



NatWest
Group

NatWest Group plc

Q1 2025 Pillar 3

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Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NatWest Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group's beliefs and expectations, are forward-looking statements. Words, such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating , but not limited to: NatWest Group's outlook, guidance and targets (including in relation to RoTE, total income, other operating expenses, loan impairment rate, CET1 ratio, RWA levels, payment of dividends and participation in directed buybacks), its financial position, profitability and financial performance, the implementation of its strategy, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and uncertainties, exposure to third party risk, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk and credit rating risk and the impact of climate and sustainability related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Group plc's actual results are discussed in NatWest Group plc's 2024 Annual Report and Accounts on Form 20-F, NatWest Group's Interim Management Statement for Q1 2025, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Group plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the consolidated Pillar 3 disclosures for NatWest Group at 31 March 2025, which complement those in the NatWest Group Q1 2025 Interim Management Statement (IMS). The Pillar 3 disclosures required for NatWest Group's ring-fenced body sub-group (NWH Group) and those required for NatWest Group's UK large subsidiaries (National Westminster Bank Plc, The Royal Bank of Scotland plc, NatWest Markets Plc and Coutts & Company) will be published separately on 13 May 2025. These disclosures will be available on the NatWest Group website, located at investors.natwestgroup.com/reports-archive/2025

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

The disclosures for NatWest Group are presented in accordance with the Disclosure (CRR) part of the PRA rulebook. Any rows or columns that are not applicable have not been shown however explanations have been added as appropriate.

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

The Pillar 3 disclosures are presented in pounds sterling (£) and have not been subject to external audit.

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reports-archive/2024

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

NatWest Group - Key points

CET1 ratio

13.8%

(Q4 2024 – 13.6%)

The CET1 ratio increased by 20 basis points to 13.8% due to a £0.8 billion increase in CET1 capital partially offset by a £3.8 billion increase in RWAs.

The CET1 capital increase was mainly driven by an attributable profit to ordinary shareholders in the period of £1.3 billion and other movements on reserves and regulatory adjustments of £0.2 billion partially offset by a foreseeable ordinary dividend accrual of £0.6 billion.

RWAs

£187.0bn

(Q4 2024 – £183.2bn)

Total RWAs increased by £3.8 billion to £187.0 billion mainly reflecting:

- an increase in operational risk RWAs of £2.2 billion following the annual recalculation.
- an increase in credit risk RWAs of £0.9 billion, primarily driven by lending growth partially offset by reductions due to active RWA management. Further increase driven by CRD IV model updates within Retail Banking and Commercial & Institutional.
- an increase in market risk RWAs of £0.5 billion, driven by an SVaR increase due to movement in FX risk and a decrease in VaR due to interest rate risk.
- an increase in counterparty credit risk RWAs of £0.2 billion driven by an increase in securities financing transactions.

UK leverage ratio

5.2%

(Q4 2024 – 5.0%)

The leverage ratio increased by 20 basis points to 5.2% due to a £1.5 billion increase in Tier 1 capital partially offset by a £5.3 billion increase in leverage exposure. The key drivers in the leverage exposure were an increase in trading assets and other off balance sheet items.

UK average leverage ratio

5.0%

(Q4 2024 – 5.0%)

The average leverage ratio remained static at 5.0% driven by a £0.8 billion increase in 3-month average Tier 1 capital offset by a £10.0 billion increase in average leverage exposure. The key drivers in the average leverage exposure were an increase in other financial assets and other off balance sheet items.

LCR average

151%

(Q4 2024 – 151%)

The Liquidity Coverage Ratio (LCR) is unchanged compared to Q4 2024, at 151%, mainly due to higher lending offset by increased customer deposits.

NSFR average

137%

(Q4 2024 – 137%)

The Net Stable Funding Ratio (NSFR) is unchanged compared to Q4 2024, at 137%, mainly due to higher lending offset by increased customer deposits and wholesale funding.

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

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures based on current PRA rules.

	31 March 2025 £m	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	25,731	24,928	25,296	24,607	25,068
2 Tier 1 capital	31,736	30,187	29,966	29,277	28,943
3 Total capital	38,457	36,105	35,790	35,201	34,980
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	187,005	183,221	181,714	180,768	186,295
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	13.8	13.6	13.9	13.6	13.5
6 Tier 1 ratio (%)	17.0	16.5	16.5	16.2	15.5
7 Total capital ratio (%)	20.6	19.7	19.7	19.5	18.8
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	1.8	1.8	1.8	1.8	1.8
UK 7b Additional AT1 SREP requirements (%)	0.6	0.6	0.6	0.6	0.6
UK 7c Additional Tier 2 SREP requirements (%)	0.8	0.8	0.8	0.8	0.8
UK 7d Total SREP own funds requirements (%)	11.2	11.2	11.2	11.2	11.2
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (3)	1.7	1.7	1.7	1.7	1.7
11 Combined buffer requirement (%)	4.2	4.2	4.2	4.2	4.2
UK 11a Overall capital requirements (%)	15.4	15.4	15.4	15.4	15.4
12 CET1 available after meeting the total SREP own funds requirements (%)	7.5	7.3	7.6	7.3	7.1
Leverage ratio					
13 Total exposure measure excluding claims on central banks	613,139	607,799	594,716	565,726	562,831
14 Leverage ratio excluding claims on central banks (%)	5.2	5.0	5.0	5.2	5.1
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2	5.0	5.0	5.2	5.1
UK 14b Leverage ratio including claims on central banks (%)	4.5	4.3	4.3	4.3	4.3
UK 14c Average leverage ratio excluding claims on central banks (%)	5.0	5.0	5.0	5.1	5.0
UK 14d Average leverage ratio including claims on central banks (%)	4.3	4.3	4.3	4.3	4.2
UK 14e Countercyclical leverage ratio buffer (%) (3)	0.6	0.6	0.6	0.6	0.6
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value-average)	159,696	158,333	156,537	156,387	154,770
UK 16a Cash outflows - Total weighted value	117,909	116,726	116,806	117,942	119,602
UK 16b Cash inflows - Total weighted value	11,886	11,715	11,706	11,381	11,605
16 Total net cash outflows (adjusted value)	106,023	105,011	105,100	106,561	107,997
17 Liquidity coverage ratio (%) (4)	151	151	149	147	143
Net stable funding ratio					
18 Total available stable funding	428,242	423,608	417,196	412,609	408,908
19 Total required stable funding	311,772	308,679	306,254	302,877	300,597
20 NSFR ratio (%) (5)	137	137	136	136	136

(1) The following rows are not represented in the table above because they are not applicable: UK8a and UK9a, 10 and UK10a.

(2) NatWest Group elected to take advantage of the IFRS 9 transitional capital adjustments in respect of ECL provisions, which were maintained until 31 December 2024. Prior period comparatives for CET1 capital, RWAs and leverage include the impact of those adjustments where applicable.

(3) The institution-specific countercyclical capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB buffer is currently being maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NatWest Group plc CCyB.

(4) The Liquidity Coverage Ratio (LCR) is calculated as the average of the preceding 12 months.

(5) The Net Stable Funding Ratio (NSFR) is calculated as the average of the preceding four quarters. The prior period comparatives for HQLA within required stable funding have been restated for March 2024.

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

UK OV1: Overview of risk-weighted exposure amounts

The table below shows RWAs and total own funds requirements by risk type. Total own funds requirements are calculated as 8% of RWAs.

		a		b	c
		Risk-weighted exposure amounts (RWAs)			Total own funds requirements
		31 March 2025	31 December 2024		31 March 2025
		£m	£m		£m
1	Credit risk (excluding counterparty credit risk)	143,530	142,885		11,482
2	Of which: standardised approach	19,290	19,335		1,543
3	Of which: the foundation IRB (FIRB) approach	-	-		-
4	Of which: slotting approach	13,768	13,104		1,101
UK 4a	Of which: equities under the simple risk-weighted approach	1,415	1,367		113
5	Of which: the advanced IRB (AIRB) approach (1)	109,057	109,079		8,725
5a	Of which: non-credit obligation assets (3)	3,954	3,875		316
6	Counterparty credit risk	7,249	7,009		580
7	Of which: standardised approach	1,089	1,151		87
8	Of which: internal model method (IMM)	3,783	3,765		303
UK 8a	Of which: exposures to a CCP	164	124		13
UK 8b	Of which: credit valuation adjustment (CVA)	934	966		75
9	Of which: other counterparty credit risk	1,279	1,003		102
15	Settlement risk	-	-		-
16	Securitisation exposures in the non-trading book (after the cap)	5,578	5,287		446
17	Of which: SEC-IRBA approach	1,781	1,500		142
18	Of which: SEC-ERBA (including IAA)	228	236		18
19	Of which: SEC-SA approach	3,518	3,503		282
UK 19a	Of which: 1,250%/deduction	51	48		4
20	Position, foreign exchange and commodities risk (market risk)	6,683	6,213		535
21	Of which: standardised approach	1,035	1,003		83
22	Of which: IMA	5,648	5,210		452
UK 22a	Large exposures	-	-		-
23	Operational risk	23,959	21,821		1,917
UK 23a	Of which: basic indicator approach	-	-		-
UK 23b	Of which: standardised approach	23,959	21,821		1,917
UK 23c	Of which: advanced measurement approach	-	-		-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,733	1,944		139
25	Other Risk Exposure amount	6	6		-
25a	Of which : Additional risk exposure amount due to Article 3 CRR	6	6		-
29	Total	187,005	183,221		14,960

(1) Of which £176 million RWAs (31 December 2024 – £204 million) relate to equity IRB under the probability of default/loss given default approach.

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

(3) 5a is subset of total IRB RWAs disclosed in Row 5.

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

UK CR8: RWA flow statement of credit risk exposures under the IRB approach

The table below shows movements in RWAs for credit risk exposures under the internal ratings based (IRB) approach. It excludes counterparty credit risk, securitisations, equity and non-credit obligation assets.

	a
	RWAs £m
1 At 31 December 2024	118,104
2 Asset size	1,348
3 Asset quality	146
4 Model updates	803
7 Foreign exchange movements	(155)
8 Other	(1,551)
9 At 31 March 2025	118,695

(1) The following rows are not presented because they had zero values: (5) methodology and policy and (6) acquisitions and disposals.

Q1 2025

- The increase in RWAs related to asset size was primarily driven by an increase in drawdowns and new facilities within Commercial & Institutional and increased lending within Retail Banking.
- The increase in asset quality RWAs was primarily driven by movements in risk metrics within Retail Banking and Commercial & Institutional.
- The increase in RWAs for model updates was primarily due to an increase in CRD IV model updates within Retail Banking and Commercial & Institutional.
- The RWA decrease due to foreign exchange movements was mainly a result of sterling appreciation against the US dollar and depreciation against the euro.
- The decrease in RWAs in other reflected active RWA management in Commercial & Institutional.

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

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

	a
	RWAs £m
1 At 31 December 2024	3,765
2 Asset size	58
3 Credit quality of counterparties	1
7 Foreign exchange movements	(41)
9 At 31 March 2025	3,783

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

Q1 2025

- RWAs remained broadly stable over the first quarter.

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

UK MR2-B: RWA flow statement of market risk exposures under the IMA

The table below shows movements in RWAs and own funds requirements for market risk exposures under the internal model approach (IMA).

	a	b	c	e	f	g
	Value-at-risk (VaR)	Stressed value-at-risk (SVaR)	Incremental risk charge (IRC)	Other risks-not-in-VaR (RNIV)	Total RWAs	Total own funds requirements
	£m	£m	£m	£m	£m	£m
1 At 31 December 2024	789	2,127	1,417	877	5,210	417
1a <i>Regulatory adjustment (1)</i>	<i>(521)</i>	<i>(1,502)</i>	<i>(214)</i>		<i>(2,237)</i>	<i>(179)</i>
1b <i>RWAs at 31 December 2024 (end of day)</i>	<i>268</i>	<i>625</i>	<i>1,203</i>	<i>877</i>	<i>2,973</i>	<i>238</i>
2 <i>Movement in risk levels</i>	<i>(136)</i>	<i>(129)</i>	<i>149</i>	<i>(15)</i>	<i>(131)</i>	<i>(11)</i>
3 <i>Model updates/changes</i>	<i>(1)</i>	<i>(1)</i>	<i>-</i>	<i>-</i>	<i>(2)</i>	<i>-</i>
8a <i>RWAs at 31 March 2025 (end of day)</i>	<i>131</i>	<i>495</i>	<i>1,352</i>	<i>862</i>	<i>2,840</i>	<i>227</i>
8b <i>Regulatory adjustment (1)</i>	<i>458</i>	<i>2,277</i>	<i>73</i>	<i>-</i>	<i>2,808</i>	<i>225</i>
8 At 31 March 2025	589	2,772	1,425	862	5,648	452

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

Q1 2025

- Overall, market risk RWAs under the IMA rose during the first quarter.
- The increase in SVaR-based RWAs was largely driven by movements in foreign exchange risk.
- The decrease in VaR-based RWAs largely reflected movements in interest rate risk.

Annex XI: Leverage

UK LR2 - LRCom: Leverage ratio common disclosure

The table below shows an abridged version of the disclosure template UK LR2 – LRCom for NatWest Group. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		31 March 2025 £m	31 December 2024 £m
Capital and total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	613,139	607,799
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.2	5.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2	5.0
UK-25c	Leverage ratio including claims on central banks (%)	4.5	4.3
Additional leverage ratio disclosure requirements – leverage ratio buffers ⁽¹⁾			
27	Leverage ratio buffer (%)	0.6	0.6
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.6	0.6
Additional leverage ratio disclosure requirements – disclosure of mean values ⁽¹⁾			
UK-31	Average total exposure measure excluding claims on central banks	610,364	600,354
UK-32	Average total exposure measure including claims on central banks	709,453	698,214
UK-33	Average leverage ratio excluding claims on central banks (%)	5.0	5.0
UK-34	Average leverage ratio including claims on central banks (%)	4.3	4.3

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

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

	Total unweighted value (average)				Total weighted value (average)			
	31 March 2025 12 £m	31 December 2024 12 £m	30 September 2024 12 £m	30 June 2023 12 £m	31 March 2025 12 £m	31 December 2024 12 £m	30 September 2024 12 £m	30 June 2023 12 £m
Number of data points used in the calculation of averages								
High - quality liquid assets								
1 Total high-quality liquid assets (HQLA)					159,696	158,333	156,537	156,387
Cash - outflows								
2 Retail deposits and deposits from small business customers,	265,547	263,424	260,918	258,770	19,438	19,214	18,905	18,816
of which:								
3 Stable deposits	141,057	141,553	142,019	143,238	7,053	7,078	7,101	7,162
4 Less stable deposits	88,412	87,609	86,557	86,334	11,299	11,168	10,999	10,944
5 Unsecured wholesale funding	147,120	146,194	146,662	148,600	70,595	69,549	69,417	70,318
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	57,010	57,782	58,630	59,732	13,933	14,126	14,338	14,613
7 Non-operational deposits (all counterparties)	85,851	83,870	83,501	84,228	52,403	50,881	50,548	51,065
8 Unsecured debt	4,259	4,542	4,531	4,640	4,259	4,542	4,531	4,640
9 Secured wholesale funding					1,878	1,709	1,529	1,307
10 Additional requirements	79,416	80,006	80,810	81,338	21,225	21,681	22,533	23,025
11 Outflows related to derivative exposures and other collateral requirements	5,102	5,493	5,980	6,323	4,978	5,380	5,840	6,154
12 Outflows related to loss of funding on debt products	89	89	172	172	89	89	172	172
13 Credit and liquidity facilities	74,225	74,424	74,658	74,843	16,158	16,212	16,521	16,699
14 Other contractual funding obligations	26,127	27,284	25,699	21,385	2,054	2,098	2,049	1,858
15 Other contingent funding obligations	57,166	53,807	51,007	50,081	2,719	2,475	2,373	2,618
16 Total cash outflows					117,909	116,726	116,806	117,942
Cash - inflows								
17 Secured lending (e.g. reverse repos)	61,269	60,765	59,754	57,098	1,225	1,139	1,102	1,020
18 Inflows from fully performing exposures	7,188	7,232	7,313	7,210	5,836	5,795	5,859	5,825
19 Other cash inflows	23,852	24,323	22,995	19,509	4,825	4,781	4,745	4,536
UK-19a (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b (Excess inflows from a related specialised credit institution)					-	-	-	-
20 Total cash inflows	92,309	92,320	90,062	83,817	11,886	11,715	11,706	11,381
UK-20a Fully exempt inflows								
UK-20b Inflows subject to 90% cap								
UK-20c Inflows subject to 75% cap	90,066	90,164	87,875	81,633	11,886	11,715	11,706	11,381
Total adjusted value								
UK-21 Liquidity buffer					159,696	158,333	156,537	156,387
22 Total net cash outflows					106,023	105,011	105,100	106,561
23 Liquidity coverage ratio (%)					151	151	149	147

Annex XIII: Liquidity continued

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

LCR inputs and results over time

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

All figures included in the table represent a 12-month rolling average.

The Liquidity Coverage Ratio (LCR) is unchanged, at 151%, mainly due to higher lending offset by increased customer deposits.

Concentration of funding sources

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

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (59%) and Level 1 high quality securities (35%). Level 2 securities account for 6%.

Derivative exposures and potential collateral calls

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

Currency mismatch in the LCR

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