
RBOS (UK) Ltd	BF	FC
RBS AA Holdings (UK) Ltd	INV	FC
RBS HG (UK) Ltd	BF	FC
RBS Invoice Finance Ltd	BF	FC
RBS SME Investments Ltd	BF	FC
RBSSAF (2) Ltd	BF	FC
RBSSAF (25) Ltd	BF	FC
RoyScot Trust Plc	BF	FC
The One Account Ltd	BF	FC
Walton Lake Developments Ltd	INV	DE
World Learning Limited	BF	FC
Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ		
ITB1 Ltd	BF	FC
ITB2 Ltd	BF	FC
KUC Properties Ltd	BF	DE
Land Options (West) Ltd	INV	DE
National Westminister International Holdings B.V.	BF	FC
R.B. Leasing Company Ltd	BF	FC
RBSG International Holdings Ltd	OTH	FC
Royal Bank Investments Ltd	BF	FC
Royal Bank Leasing Ltd	BF	FC
Royal Bank of Scotland (Industrial Leasing) Ltd	BF	FC
Royal Bank Ventures Investments Ltd	BF	FC
Royal Scot Leasing Ltd	BF	FC
SIG 1 Holdings Ltd	BF	FC
SIG Number 2 Ltd	BF	FC
Silvermere Holdings Ltd	BF	FC
The Royal Bank of Scotland Group Independent Financial Services Ltd	BF	FC
West Register (Property Investments) Ltd	BF	DE
West Register (Realisations) Ltd	INV	DE
440 Strand, London, WC2R OQS, England		
Coutts & Company	CI	FC
Coutts Finance Company	BF	FC
RBS Asset Management Holdings	BF	FC
6-8 George Street, Edinburgh, EH2 2PF, Scotland		
RBS Collective Investment Funds Ltd	BF	FC
RBSG Collective Investments Holdings Ltd	BF	FC
36 St Andrew Square, Edinburgh, EH2 2YB, Scotland		
NatWest Group plc	BF	FC
NatWest Markets plc	CI	FC
The Royal Bank of Scotland plc	CI	FC
11-16 Donegall Square East, Belfast, Co Antrim, BT1 5UB, Northern Ireland		
Lombard & Ulster Ltd	BF	FC
Ulster Bank Ltd	CI	FC
Ulster Bank Pension Trustees Ltd	TR	DE

Parent company financial statements and notes continued

12 Related undertakings continued

Entity name	Activity	Regulatory treatment
4th Floor, State Buildings, 2 Arthur Place, Belfast, BT1 4HG, Northern Ireland		
Cushon MT NI Limited	BF	DE
One Edinburgh Quay, 133 Fountainbridge, Edinburgh, EH3 9QG, Scotland		
FreeAgent Central Ltd	SC	FC
FreeAgent Holdings Ltd	SC	FC
10th Floor, 5 Churchill Place, London, E14 5HU		
NatWest Markets Secured Funding LLP	BF	FC

Sweden

Entity name	Activity	Regulatory treatment
Care of Nordisk Renting AB, Jakobsbergsgatan 13, 8th Floor, Box 14044, Stockholm, SE-111 44, Sweden		
Airside Properties AB	BF	FC
Arkivborgen KB	BF	FC
Bilfastighet i Akalla AB	BF	FC
Bilfastighet i Avesta AB	BF	FC
Bilfastighet i Bollnas AB	BF	FC
Bilfastighet i Hemlingby AB	BF	FC
Bilfastighet i Hudiksvall AB	BF	FC
Bilfastighet i Ludvika AB	BF	FC
Bilfastighet i Mora AB	BF	FC
Brodmagasinet KB	BF	FC
Eurohill 4 KB	BF	FC
Fastighets AB Flojten i Norrkoping	BF	FC
Fastighets Aktiebolaget Sambiblioteket	BF	FC
Fastighetsbolaget Elmotorgatan AB	BF	FC
Forskningshöjden KB	BF	FC
Forvaltningsbolaget Dalkyrkan KB	BF	FC
Forvaltningsbolaget Kloverbacken Skola KB	BF	FC
Fyrs!te Fastighets AB	BF	FC
Grinnhagen KB	BF	FC
Horrsta 4:38 KB	BF	FC
IR Fastighets AB	BF	FC
IR IndustriRenting AB	BF	FC
Kallebäck Institutfastigheter AB	BF	FC
KB Eurohill	BF	FC
KB Lagermannen	BF	FC
KB Likriktaren	BF	FC
Lakten 1 KB	BF	FC
LerumsKrysset KB	BF	FC
Limstagården KB	BF	FC
Nordisk Renting AB	BF	FC
Nordisk Specialinvest AB	BF	FC
Nordiska Strategifastigheter Holding AB	BF	FC
Optimus KB	BF	FC
SFK Kommunfastigheter AB	BF	FC
Sjöklockan KB	BF	FC
Skinnarängen KB	BF	FC
Solbanken KB	BF	FC
Svenskt Fastighetskapital AB	BF	FC
Svenskt Energikapital AB	BF	FC
Svenskt Fastighetskapital Holding AB	BF	FC
Tygverkstaden 1 KB	BF	FC
C/o Nordisk Renting AB, Box 14044, SE-104 40, Stockholm		
Bilfastighet i Marsta AB	BF	FC
Bilfastighet i Uppsala KB	BF	FC
Bilfastighet Kista AB	BF	FC
Borgholm Gl!ntan AB	BF	FC
Fastighets AB Stockmakaren	BF	FC
Lundbyfilen 5 AB	BF	FC
Nordisk Renting Facilities Management AB	BF	FC
SBB Klangsågen Mark AB	BF	FC
Smista Park AB	OTH	FC
Strand European Holdings AB	BF	FC
Triport Borås AB	BF	FC
Triport Karlshamn AB	BF	FC
Triport Vaggeryd AB	BF	FC
Vävskeden Vårdbostad Flen AB	BF	FC
Vandenbergh 9 AB	BF	FC
Villa Strå Fastighets AB	BF	FC

Finland

Entity name	Activity	Regulatory treatment
C/o Epicenter, Mikonkatu 9, 6th Floor, Helsinki, 00100, Finland		
Apitare Oy	OTH	FC
Artul Koy	BF	FC
Fab Ekenäs Formanshagen 4	BF	FC
Kiinteist Oy Tipotie 4	BF	FC
Koy Pennalan Johtotie 2	BF	FC
Kiinteistöosakeyhtiö Jyväskylän Kukkula I	BF	FC
Koy Kuopion Volttikatu 1	OTH	FC
Koy Helsingin Mechelininkatu 1	BF	FC
Koy Helsingin Osmontie 34	BF	FC
Koy Helsingin Panuntie 11	BF	FC
Koy Helsingin Panuntie 6	BF	FC
Koy Iisalmen Kihlavirta	BF	FC
Koy Jamsan Keskushovi	BF	FC
Koy Kokkolan Kaarlenportti Fab	BF	FC
Koy Kouvolan Oikeus ja Poliisitalo	BF	FC
Koy Millennium	BF	FC
Koy Nummelan Portti	BF	FC
Koy Puotikuja 2 Vaasa	BF	FC
Koy Raision Kihlakulma	BF	FC
Koy Vapaalan Service-Center	BF	FC
Nordisk Renting OY	BF	FC
C/o Nordisk Renting Oy, Mikonkatu 9, 00100 Helsinki		
Koy Harkokuja 2	BF	FC
Kiinteisto Oy Lohjan Ojamonharjuntie 61	BF	FC
Koy Turun Mustionkatu 6	BF	FC
Kiinteisto Oy Vantaan Rasti IV	BF	FC
Koy Jasperintie 6	BF	FC

Parent company financial statements and notes continued

12 Related undertakings continued

Entity name	Activity	Regulatory treatment
Koy Peltolantie 27	BF	FC
Koy Porkkanakatu 2	BF	FC

Republic of Ireland

First Floor, Riverside Two, 43 - 49 Sir. John Rogerson's Quay, Dublin 2, D02 KV60, Ireland

Entity name	Activity	Regulatory treatment
First Active Ltd	BF	FC
RBS Investments (Ireland) Ltd	BF	FC
RBS Nominees (Ireland) Ltd	BF	FC
UDTC Unlimited Company	TR	FC
Ulster Bank Pension Trustees (RI) Ltd	TR	DE
Ulydien (Ireland) Holdings Unlimited Company	INV	FC
Ulydien Designated Activity Company	BF	FC
Ulydien Holdings (ROI) Limited	BF	FC
Ulydien Trust Company Limited	TR	FC

Norway

C/o Advokatfirmaet Wiersholm AS, Postboks 1400, Oslo, 0115

Entity name	Activity	Regulatory treatment
Arenarena AS	BF	FC
BD Lagerhus AS	BF	FC
D5 INVEST AS	BF	FC
Eiendomsselskapet Apteno La AS	BF	FC
Espeland Naering AS	BF	FC
Hatros 1 AS	BF	FC
Kobbervikdalen 2 Utvikling AS	OTH	FC
Kvam Eiendom AS	BF	FC
Leiv Sand Eiendom AS	BF	FC
Narmovegen 455 AS	BF	FC
Nordisk Renting AS	BF	FC
Nybergflata 5 AS	BF	FC
OFH Eiendom AS	BF	FC
Rigedalen 44 Eiendom AS	BF	FC
Ringdalskogen Utvikling AS	OTH	FC
Ringdalveien 20 AS	BF	FC
Sandmoen Naeringsbygg AS	BF	FC
Sletta Eiendom II AS	BF	FC
Snipetjernveien 1 AS	BF	FC
Solnorvika AS	BF	FC

The Netherlands

Claude Debussylaan 94, Amsterdam, 1082 MD

Entity name	Activity	Regulatory treatment
NatWest Markets N.V.	CI	FC
RBS AA Holdings (Netherlands) B.V.	BF	FC
RBS Holdings N.V.	BF	FC
RBS Netherlands Holdings B.V.	BF	FC

United States

251 Little Falls Drive, Wilmington, DE, 19808, United States

Entity name	Activity	Regulatory treatment
Candlelight Acquisition LLC	BF	FC
Financial Asset Securities Corp.	BF	FC
NatWest Markets Group Holdings Corporation	BF	FC
NatWest Markets Securities Inc.	INV	FC
NatWest Services Inc.	SC	FC
Random Properties Acquisition Corp. III	INV	FC
RBS Acceptance Inc.	BF	FC
RBS Commercial Funding Inc.	BF	FC
RBS Financial Products Inc.	BF	FC
RBS Holdings USA Inc.	BF	FC

C/o Silicon Foundry Floor 25, 350 Mission Street, San Francisco, CA, 94105

Entity name	Activity	Regulatory treatment
NatWest Innovation Services Inc.	OTH	FC

Jersey

Royal Bank House, 71 Bath Street, St Helier, Jersey, JE4 8PJ

Entity name	Activity	Regulatory treatment
The Royal Bank of Scotland International (Holdings) Ltd	BF	FC
The Royal Bank of Scotland International Ltd	CI	FC

Switzerland

Tirolerweg 8, Zug, CH- 6300

Entity name	Activity	Regulatory treatment
Alcover A.G.	BF	DE

Zaehringerstrasse 26, Zurich, CH-8021

Entity name	Activity	Regulatory treatment
Coutts & Co Ltd	CI	FC

Lerchenstrasse 16, Zurich, CH 8022

Entity name	Activity	Regulatory treatment
NatWest Services (Switzerland) Ltd	SC	FC

Cayman Islands

Maples Corporate Services Limited, P.O. Box 309, 121 South Church Street, George Town, Grand Cayman, KY1-1104

Entity name	Activity	Regulatory treatment
Coutts General Partner (Cayman) V Ltd	BF	FC

Australia

Ashurst Australia, Level 16, 80 Collins Street, South Tower, Melbourne, VIC, 3000

Entity name	Activity	Regulatory treatment
RBS Group (Australia) Pty Ltd	BF	FC
RBS Holdings III (Australia) Pty Ltd	BF	FC

Bermuda

Clarendon House, Two Church Street, Suite 104, Reid Street, Hamilton, HM 11

Entity name	Activity	Regulatory treatment
KEB Investors, L.P.	BF	FC

Guernsey

PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, GY1 4JH

Entity name	Activity	Regulatory treatment
Lothbury Insurance Company Ltd	BF	DE

Les Echelons Court, Les Echelons, St Peter Port, GY1 1AR

Entity name	Activity	Regulatory treatment
RBS Employment (Guernsey) Ltd	SC	FC

Germany

Roßmarkt 10, Frankfurt am Main, 60311

Entity name	Activity	Regulatory treatment
NatWest Bank Europe GmbH	BF	FC
RBS Deutschland Holdings GmbH	BF	FC

Parent company financial statements and notes continued

12 Related undertakings continued

Entity name	Activity	Regulatory treatment
India		
6th Floor, Building 2, Tower A, GIL IT/ITES SEZ, Candor TechSpace, Sector 21, Dundahera, Gurugram, Haryana, 122016		
NatWest Digital Services India Private Limited	SC	FC
12/14, Veer Nariman Road, Brady House 4th floor, Fort, Mumbai, 400001		
RBS Prime Services (India) Private Ltd	OTH	FC
Hong Kong		
Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay		
Atlas Nominees Ltd	OTH	FC
RBS Nominees (Hong Kong) Ltd	BF	FC
Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay		
NatWest Markets Securities Japan Ltd	INV	FC
Luxembourg		
40, Avenue J.F Kennedy, Kirchberg, L 1855		
RBS International Depositary Services S.A.	CI	FC

Related undertakings which are 100% owned by NatWest Group ownership but are not consolidated for accounting purposes

Entity name	Activity	Regulatory treatment
United Kingdom		
8 Sackville Street, London, W1S 3DG		
East Grove Holding Limited	INV	DE
1, London Wall Place, London, EC2Y 5AU		
German Biogas Holdco Limited	INV	DE
United States		
251 Little Falls Drive, Wilmington, DE, 19808		
Capulet Homes Florida LLC	OTH	DE
Montague Homes Florida LLC	OTH	DE
Romeo Homes Florida LLC	OTH	DE
Romeo Homes Georgia LLC	OTH	DE
Romeo Homes Indiana LLC	OTH	DE
Romeo Homes Kansas LLC	OTH	DE
Romeo Homes Nevada LLC	OTH	DE
Romeo Homes North Carolina LLC	OTH	DE
Romeo Homes Oklahoma LLC	OTH	DE
Romeo Homes Tennessee LLC	OTH	DE
Romeo Homes Texas LLC	OTH	DE
West Granite Homes Inc.	INV	DE
WGH Development LLC	OTH	DE
WGH Florida LLC	OTH	DE
WGH Georgia LLC	OTH	DE
WGH Indiana LLC	OTH	DE
WGH Kansas LLC	OTH	DE
WGH Nevada LLC	OTH	DE
WGH North Carolina LLC	OTH	DE
WGH Oklahoma LLC	OTH	DE
WGH Texas LLC	OTH	DE
Germany		
Walther-Nernst-Straße 1, Berlin, 12489		
Bioenergie Dargun Immobilien GmbH	OTH	DE
Bioenergie Jessen Immobilien GmbH	OTH	DE
Bioenergie Wiesenburg GmbH & Co. KG	INV	DE
Bioenergie Wiesenburg Verwaltungs GmbH	OTH	DE
Bioenergie Zittau GmbH	OTH	DE
Bioenergie Zittau Immobilien GmbH	OTH	DE
DBV Deutsche Bioenergie Verbinder GmbH	OTH	DE
Reppinichen Dritte Biogas Betriebs GmbH	OTH	DE
Reppinichen Erste Biogas Betriebs GmbH	OTH	DE
Reppinichen Zweite Biogas Betriebs GmbH	OTH	DE
Wiesenburg Dritte Biogas Betriebs GmbH	OTH	DE
Wiesenburg Erste Biogas Betriebs GmbH	OTH	DE
Wiesenburg Zweite Biogas Betriebs GmbH	OTH	DE
Wiesenburger Marktfrucht GmbH	OTH	DE
Jersey		
Royal Bank House, 71 Bath Street, St Helier, Jersey, JE4 8PJ		
RBS International Employees' Pension Trustees Ltd	BF	DE

Parent company financial statements and notes continued

12 Related undertakings continued

Related undertakings where NatWest Group ownership is less than 100%

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %
United Kingdom				
Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR				
Falcon Wharf Ltd	OTH	EAJV	PC	50
GWNW City Developments Ltd	BF	EAJV	DE	50
250 Bishopsgate, London, EC2M 4AA, England				
Natwest Covered Bonds LLP	BF	FC	FC	60
NW A Holdings Ltd	BF	FC	FC	85
The Mill, High Street, Rocester, Staffordshire, ST14 5JW, England				
JCB Finance Ltd	BF	FC	FC	75
RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ, Scotland				
RBS Sempra Commodities LLP	BF	FC	FC	51
Towngate House, 2-8 Parkstone Road, Poole, BH15 2PW				
JS Aspire Group Holdings Ltd	OTH	AHC	PC	28
Office 7 35-37 Ludgate Hill, London, England, EC4M 7JN				
K423 Limited	OTH	AHC	DE	36
120 Cannon Street London EC4N 6AS				
Pollinate Networks Limited	OTH	AHC	DE	24
13-15 York Buildings, London, WC2N 6JU				
BGF Group Ltd	BF	AHC	PC	25
123 Victoria Street, London, England, SW1E 6DE				
London Rail Leasing Ltd	BF	EAJV	PC	50
5 Churchill Place, 10 Floor, London, E14 5HU				
Natwest Covered Bonds (LM) Ltd	BF	IA	PC	20
Natwest Markets Secured Funding (LM) Ltd	BF	FC	PC	20
5 Little Portland Street, London, W1W 7JD, England				
Oaxaca Ltd	OTH	IA	DE	23
Luxembourg				
46A, Avenue J.F Kennedy,L 1855				
Lunar Luxembourg SA	BF	FC	DE	0
Lunar Luxembourg Series 2019- 01	BF	FC	DE	0
Lunar Luxembourg Series 2019- 04	BF	FC	DE	0
Lunar Luxembourg Series 2019- 05	BF	FC	DE	0
Lunar Luxembourg Series 2019- 06	BF	FC	DE	0

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %
Lunar Luxembourg Series 2020- 01	BF	FC	DE	0
Lunar Luxembourg Series 2020- 02	BF	FC	DE	0
Lunar Luxembourg Series 2022- 01	BF	FC	DE	0
Lunar Luxembourg Series 2023- 01	BF	FC	DE	0
Lunar Luxembourg Series 2023- 02	BF	FC	DE	0
Lunar Luxembourg Series 2023- 03	BF	FC	DE	0
Lunar Luxembourg Series 2024- 01	BF	FC	DE	0
Lunar Luxembourg Series 2024- 02	BF	FC	DE	0
Lunar Luxembourg Series 2024- 03	BF	FC	DE	0
Lunar Luxembourg Series 2025- 01	BF	FC	DE	0
Jersey				
44 Esplanade, St Helier, JE4 9WG				
Goldfinch 2025-1 Limited	BF	FC	DE	0
Nightingale 2024-1 Limited	BF	FC	DE	0
Nightingale 2024-2 Limited	BF	FC	DE	0
Nightingale 2024-3 Limited	BF	FC	DE	0
Nightingale 2025-1 Limited	BF	FC	DE	0
Nightingale 2025-2 Limited	BF	FC	DE	0
Nightingale 2025-3 Limited	BF	FC	DE	0
Nightingale 2025-4 Limited	BF	FC	DE	0
Nightingale 2025-5	BF	FC	DE	0
Nightingale LF 2021-1 Ltd	BF	FC	DE	0
Nightingale Project Finance 2019 1 Ltd	BF	FC	DE	0
Nightingale Project Finance Ii 2023-1 Limited	BF	FC	DE	0
Nightingale Securities 2017-1 Limited	BF	FC	DE	0
Sparrow Capital Call 2024-1 Ltd	BF	FC	DE	0
IFC5, St.Helier, JE1 1ST				
Solar Funding II Ltd	BF	FC	FC	0
Cayman Islands				
Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 31119				
Lunar Funding VIII Ltd	BF	FC	DE	0
Italy				
Alfieri V. 1, Conegliano				
Eris Finance S.R.L.	BF	IA	PC	50
Via Vittorio Alfieri 1, Conegliano TV, IT-TN 31015				
Maja Finance S.R.L.	BF	FC	FC	0
Republic of Ireland				
Block A George's Quay Plaza Dublin 2				
Natwest Markets Secured Funding DAC	BF	FC	FC	0
Cyprus				
24 Demostheni Severi, 1st Floor, Nicosia, 1080				
Pharos Estates Ltd	OTH	AHC	DE	49

Parent company financial statements and notes continued

12 Related undertakings continued

Related undertakings that are not active

Entity name	Accounting Treatment	Regulatory treatment	Group %
United Kingdom			
250 Bishopsgate, London, EC2M 4AA, England			
280 Bishopsgate Finance Ltd	FC	FC	100
Jaguar Cars Finance Ltd	FC	FC	50
7 Castle Street, Edinburgh, EH2 3AH			
West Register (Hotels Number 3) Ltd	FC	DE	100
C/O Grant Thornton UK Advisory & Tax LLP, 11th Floor, Landmark St Peter's Square, 1 Oxford Street, Manchester, M1 4PB			
Care Homes 2 Ltd	FC	FC	100
Priority Sites Ltd	FC	DE	100
36 St Andrew Square, Edinburgh, EH2 2YB, Scotland			
RBS Property Developments Ltd	FC	FC	100
Scottish Provident Building, 7 Donegall Square West, Belfast, BT1 6JH			
Belfast Bankers' Clearing Company Ltd	NC	PC	25
Republic of Ireland			
One Dockland Central, Guild Street, IFSC, Dublin, Dublin 1			
RBS Asset Management (Dublin) Ltd	FC	FC	100
One Spencer Dock, Spencer Dock, Dublin, D01 X9R7			
UB SIG (ROI) Ltd	FC	FC	100
Ulster Bank Group Centre, George's Quay, Dublin, Dublin 2			
Lombard Ireland Group Holdings Unlimited	FC	FC	100
Lombard Ireland Ltd	FC	FC	100
The Netherlands			
94, Claude Debussylaan, Amsterdam, 1082 MD			
Alternative Investment Fund B.V.	FC	FC	100

Related undertakings that are dormant

Entity name	Accounting Treatment	Regulatory treatment	Group %
United Kingdom			
250 Bishopsgate, London, EC2M 4AA, England			
ANW TDS (Nominee 1) Ltd	FC	DE	100
ANW TDS (Nominee 2) Ltd	FC	DE	100
British Overseas Bank Nominees Ltd	FC	FC	100
Cushon Nominees Limited	FC	FC	100
Cushon Pension Trustees Limited	FC	DE	100
Fit Nominee 2 Ltd	FC	FC	100
Fit Nominee Ltd	FC	FC	100
Freehold Managers (Nominees) Ltd	FC	FC	100
L&G PUT A Limited	NC	DE	100
L&G PUT B Limited	NC	DE	100
Natwest FIS Nominees Ltd	FC	FC	100
NatWest Group Retirement Savings Trustee Limited	FC	FC	100
Natwest Pension Trustee Ltd	NC	DE	100
Natwest Pep Nominees Ltd	FC	FC	100
Nextlinks Ltd	FC	FC	100
NW C Shelf Limited	FC	FC	100
Project & Export Finance (Nominees) Ltd	FC	FC	100
R.B. Leasing (March) Ltd	FC	FC	100
RBOS Nominees Ltd	FC	FC	100
Sixty Seven Nominees Ltd	FC	FC	100
Syndicate Nominees Ltd	FC	FC	100
The Royal Bank Of Scotland Group Ltd	FC	FC	100
W G T C Nominees Ltd	FC	FC	100
440 Strand, London, WC2R OQS			
Strand Nominees Ltd	FC	FC	100
RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ, Scotland			
Natwest Group Secretarial Services Ltd	FC	FC	100
N.C. Head Office Nominees Ltd	FC	FC	100
RBS Investment Executive Ltd	NC	DE	100
TDS Nominee Company Ltd	FC	FC	100
The Royal Bank Of Scotland (1727) Ltd	FC	FC	100
6-8 George Street, Edinburgh, EH2 2PF, Scotland			
Coutts Scotland Nominees Limited	FC	FC	100
RBSG Collective Investments Nominees Ltd	FC	FC	100
11-16 Donegall Square East, Belfast, Co Antrim, BT1 5UB, Northern Ireland			
JCB Finance Pension Ltd	FC	DE	88
Sweden			
Care of Nordisk Renting AB, Jakobsbergsgatan 13, 8th Floor, Box 14044, Stockholm, SE-111 44			
Nordisk Renting HB	FC	FC	100

Parent company financial statements and notes continued

12 Related undertakings continued

Entity name	Accounting Treatment	Regulatory treatment	Group %
Isle of Man			
2 Athol Street, Douglas, IM1 1AN			
Tilba Ltd	FC	FC	100
Gibraltor			
Madison Building, Midtown, Queensway			
RBS (Gibraltar) Ltd	FC	FC	100
Jersey			
Royal Bank House, 71 Bath Street, St Helier, Jersey, JE4 8PJ			
National Westminster Bank Nominees (Jersey) Ltd	FC	FC	100
Norway			
c/o Advokatfirmaet Wiersholm AS, Postboks 1400, 0115 Oslo			
Nordisk Renting A/S	FC	FC	100

Regulated overseas branches of NatWest Group

Subsidiary	Geographic location
National Westminster Bank	Germany
NatWest Markets Plc	Germany India Japan Singapore United Arab Emirates
Royal Bank of Scotland International Ltd	Gibraltar Guernsey Isle of Man Luxembourg, United Kingdom
NatWest Markets N.V.	France Germany Italy Sweden,

Key:

Activity	
BF	Banking and financial institution
CI	Credit institution
INV	Investment (shares or property) holding company
SC	Service company
TR	Trustee
OTH	Other

Accounting/Regulatory treatment	
DE	Deconsolidated
FC	Full consolidation
PC	Pro-rata consolidation
AHC	Associate held at cost
EAJV	Equity accounting – Joint venture
IA	Investment accounting
NC	Not consolidated

Non-IFRS financial measures

NatWest Group prepares its financial statements in accordance with UK-adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). This document contains a number of non-IFRS measures, or alternative performance measures, defined under the European Securities and Markets Authority (ESMA) guidance, or non-GAAP financial measures in accordance with the Securities and Exchange Commission (SEC) regulations. These measures are adjusted for notable and other defined items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison.

The non-IFRS measures provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. The non-IFRS measures also include the basis of calculation for metrics that are used throughout the banking industry.

These non-IFRS measures are not a substitute for IFRS measures and a reconciliation to the closest IFRS measure is presented where appropriate.

Measure	Description
Cost:income ratio (excl. litigation and conduct) Refer to table 2. Cost:income ratio (excl. litigation and conduct) on page 396.	The cost:income ratio (excl. litigation and conduct) is calculated as other operating expenses (operating expenses less litigation and conduct costs) divided by total income. Litigation and conduct costs are excluded as they are one-off in nature, difficult to forecast for Outlook purposes and distort period-on-period comparisons.
Customer deposits excluding central items Refer to Segment performance on pages 88-89 for components of calculation.	Customer deposits excluding central items is calculated as total NatWest Group customer deposits excluding Central items & other customer deposits. Central items & other includes Treasury repo activity. The exclusion of Central items & other removes the volatility relating to Treasury repo activity and the reduction of deposits as part of our withdrawal from the Republic of Ireland. These items may distort period-on-period comparisons and their removal gives the user of the financial statements a better understanding of the movements in customer deposits.
Funded assets Refer to Consolidated balance sheet on page 293 for components of calculation.	Funded assets is calculated as total assets less derivative assets. This measure allows review of balance sheet trends exclusive of the volatility associated with derivative fair values.
Loan:deposit ratio (excl. repos and reverse repos) Refer to table 5. Loan:deposit ratio (excl. repos and reverse repos) on page 397.	Loan:deposit ratio (excl. repos and reverse repos) is calculated as net customer loans - amortised cost excluding reverse repos divided by total customer deposits excluding repos. This metric is used to assess liquidity. The removal of repos and reverse repos reduces volatility and presents the ratio on a basis that is comparable to UK peers. The nearest ratio using IFRS measures is: loan:deposit ratio. This is calculated as net loans to customers - amortised cost divided by customer deposits.
NatWest Group Return on Tangible Equity Refer to table 7. NatWest Group Return on Tangible Equity on page 397.	NatWest Group Return on Tangible Equity comprises annualised profit or loss for the period attributable to ordinary shareholders divided by average tangible equity. Average tangible equity is average total equity excluding average non-controlling interests, average other owners' equity and average intangible assets. This measure shows the return NatWest Group generates on tangible equity deployed. It is used to determine relative performance of banks and used widely across the sector, although different banks may calculate the rate differently. The nearest ratio using IFRS measures is return on equity - this comprises profit attributable to ordinary shareholders divided by average total equity.

Non-IFRS financial measures continued

Measure	Description
Net interest margin and average interest earning assets Refer to Segment performance on pages 88-89 for components of calculation.	Net interest margin is net interest income, as a percentage of average interest earning assets (IEA). Average IEA are average IEA of the banking business of NatWest Group and primarily consists of cash and balances at central banks, loans to banks – amortised cost, loans to customers – amortised cost and other financial assets. It excludes trading balances and assets in treasury repurchase agreements that have not been derecognised. Average IEA shows the average asset base generating interest over the period.
Net loans to customers excluding central items Refer to Segment performance on pages 88-89 for components of calculation.	Net loans to customers excluding central items is calculated as total NatWest Group net loans to customers excluding Central items & other net loans to customers. Central items & other includes Treasury reverse repo activity. The exclusion of Central items & other removes the volatility relating to Treasury reverse repo activity and the reduction of loans to customers as part of our withdrawal from the Republic of Ireland. This allows for better period-on-period comparisons and gives the user of the financial statements a better understanding of the movements in net loans to customers.
Operating expenses excluding litigation and conduct Refer to table 4. Operating expenses excluding litigation and conduct on page 396.	The management analysis of operating expenses shows litigation and conduct costs separately. These amounts are included within staff costs and other administrative expenses in the statutory analysis. Other operating expenses excludes litigation and conduct costs, which are more volatile and may distort period-on-period comparisons.
Segment return on equity Refer to table 8. Segment return on equity on page 397.	Segment return on equity comprises segmental operating profit or loss, adjusted for paid-in equity and tax, divided by average notional equity. Average RWAe is defined as average segmental RWAs incorporating the effect of capital deductions. This is multiplied by an allocated equity factor for each segment to calculate the average notional equity. This measure shows the return generated by operating segments on equity deployed.
Tangible net asset value (TNAV) per ordinary share Refer to table 3. Tangible net asset value (TNAV) per ordinary share on page 396.	TNAV per ordinary share is calculated as tangible equity divided by the number of ordinary shares in issue. This is a measure used by external analysts in valuing the bank and allows for comparison with other per ordinary share metrics including the share price. The nearest ratio using IFRS measures is: net asset value (NAV) per ordinary share - this comprises ordinary shareholders' interests divided by the number of ordinary shares in issue.
Total customer assets and liabilities (CAL) Refer to table 6. Total customer assets and liabilities (CAL) on page 397.	CAL comprises customer deposits and gross loans to customers (amortised cost), across the Retail Banking, Private Banking & Wealth Management and Commercial & Institutional segments. For the Private Banking & Wealth Management segment, CAL also includes AUMA, with an adjustment to deduct investment cash to avoid double counting, as investment cash is recognised within both customer deposits and AUMA. The components of CAL are key drivers of income and provide a measure of growth and strength of the business on a comparable basis.
Total income excluding notable items Refer to table 1. Total income excluding notable items on page 396.	Total income excluding notable items is calculated as total income less notable items. The exclusion of notable items aims to remove the impact of one-offs and other items which may distort period-on-period comparisons.

Non-IFRS financial measures continued

1. Total income excluding notable items

	2025 £m	2024 £m	2023 £m
Continuing operations			
Total income	**16,641**	14,703	14,752
Less notable items:			
Commercial & Institutional			
Own credit adjustments (OCA)	**1**	(9)	(2)
Tax interest on prior periods	**-**	-	3
Dividend received on restructuring of a strategic investment	**51**	-	-
Central items & other			
Liquidity Asset Bond sale (losses)/gains	**-**	-	(43)
Share of gains/(losses) of associate - Business Growth Fund	**70**	21	(4)
Property strategy update	**-**	-	(69)
Interest and foreign exchange management derivatives not in hedge accounting relationships	**185**	150	79
Foreign exchange recycling (losses)/gains	**(27)**	(76)	484
Loss on reclassification to disposal groups under IFRS 5	**(39)**	-	-
Tax interest on prior periods	**-**	(31)	(35)
	241	55	413
Total income excluding notable items	**16,400**	14,648	14,339

2. Cost:income ratio (excl. litigation and conduct)

	2025 £m	2024 £m	2023 £m
Continuing operations			
Operating expenses	**8,262**	8,149	7,996
Less litigation and conduct costs	**(167)**	(295)	(355)
Other operating expenses	**8,095**	7,854	7,641
Total income	**16,641**	14,703	14,752
Cost:income ratio	**49.6%**	55.4%	54.2%
Cost:income ratio (excl. litigation and conduct)	**48.6%**	53.4%	51.8%

3. Tangible net asset value (TNAV) per ordinary share

	Year ended 31 December 2025	31 December 2024
Ordinary shareholders' interests (£m)	**38,028**	34,070
Less intangible assets (£m)	**(7,292)**	(7,588)
Tangible equity (£m)	**30,736**	26,482
Ordinary shares in issue (millions) (1)	**7,995**	8,043
NAV per ordinary share (pence)	**476p**	424p
TNAV per ordinary share (pence)	**384p**	329p

(1) The number of ordinary shares in issue excludes own shares held.

4. Operating expenses excluding litigation and conduct

	Litigation and conduct costs £m	Other operating expenses £m	Total operating expenses £m
Year ended 31 December 2025			
Continuing operations			
Staff expenses	**64**	**4,110**	**4,174**
Premises and equipment	**6**	**1,285**	**1,291**
Depreciation and amortisation	**-**	**1,154**	**1,154**
Other administrative expenses	**97**	**1,546**	**1,643**
Total	**167**	**8,095**	**8,262**
Year ended 31 December 2024			
Continuing operations			
Staff expenses	64	3,997	4,061
Premises and equipment	-	1,211	1,211
Depreciation and amortisation	-	1,058	1,058
Other administrative expenses	231	1,588	1,819
Total	295	7,854	8,149
Year ended 31 December 2023			
Continuing operations			
Staff expenses	62	3,839	3,901
Premises and equipment	-	1,153	1,153
Depreciation and amortisation	-	934	934
Other administrative expenses	293	1,715	2,008
Total	355	7,641	7,996

Non-IFRS financial measures continued

5. Loan:deposit ratio (excl. repos and reverse repos)

	As at		
	31 December 2025 £m	31 December 2024 £m	31 December 2023 £m
Loans to customers - amortised cost	**418,881**	400,326	381,433
Less reverse repos	**(32,817)**	(34,846)	(27,117)
Loans to customers - amortised cost (excl. reverse repos)	**386,064**	365,480	354,316
Customer deposits	**442,998**	433,490	431,377
Less repos	**(1,796)**	(1,363)	(10,844)
Customer deposits (excl. repos)	**441,202**	432,127	420,533
Loan:deposit ratio	**95%**	92%	88%
Loan:deposit ratio (excl. repos and reverse repos)	**88%**	85%	84%

6. Total customer assets and liabilities (CAL)

As at 31 December 2025	Retail Banking £bn	Private Banking & Wealth Management £bn	Commercial & Institutional £bn	Total £bn
Gross loans and advances to customers	**217.9**	**19.0**	**155.8**	**392.7**
Customer deposits	**202.6**	**42.7**	**196.4**	**441.7**
Assets under management and administration (AUMA)	**-**	**58.5**	**-**	**58.5**
Less investment cash included in both customer deposits and AUMA	**-**	**(1.2)**	**-**	**(1.2)**
CAL	**420.5**	**119.0**	**352.2**	**891.7**
As at December 2024				
Gross loans and advances to customers	210.1	18.3	143.4	371.8
Customer deposits	194.8	42.4	194.1	431.3
Assets under management and administration (AUMA)	-	48.9	-	48.9
Less investment cash included in both customer deposits and AUMA	-	(1.1)	-	(1.1)
CAL	404.9	108.5	337.5	850.9

7. NatWest Group Return on Tangible Equity

	Year ended or as at	
	31 December 2025 £m	31 December 2024 £m
Profit attributable to ordinary shareholders	**5,479**	4,519
Average total equity	**41,506**	38,018
Adjustment for other owners' equity and intangible assets	**(12,952)**	(12,226)
Adjusted total tangible equity	**28,554**	25,792
Return on equity	**13.2%**	11.9%
Return on Tangible Equity	**19.2%**	17.5%

8. Segment return on equity

Year ended 31 December 2025	Retail Banking	Private Banking & Wealth Management	Commercial & Institutional
Operating profit (£m)	**3,121**	**394**	**4,064**
Paid-in equity cost allocation (£m)	**(99)**	**(17)**	**(237)**
Adjustment for tax (£m)	**(846)**	**(106)**	**(957)**
Adjusted attributable profit (£m)	**2,176**	**271**	**2,870**
Average RWAe (£bn)	**68.9**	**11.3**	**108.1**
Equity factor	**12.8%**	**11.1%**	**13.9%**
Average notional equity (£bn)	**8.8**	**1.3**	**15.0**
Return on equity	**24.7%**	**21.7%**	**19.1%**
Year ended 31 December 2024			
Operating profit (£m)	2,431	264	3,585
Paid-in equity cost allocation (£m)	(79)	(18)	(183)
Adjustment for tax (£m)	(659)	(69)	(851)
Adjusted attributable profit (£m)	1,693	177	2,551
Average RWAe (£bn)	63.4	11.1	107.0
Equity factor	13.4%	11.2%	13.8%
Average notional equity (£bn)	8.5	1.2	14.8
Return on equity	19.9%	14.2%	17.2%
Year ended 31 December 2023			
Operating profit (£m)	2,638	291	3,236
Paid-in equity cost allocation (£m)	(55)	(23)	(165)
Adjustment for tax (£m)	(723)	(75)	(768)
Adjusted attributable profit (£m)	1,860	193	2,303
Average RWAe (£bn)	57.8	11.4	107.0
Equity factor	13.5%	11.5%	14.0%
Average notional equity (£bn)	7.8	1.3	15.0
Return on equity	23.8%	14.8%	15.4%

Performance measures not defined under IFRS

The table below summarises other performance measures used by NatWest Group, not defined under IFRS, and therefore a reconciliation to the nearest IFRS measure is not applicable.

Measure	Description
AUMA	AUMA comprises client assets under management (AUM) and client assets under administration (AUA) serviced through the Private Banking & Wealth Management segment and not recognised on NatWest Group's balance sheet. AUM comprise assets where the investment management is undertaken by Private Banking & Wealth Management on behalf of customers of the Private Banking & Wealth Management, Retail Banking and Commercial & Institutional segments. AUA comprise i) third party assets held on an execution-only basis in custody by Private Banking & Wealth Management, Retail Banking and Commercial & Institutional for their customers, for which the execution services are supported by Private Banking & Wealth Management ii) AUA of Cushon, acquired on 1 June 2023, which are supported by Private Banking & Wealth Management and held and managed by third parties. This measure is tracked and reported as the amount of funds that we manage or administer, and directly impacts the level of investment income that we receive.
AUMA income	AUMA income includes investment income which reflects an ongoing fee as percentage of assets and transactional income related to investment services comprised of one-off fees for advice services, trading and exchange services, protection and alternative investing services. AUMA is a core driver of non-interest income, especially with respect to ongoing investment income and this measure provides a means of reporting the income earned on AUMA.
AUMA net flows	AUMA net flows represents assets under management (AUM net flows) and assets under administration (AUA net flows). AUMA net flows is reported and tracked to monitor the business performance of new business inflows and management of existing client withdrawals across Private Banking & Wealth Management, Retail Banking and Commercial & Institutional.
Capital generation pre-distributions	Capital generation pre-distributions refers to the change in the CET1 ratio in the period, before distributions to ordinary shareholders. It reflects the capital generated through business activities and all other movements, including attributable profit for the period, impacts from acquisitions and disposals, and risk-weighted asset (RWA) changes, prior to the deduction of ordinary shareholder distributions such as ordinary dividends and share buybacks. It is used to show the capital generated in the period that is available for deployment in the business and distribution to shareholders.
Climate and transition finance	The climate and transition finance target enables NatWest Group to quantify the level of financing and facilitation provided by NatWest Group that could support customers in achieving their climate and/or transition ambitions, through lending and underwriting activities. The climate and transition finance framework, available on natwestgroup.com, underpins the target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030.
Loan impairment rate	Loan impairment rate is the annualised loan impairment charge divided by gross customer loans. This measure is used to assess the credit quality of the loan book.
Third party rates	Third party customer asset rate is calculated as annualised interest receivable on third-party loans to customers as a percentage of third-party loans to customers. This excludes assets of disposal groups, intragroup items, loans to banks and liquid asset portfolios. Third party customer funding rate reflects interest payable or receivable on third-party customer deposits, including interest bearing and non-interest bearing customer deposits. Intragroup items, bank deposits, debt securities in issue and subordinated liabilities are excluded for customer funding rate calculation.
Wholesale funding	Wholesale funding comprises deposits by banks (excluding repos), debt securities in issue and subordinated liabilities. Funding risk is the risk of not maintaining a diversified, stable and cost-effective funding base. The disclosure of wholesale funding highlights the extent of our diversification and how we mitigate funding risk.