



NatWest
Group

NatWest Markets Plc

Q3 2025 **Pillar 3 Report**

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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 NWM 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 NWM 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: NWM Group's economic and political risks financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NWM Group's strategy and NatWest Group's strategy, its climate and sustainability related ambitions and targets, 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, 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, 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 NWM Group's actual results are discussed in NWM Plc's 2024 Annual Report and Accounts, NWM Group's Interim Management Statement for Q1, H1 and Q3 2025, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the interim Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) as at 30 September 2025 which complement those in the NWM Group Q3 2025 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/reports-archive/2025

NWM Plc is incorporated in the United Kingdom and is a large, listed subsidiary of NatWest Group plc. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

Based on the criteria set out in the UK CRR, NatWest Group primarily defines its large subsidiaries in scope for PRA Pillar 3 disclosures as those designated as an Other Systemically Important Institution (O-SII) by the PRA or those with total assets equal to or greater than €30 billion.

The disclosures for NWM Plc are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and presented in accordance with the Disclosure (CRR) part of the PRA Rulebook. 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 Markets Plc - Key points

CET1 ratio

17.5%

(Q2 2025 – 17.1%)

The CET1 ratio increased by 40 basis points to 17.5% due to a £0.2 billion increase in CET1 capital partially offset by a £0.5 billion increase in RWAs. The CET1 capital increase was mainly driven by reserve movements.

RWAs

£21.7bn

(Q2 2025 – £21.2bn)

Total RWAs increased by £0.5 billion to £21.7 billion mainly reflecting:

- an increase in credit risk RWAs of £0.5 billion to £9.9 billion primarily reflecting an increase in drawdowns and new facilities.
- a reduction in counterparty credit risk RWAs of £0.2 billion to £5.9 billion driven by over-the-counter exposures and CRD IV model updates under the IMM approach.
- an increase in market risk RWAs of £0.1 billion to £4.5 billion driven by the IRC, reflecting changes in government bond positions, partially offset by a reduction in RNIVs.

UK leverage ratio

4.5%

(Q2 2025 – 5.6%)

The leverage ratio decreased by 110 basis points to 4.5% due to a £0.7 billion decrease in Tier 1 capital and a £7.2 billion increase in leverage exposure. The key drivers of the leverage exposure movement were an increase in other financial assets, trading assets, net settlement balances and net derivatives.

UK average leverage ratio

4.6%

(Q2 2025 – 5.4%)

The average leverage ratio decreased by 80 basis points to 4.6% due to a £0.6 billion decrease in 3-month average Tier 1 capital and a £4.1 billion increase in average leverage exposure. The key drivers of the average leverage exposure movement were an increase in other financial assets, trading assets and net derivatives.

LCR average

196%

(Q2 2025 – 193%)

The Liquidity Coverage Ratio (LCR) increased 3% compared to Q2 2025. The increase in the LCR is mainly driven by funding raised with some offset in incremental new business lending.

NSFR average

120%

(Q2 2025 – 121%)

The Net Stable Funding Ratio (NSFR) decreased by 1% compared to Q2 2025. The decrease in the NSFR was mainly due to increased lending largely offset by net new 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.

	30 September 2025 £m	30 June 2025 £m	31 March 2025 £m	31 December 2024 £m	30 September 2024 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	3,801	3,627	3,743	3,779	3,720
2 Tier 1 capital	4,776	5,508	5,280	5,067	4,416
3 Total capital	5,425	6,144	5,963	5,779	5,066
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	21,678	21,243	21,705	20,812	21,476
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	17.5	17.1	17.2	18.2	17.3
6 Tier 1 ratio (%)	22.0	25.9	24.3	24.3	20.6
7 Total capital ratio (%)	25.0	28.9	27.5	27.8	23.6
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	3.1	3.1	3.1	3.1	3.1
UK 7b Additional AT1 SREP requirements (%)	1.1	1.0	1.0	1.0	1.0
UK 7c Additional Tier 2 SREP requirements (%)	1.4	1.4	1.4	1.4	1.4
UK 7d Total SREP own funds requirements (%)	13.6	13.5	13.5	13.5	13.5
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)	1.0	1.0	0.9	1.0	1.0
11 Combined buffer requirement (%)	3.5	3.5	3.4	3.5	3.5
UK 11a Overall capital requirements (%)	17.1	17.0	16.9	17.0	17.0
12 CET1 available after meeting the total SREP own funds requirements (%)	9.9	9.5	9.7	10.6	9.8
Leverage ratio					
13 Total exposure measure excluding claims on central banks	106,006	98,840	97,377	92,859	96,209
14 Leverage ratio excluding claims on central banks (%)	4.5	5.6	5.4	5.5	4.6
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.5	5.6	5.4	5.5	4.6
UK 14b Leverage ratio including claims on central banks (%)	4.2	5.1	4.9	4.9	4.2
UK 14c Average leverage ratio excluding claims on central banks (%)	4.6	5.4	4.8	4.8	4.8
UK 14d Average leverage ratio including claims on central banks (%)	4.2	4.9	4.4	4.3	4.3
UK 14e Countercyclical leverage ratio buffer (%) (3)	0.3	0.3	0.3	0.3	0.4
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value-average)	19,489	19,143	18,762	18,804	18,283
UK 16a Cash outflows - Total weighted value	13,380	13,069	12,896	12,878	12,969
UK 16b Cash inflows - Total weighted value	3,369	3,079	2,901	3,046	3,272
16 Total net cash outflows (adjusted value)	10,011	9,990	9,995	9,832	9,697
17 Liquidity coverage ratio (%) (4)	196	193	189	192	189
Net stable funding ratio					
18 Total available stable funding	41,475	40,092	38,400	36,499	33,992
19 Total required stable funding	34,655	33,257	31,905	30,522	29,155
20 NSFR ratio (%) (5)	120	121	120	120	117

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

(2) NWM Plc 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 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 maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWM 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.

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	
		30 September 2025 £m		30 June 2025 £m	30 September 2025 £m	
1	Credit risk (excluding counterparty credit risk)	6,817		6,395	545	
2	Of which: standardised approach	2,606		2,512	208	
3	Of which: the foundation IRB (FIRB) approach	-		-	-	
4	Of which: slotting approach	278		209	22	
UK 4a	Of which: equities under the simple risk-weighted approach	239		226	19	
5	Of which: the advanced IRB (AIRB) approach	3,694		3,448	296	
5a	Of which: non-credit obligation assets (1)	148		252	12	
6	Counterparty credit risk	5,827		5,977	466	
7	Of which: standardised approach	961		906	77	
8	Of which: internal model method (IMM)	3,583		3,823	287	
UK 8a	Of which: exposures to a CCP	124		148	10	
UK 8b	Of which: credit valuation adjustment (CVA)	755		725	60	
9	Of which: other counterparty credit risk	404		375	32	
15	Settlement risk	-		-	-	
16	Securitisation exposures in the non-trading book (after the cap)	3,159		3,080	253	
17	Of which: SEC-IRBA approach	-		-	-	
18	Of which: SEC-ERBA (including IAA)	50		53	4	
19	Of which: SEC-SA approach	3,059		2,975	245	
UK 19a	Of which: 1,250%/deduction	50		52	4	
20	Position, foreign exchange and commodities risk (market risk)	4,522		4,438	362	
21	Of which: standardised approach	242		240	19	
22	Of which: IMA	4,280		4,198	343	
UK 22a	Large exposures	-		-	-	
23	Operational risk	1,347		1,347	108	
UK 23a	Of which: basic indicator approach	-		-	-	
UK 23b	Of which: standardised approach	1,347		1,347	108	
UK 23c	Of which: advanced measurement approach	-		-	-	
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,369		1,323	110	
25	Other Risk Exposure amount	6		6	-	
25a	Of which: Additional risk exposure amount due to Article 3 CRR	6		6	-	
29	Total	21,678		21,243	1,734	

(1) 5a is subset of total IRB RWAs disclosed in Row 5.

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

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	3,170
2 Asset size	122
3 Asset quality	6
4 Model updates	2
7 Foreign exchange movements	(42)
9 At 31 March 2025	3,258
2 Asset size	146
3 Asset quality	(2)
4 Model updates	85
7 Foreign exchange movements	(82)
9 At 30 June 2025	3,405
2 Asset size	375
3 Asset quality	(43)
4 Model updates	35
7 Foreign exchange movements	52
9 At 30 September 2025	3,824

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

Q3 2025

- The increase in RWAs related to asset size was partly offset by movements in risk metrics in RWAs related to asset quality. The increase in RWAs relating to model updates was primarily due to CRD IV model updates and the increase in foreign exchange movements was mainly a result of sterling depreciation against the US dollar and the euro.

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

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

	a RWAs £m
1 At 31 December 2024	3,510
2 Asset size	20
3 Credit quality of counterparties	1
7 Foreign exchange movements	(40)
9 At 31 March 2025	3,491
2 Asset size	217
3 Credit quality of counterparties	5
4 Model updates	151
7 Foreign exchange movements	(41)
9 At 30 June 2025	3,823
2 Asset size	(222)
3 Credit quality of counterparties	(6)
4 Model Updates	(50)
7 Foreign exchange movements	38
9 At 30 September 2025	3,583

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

Q3 2025

- IMM RWAs decreased, mainly reflecting an overall reduction in asset size, driven by over-the-counter derivative transactions, and CRD IV model updates in Commercial & Institutional.
- The increase in foreign exchange movements was due to sterling depreciating against the euro and the US dollar.

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) £m	Stressed Value-at-risk (SVaR) £m	Incremental risk charge £m	Other risks-not-in VaR (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1 At 31 December 2024	695	1,875	1,401	815	4,786	383
1a <i>Regulatory adjustment (1)</i>	<i>(461)</i>	<i>(1,322)</i>	<i>(207)</i>	<i>-</i>	<i>(1,990)</i>	<i>(159)</i>
1b <i>RWAs at 31 December 2024 (end of day)</i>	<i>234</i>	<i>553</i>	<i>1,194</i>	<i>815</i>	<i>2,796</i>	<i>224</i>
2 <i>Movement in risk levels</i>	<i>(122)</i>	<i>(107)</i>	<i>144</i>	<i>(14)</i>	<i>(99)</i>	<i>(8)</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>111</i>	<i>445</i>	<i>1,338</i>	<i>801</i>	<i>2,695</i>	<i>216</i>
8b <i>Regulatory adjustment (1)</i>	<i>414</i>	<i>2,120</i>	<i>70</i>	<i>-</i>	<i>2,604</i>	<i>209</i>
8 At 31 March 2025	525	2,565	1,408	801	5,299	425
1a <i>Regulatory adjustment (1)</i>	<i>(414)</i>	<i>(2,120)</i>	<i>(70)</i>	<i>-</i>	<i>(2,604)</i>	<i>(209)</i>
1b <i>RWAs at 31 March 2025 (end of day)</i>	<i>111</i>	<i>445</i>	<i>1,338</i>	<i>801</i>	<i>2,695</i>	<i>216</i>
2 <i>Movement in risk levels</i>	<i>71</i>	<i>167</i>	<i>(728)</i>	<i>(99)</i>	<i>(589)</i>	<i>(47)</i>
3 <i>Model updates/changes</i>	<i>(1)</i>	<i>(1)</i>	<i>-</i>	<i>66</i>	<i>64</i>	<i>5</i>
8a <i>RWAs at 30 June 2025 (end of day)</i>	<i>181</i>	<i>611</i>	<i>610</i>	<i>768</i>	<i>2,170</i>	<i>174</i>
8b <i>Regulatory adjustment (1)</i>	<i>325</i>	<i>1,416</i>	<i>287</i>	<i>-</i>	<i>2,028</i>	<i>162</i>
8 At 30 June 2025	506	2,027	897	768	4,198	336
1a <i>Regulatory adjustment (1)</i>	<i>(325)</i>	<i>(1,416)</i>	<i>(287)</i>	<i>-</i>	<i>(2,028)</i>	<i>(162)</i>
1b <i>RWAs at 30 June 2025 (end of day)</i>	<i>181</i>	<i>611</i>	<i>610</i>	<i>768</i>	<i>2,170</i>	<i>174</i>
2 <i>Movement in risk levels</i>	<i>(58)</i>	<i>207</i>	<i>455</i>	<i>(117)</i>	<i>487</i>	<i>39</i>
3 <i>Model updates/changes</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
8a <i>RWAs at 30 September 2025 (end of day)</i>	<i>123</i>	<i>818</i>	<i>1,065</i>	<i>651</i>	<i>2,657</i>	<i>213</i>
8b <i>Regulatory adjustment (1)</i>	<i>366</i>	<i>1,257</i>	<i>-</i>	<i>-</i>	<i>1,623</i>	<i>130</i>
8 At 30 September 2025	489	2,075	1,065	651	4,280	343

(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 NWM Plc: column (d) comprehensive risk measure; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q3 2025

- Total market risk RWAs under the IMA were broadly unchanged in the third quarter, compared to the previous quarter, as were VaR and SVaR-based RWAs.
- The increase in the incremental risk charge was mainly due to movements in European government bond and bond futures positions.
- The decrease in RNIV-based RWAs reflects various offsetting movements.

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 NWM Plc. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		30 September 2025 £m	30 June 2025 £m
Total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	106,006	98,840
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.5	5.6
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.5	5.6
UK-25c	Leverage ratio including claims on central banks (%)	4.2	5.1
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.3	0.3
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.3	0.3
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	104,410	100,326
UK-32	Average total exposure measure including claims on central banks	113,776	109,794
UK-33	Average leverage ratio excluding claims on central banks (%)	4.6	5.4
UK-34	Average leverage ratio including claims on central banks (%)	4.2	4.9

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information on 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 NWM Plc. The weightings applied reflect the stress factors applicable under the UK LCR rules. The values presented are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table. LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). NatWest Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity. High-quality liquid assets cover both Pillar 1 and Pillar 2 risks.

		Total unweighted value (average)				Total weighted value (average)			
		30 September 2025 £m	30 June 2025 £m	31 March 2025 £m	31 December 2024 £m	30 September 2025 £m	30 June 2025 £m	31 March 2025 £m	31 December 2024 £m
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					19,489	19,143	18,762	18,804
Cash - outflows									
2	Retail deposits and deposits from small business customers	44	44	46	42	2	2	2	1
	of which:								
3	Stable deposits	6	5	5	6	-	-	-	-
4	Less stable deposits	13	11	9	8	2	2	1	1
5	Unsecured wholesale funding	3,072	3,030	3,092	3,071	2,686	2,629	2,690	2,617
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	1,291	1,277	1,350	1,391	905	876	948	937
8	Unsecured debt	1,781	1,753	1,742	1,680	1,781	1,753	1,742	1,680
9	Secured wholesale funding					1,451	1,400	1,381	1,367
10	Additional requirements	11,173	11,121	11,097	11,116	7,765	7,740	7,653	7,613
11	Outflows related to derivative exposures and other collateral requirements	3,178	3,298	3,441	3,530	3,005	3,181	3,361	3,480
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	7,995	7,823	7,656	7,586	4,760	4,559	4,292	4,133
14	Other contractual funding obligations	20,333	20,421	19,885	20,424	1,465	1,288	1,161	1,271
15	Other contingent funding obligations	2,261	2,021	1,926	1,952	11	10	9	9
16	Total cash outflows					13,380	13,069	12,896	12,878
Cash - inflows									
17	Secured lending (e.g., reverse repos)	17,306	17,584	17,658	18,494	702	580	528	546
18	Inflows from fully performing exposures	483	489	526	550	483	488	526	550
19	Other cash inflows	11,710	11,359	10,356	10,781	2,184	2,011	1,847	1,950
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	29,499	29,432	28,540	29,825	3,369	3,079	2,901	3,046
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	26,911	26,991	26,318	27,669	3,369	3,079	2,901	3,046
Total adjusted value									
UK-21	Liquidity buffer					19,489	19,143	18,762	18,804
22	Total net cash outflows					10,011	9,990	9,995	9,832
23	Liquidity coverage ratio (%)					196	193	189	192

Annex XIII: Liquidity continued

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

LCR inputs & results over time

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

All figures included in the table represent a 12 month rolling average. The average LCR ratio for the 12 months to 30 September 2025 has increased by 3% over the previous quarter, from 193% to 196%. The increase in the LCR is mainly driven by funding raised with some offset in incremental new business lending.

Concentration of funding sources

NWM Plc covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repos, short positions, and derivative cash collateral provide approximately half of the balance sheet funding with the remainder funded by capital and MREL-eligible bonds (issued and down streamed by NatWest Group Plc), term unsecured, short-term unsecured and secured funding.

Wholesale unsecured funding includes a range of products including but not limited to bank deposits, commercial paper (CP), certificates of deposit (CDs) and medium-term notes (MTNs). Deposits, CP and CDs have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. MTN issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.

The primary risk to funding stability is refinancing – the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. NWM Plc monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (48%) and Level 1 high quality securities (47%). Level 2 securities account for 5%.

Derivative exposures and potential collateral calls

NWM Plc actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress 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 NWM Plc credit rating are also captured.

Currency mismatch in the LCR

The LCR is calculated for the 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 (LCR) part of the PRA Rulebook. NWM Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.