



NatWest
Group

National Westminster Bank Plc

Q3 2024 Pillar 3

Contents	Page
Forward-looking statements	3
Presentation of information	4
Annex I: Key metrics and overview of risk-weighted assets	
NatWest Bank Plc - Key points	5
UK KM1: Key metrics	6
IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL	7
UK OV1: Overview of risk-weighted exposure amounts	8
UK CR8: RWA flow statement of credit risk exposures under the IRB approach	9
Annex XI: Leverage	
UK LR2 – LRCom: Leverage ratio common disclosure	10

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 that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NWB Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWB Group in respect of, but not limited to: economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NatWest Group's strategy, its access to adequate sources of liquidity and funding, increasing competition from incumbents, challengers and new entrants and disruptive technologies, its exposure to third party risks, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NWB Group's exposure to, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, 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, and general economic and political conditions and uncertainties (such as the direct and indirect impacts of escalating armed conflicts) and the impact of climate 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 the NWB Group's actual results are discussed in the NWB Plc's 2023 Annual Report and Accounts (ARA), and NWB Plc's Interim Results for H1 2024. The forward-looking statements contained in this document speak only as of the date of this document and NWB 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 Pillar 3 disclosures for National Westminster Bank Plc (NWB Plc) at 30 September 2024. It should be read in conjunction with the Q3 2024 NatWest Holdings Group Pillar 3 report, published in the same location at: investors.natwestgroup.com/reports-archive/2024.

NWB Plc is incorporated in the United Kingdom and is a wholly-owned subsidiary of NatWest Holdings Limited ('NWH Ltd'). 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 NWB Plc are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and completed in accordance with the Disclosure (CRR) part of the PRA rulebook.

The liquidity disclosures completed at UK Domestic Liquidity Subgroup (UK DoLSub) level are published in the NWH Group Pillar 3 document. The UK DoLSub waiver allows NWB Plc, RBS plc and Coutts & Co to manage liquidity and funding as a single subgroup rather than at an entity level.

Within this document, row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL disclosures have been prepared using the uniform format published by the EBA.

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

PRA template reference	Template name	Reasons for exclusion
UK CCR7	RWEA flow statements of CCR exposures under the IMM approach	No reportable exposures
UK MR2-B	RWA flow statements of market risk exposures under the IMA approach	No reportable exposures

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/2023

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

NatWest Bank Plc - Key points

CET1 ratio

12.0%

(Q2 2024 – 11.4%)

The Common Equity Tier 1 (CET1) ratio increased by 60 basis points to 12.0%. The increase in the CET1 ratio was due to a £0.9 billion increase in CET1 capital partially offset by a £1.5 billion increase in RWAs. The CET1 capital increase was mainly driven by profit in the period of £0.8 billion and other movements on reserves and regulatory adjustments of £0.1 billion.

RWAs

£122.3bn

(Q2 2024 - £120.8bn)

Total risk-weighted assets (RWAs) increased by £1.5 billion to £122.3 billion primarily reflecting an increase in credit risk mainly due to lending growth and the Metro Bank mortgage portfolio acquisition within Retail Banking and an increase in drawdowns and new facilities within Commercial & Institutional. These movements were partially offset by active RWA management and a reduction in risk-weighted assets from foreign exchange movements due to sterling appreciation versus euro and US dollar.

UK leverage ratio

4.7%

(Q2 2024 – 4.6%)

The leverage ratio increased by 10 basis points to 4.7% driven by a £0.9 billion increase in Tier 1 capital partially offset by a £14.9 billion increase in leverage exposure. The key drivers in the leverage exposure were an increase in other financial assets and other off balance sheet items.

UK average leverage ratio

4.6%

(Q2 2024 – 4.8%)

The average leverage ratio decreased by 20 basis points to 4.6% driven by a £13.3 billion increase in average leverage exposure partially offset by an immaterial increase in 3-month average Tier 1 capital. The key drivers in the average leverage exposure were an increase in other financial assets and other off balance sheet items.

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. NWB Plc has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transition amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
	£m	£m	£m	£m	£m
Available own funds (amounts)					
1	Common equity tier 1 (CET1) capital	14,722	13,813	14,823	14,082
2	Tier 1 capital	17,799	16,890	17,101	16,360
3	Total capital	21,172	20,273	20,497	19,798
Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	122,340	120,780	124,523	121,740
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common equity tier 1 ratio (%)	12.0	11.4	11.9	11.6
6	Tier 1 ratio (%)	14.5	14.0	13.7	13.4
7	Total capital ratio (%)	17.3	16.8	16.5	16.3
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	1.5	1.6	1.6	1.5
UK 7b	Additional AT1 SREP requirements (%)	0.5	0.5	0.5	0.6
UK 7c	Additional Tier 2 SREP requirements (%)	0.7	0.7	0.7	0.7
UK 7d	Total SREP own funds requirements (%)	10.7	10.8	10.8	10.8
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (1)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (2)	1.9	1.9	1.8	1.8
11	Combined buffer requirement (%)	4.4	4.4	4.3	4.3
UK 11a	Overall capital requirements (%)	15.1	15.2	15.1	15.1
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0	5.4	5.7	5.4
Leverage ratio					
13	Total exposure measure excluding claims on central banks	381,762	366,912	358,649	359,897
14	Leverage ratio excluding claims on central banks (%)	4.7	4.6	4.8	4.5
Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.7	4.6	4.8	4.5
UK 14b	Leverage ratio including claims on central banks (%)	4.3	4.1	4.2	4.0
UK 14c	Average leverage ratio excluding claims on central banks (%)	4.6	4.8	4.6	4.5
UK 14d	Average leverage ratio including claims on central banks (%)	4.2	4.3	4.1	4.1
UK 14e	Countercyclical leverage ratio buffer (%) (2)	0.6	0.7	0.6	0.6
Liquidity coverage ratio (3)					
15	Total high-quality liquid assets (HQLA) (weighted value-average)				
UK 16a	Cash outflows - Total weighted value				
UK 16b	Cash inflows - Total weighted value				
16	Total net cash outflows (adjusted value)				
17	Liquidity coverage ratio (%)				
Net stable funding ratio (3)					
18	Total available stable funding				
19	Total required stable funding				
20	NSFR ratio (%)				

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

(2) 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 NWB Plc CCyB.

(3) Under the UK DoLSUB waiver NWB plc liquidity is managed and disclosed at the sub-group level rather than entity level.

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

IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWB Plc has elected to take advantage of transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m
Available capital (amounts) - transitional					
1 Common equity tier 1	14,722	13,813	14,823	14,082	14,320
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	14,679	13,774	14,755	13,913	14,145
3 Tier 1 capital	17,799	16,890	17,101	16,360	16,563
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	17,756	16,851	17,033	16,191	16,388
5 Total capital	21,172	20,273	20,497	19,798	20,011
6 Total capital as if IFRS 9 transitional arrangements had not been applied	21,129	20,234	20,509	19,830	20,049
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	122,340	120,780	124,523	121,740	117,745
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	122,327	120,770	124,512	121,716	117,723
Capital ratios					
	%	%	%	%	%
9 Common equity tier 1 ratio	12.0	11.4	11.9	11.6	12.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	12.0	11.4	11.9	11.4	12.0
11 Tier 1 ratio	14.5	14.0	13.7	13.4	14.1
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	14.5	14.0	13.7	13.3	13.9
13 Total capital ratio	17.3	16.8	16.5	16.3	17.0
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	17.3	16.8	16.5	16.3	17.0
Leverage ratio					
15 Leverage ratio exposure measure (£m)	381,762	366,912	358,649	359,897	362,422
16 Leverage ratio (%)	4.7	4.6	4.8	4.5	4.6
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.7	4.6	4.8	4.5	4.5

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 2024 £m	30 June 2024 £m	30 September 2024 £m	
1	Credit risk (excluding counterparty credit risk)	104,346	103,060	8,347
2	Of which: standardised approach	11,701	10,634	936
3	Of which: the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	9,026	8,604	722
UK 4a	Of which: equities under the simple risk-weighted approach	-	-	-
5	Of which: the advanced IRB (AIRB) approach	83,619	83,822	6,689
5a	Of which: non-credit obligation assets (2)	3,049	2,864	244
6	Counterparty credit risk	474	442	38
7	Of which: standardised approach	151	138	12
8	Of which: internal model method (IMM)	-	-	-
UK 8a	Of which: exposures to a CCP	23	34	2
UK 8b	Of which: credit valuation adjustment (CVA)	105	97	8
9	Of which: other counterparty credit risk	195	173	16
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	1,588	1,318	127
17	Of which: SEC-IRBA approach	1,208	948	96
18	Of which: SEC-ERBA (including IAA)	45	39	4
19	Of which: SEC-SA approach	335	331	27
UK 19a	Of which: 1,250%/deduction	-	-	-
20	Position, foreign exchange and commodities risk (market risk)	9	37	1
21	Of which: standardised approach	9	37	1
22	Of which: IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	15,923	15,923	1,274
UK 23a	Of which: basic indicator approach	-	-	-
UK 23b	Of which: standardised approach	15,923	15,923	1,274
UK 23c	Of which: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (1)	4,791	4,552	383
29	Total	122,340	120,780	9,787

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

(2) 5a is a 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 and non-credit obligation assets.

	a
	RWAs £m
1 At 31 December 2023	91,606
2 Asset size	680
3 Asset quality	230
4 Model updates	208
7 Foreign exchange movements	(53)
9 At 31 March 2024	92,671
2 Asset size	(1,724)
3 Asset quality	(4)
5 Methodology and policy	(345)
7 Foreign exchange movements	(44)
8 Other	(993)
9 At 30 June 2024	89,561
2 Asset size	2,168
3 Asset quality	(536)
4 Model updates	186
7 Foreign exchange movements	(372)
8 Other	(1,411)
9 At 30 September 2024	89,596

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

Q3 2024

- The decrease in other reflects securitisation activity within Commercial & Institutional.
- The increase in RWAs related to asset size was primarily driven by an increase in mortgages and unsecured lending within Retail Banking. Additional increases were attributed to drawdowns and new facilities within Commercial & Institutional.
- The reduction in RWAs relating to asset quality was primarily driven by improved risk metrics in Retail Banking and Commercial & Institutional and customers moving into default within Commercial & Institutional.
- The increase in RWAs for model updates was mainly due to an increase in the internal ratings based Temporary Model Adjustment, mainly related to mortgages within Retail Banking, partially offset by Commercial & Institutional due to its overall RWA decrease.
- The decrease in foreign exchange movements was mainly a result of sterling strengthening against the US dollar and the euro during the period.

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

		30 September 2024 £m	30 June 2024 £m
Total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	381,762	366,912
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.7	4.6
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.7	4.6
UK-25c	Leverage ratio including claims on central banks (%)	4.3	4.1
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.6	0.7
UK-27b	<i>Of which: countercyclical leverage ratio buffer (%)</i>	0.6	0.7
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	375,576	362,289
UK-32	Average total exposure measure including claims on central banks	411,904	402,791
UK-33	Average leverage ratio excluding claims on central banks (%)	4.6	4.8
UK-34	Average leverage ratio including claims on central banks (%)	4.2	4.3

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