

NatWest Markets Plc
Q3 2026 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 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 such as artificial intelligence, 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 2025 Annual Report and Accounts, NWM Group's Interim Management Statement for Q1, H1 and Q3 2026, 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 2026 which complement those in the NWM Group Q3 2026 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/results-centre.

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 explanation 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 disclosure 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/2025.

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

NatWest Markets Plc - Key points

CET1 ratio

17.0%

(Q2 2026 – 18.3%)

The CET1 ratio decreased by 130 basis points to 17.0% due to a £0.2 billion decrease in CET1 capital and a £0.5 billion increase in RWAs.

The CET1 capital decrease was mainly driven by a dividend paid to NatWest Group plc of £0.2 billion.

RWAs

£22.6bn

(Q2 2026 - £22.1bn)

Total RWAs increased by £0.5 billion to £22.6 billion, primarily reflecting higher market risk RWAs driven by an increase in SVaR-based RWAs arising from client trading activity in the currency options business.

UK leverage ratio

4.6%

(Q2 2026 – 4.9%)

The leverage ratio decreased by 30 basis points to 4.6% due to a £0.2 billion decrease in Tier 1 capital and a £3.3 billion increase in leverage exposure. The key drivers of the leverage exposure movement were an increase in other financial assets and net derivatives.

UK average leverage ratio

4.7%

(Q2 2026 – 4.6%)

The average leverage ratio increased by 10 basis points to 4.7% due to a £3.4 billion decrease in average leverage exposure partially offset by a £0.1 billion decrease in 3-month average Tier 1 capital. The key driver of the average leverage exposure movement was a decrease in reverse repos.

LCR average

204%

(Q2 2026 - 204%)

The average Liquidity Coverage Ratio (LCR) remains unchanged at 204% compared with the prior quarter. This is mainly driven by a fall in the liquidity buffer over the period offset by lower funding outflows.

NSFR average

123%

(Q2 2026 - 122%)

The average Net Stable Funding Ratio (NSFR) increased by 1 percentage point in the quarter to 123%. This is mainly driven by net new funding raised over the period to support planned business lending.

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 2026	30 June 2026	31 March 2026	31 December 2025	30 September 2025
	Available own funds (amounts)	£m	£m	£m	£m	£m
1	Common equity tier 1 (CET1) capital	**3,836**	4,056	4,072	3,952	3,801
2	Tier 1 capital	**4,814**	5,032	5,046	4,926	4,776
3	Total capital	**5,470**	5,695	5,731	5,576	5,425
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**22,581**	22,111	22,211	21,457	21,678
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common equity tier 1 ratio (%)	**17.0**	18.3	18.3	18.4	17.5
6	Tier 1 ratio (%)	**21.3**	22.8	22.7	23.0	22.0
7	Total capital ratio (%)	**24.2**	25.8	25.8	26.0	25.0
	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**	1.1	1.1	1.1	1.1
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**	13.6	13.6	13.6	13.6
	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 (%) (2)	**0.9**	0.9	0.9	0.9	1.0
11	Combined buffer requirement (%)	**3.4**	3.4	3.4	3.4	3.5
UK 11a	Overall capital requirements (%)	**17.0**	17.0	17.0	17.0	17.1
12	CET1 available after meeting the total SREP own funds requirements (%)	**9.4**	10.7	10.7	10.8	9.9
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**105,796**	102,541	107,760	97,880	106,006
14	Leverage ratio excluding claims on central banks (%)	**4.6**	4.9	4.7	5.0	4.5
	Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.6**	4.9	4.7	5.0	4.5
UK 14b	Leverage ratio including claims on central banks (%)	**4.3**	4.5	4.3	4.6	4.2
UK 14c	Average leverage ratio excluding claims on central banks (%)	**4.7**	4.6	4.6	4.7	4.6
UK 14d	Average leverage ratio including claims on central banks (%)	**4.4**	4.3	4.3	4.3	4.2
UK 14e	Countercyclical leverage ratio buffer (%) (2)	**0.3**	0.3	0.3	0.3	0.3
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**19,253**	19,419	19,274	19,411	19,489
UK 16a	Cash outflows - Total weighted value	**12,787**	13,187	13,197	13,584	13,380
UK 16b	Cash inflows - Total weighted value	**3,255**	3,568	3,635	3,691	3,369
16	Total net cash outflows (adjusted value)	**9,532**	9,619	9,562	9,893	10,011
17	Liquidity coverage ratio (%) (3)	**204**	204	204	198	196
	Net stable funding ratio					
18	Total available stable funding	**46,459**	45,542	44,204	42,652	41,475
19	Total required stable funding	**37,733**	37,466	36,756	35,392	34,655
20	NSFR ratio (%) (4)	**123**	122	120	121	120

(1) The following rows are not presented in the table above as not applicable: UK8a, UK9a, 10 and UK10a.
(2) 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.
(3) The Liquidity Coverage Ratio (LCR) is calculated as the average of the preceding 12 months.
(4) 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 2026	30 June 2026	30 September 2026
		£m	£m	£m
1	Credit risk (excluding counterparty credit risk)	**7,506**	7,456	**600**
2	*Of which: standardised approach*	***2,794***	*2,687*	***223***
3	*Of which: the foundation IRB (FIRB) approach*	**-**	-	**-**
4	*Of which: slotting approach*	***249***	*256*	***20***
UK 4a	*Of which: equities under the simple risk-weighted approach*	***199***	*196*	***16***
5	*Of which: the advanced IRB (AIRB) approach*	***4,264***	*4,317*	***341***
5a	*Of which: non-credit obligation assets (1)*	***117***	*107*	***9***
6	Counterparty credit risk	**5,999**	6,130	**480**
7	*Of which: standardised approach*	***727***	*751*	***58***
8	*Of which: internal model method (IMM)*	***3,561***	*3,373*	***285***
UK 8a	*Of which: exposures to a CCP*	***130***	*128*	***10***
UK 8b	*Of which: credit valuation adjustment (CVA)*	***638***	*670*	***51***
9	*Of which: other counterparty credit risk*	***943***	*1,208*	***76***
15	Settlement risk	**-**	-	**-**
16	Securitisation exposures in the non-trading book (after the cap)	**3,216**	3,174	**257**
17	*Of which: SEC-IRBA approach*	**-**	-	**-**
18	*Of which: SEC-ERBA (including IAA)*	***50***	*89*	***4***
19	*Of which: SEC-SA approach*	***3,166***	*3,085*	***253***
UK 19a	*Of which: 1,250%/deduction*	**-**	-	**-**
20	*Position, foreign exchange and commodities risk (market risk)*	**4,141**	3,632	**331**
21	*Of which: standardised approach*	***230***	*211*	***18***
22	*Of which: IMA*	***3,911***	*3,421*	***313***
UK 22a	Large exposures	**-**	-	**-**
23	Operational risk	**1,711**	1,711	**137**
UK 23a	*Of which: basic indicator approach*	**-**	-	**-**
UK 23b	*Of which: standardised approach*	***1,711***	*1,711*	***137***
UK 23c	*Of which: advanced measurement approach*	**-**	-	**-**
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	**1,325**	1,370	**106**
25	Other Risk Exposure amount	**8**	8	**1**
25a	*Of which: Additional risk exposure amount due to Article 3 CRR*	***8***	*8*	***1***
29	Total	**22,581**	22,111	**1,806**

(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 2025	4,199
2	Asset size	9
3	Asset quality	(15)
4	Model updates	(22)
7	Foreign exchange movements	35
9	At 31 March 2026	4,206
2	Asset size	372
3	Asset quality	(51)
4	Model updates	(50)
7	Foreign exchange movements	(11)
9	At 30 June 2026	4,466
2	Asset size	(60)
3	Asset quality	(12)
4	Model updates	13
7	Foreign exchange movements	(11)
9	At 30 September 2026	4,396

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

Q3 2026

- RWAs decreased in the quarter, primarily driven by reduced lending.

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 2025	3,439
2	Asset size	(121)
3	Credit quality of counterparties	9
4	Model updates	4
7	Foreign exchange movements	19
9	At 31 March 2026	3,350
2	Asset size	45
3	Credit quality of counterparties	(36)
4	Model updates	24
7	Foreign exchange movements	(10)
9	At 30 June 2026	3,373
2	Asset size	206
3	Credit quality of counterparties	(12)
4	Model updates	(4)
7	Foreign exchange movements	(2)
9	At 30 September 2026	3,561

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

Q3 2026

- The increase in IMM RWAs was largely driven by an increase in asset size in over-the-counter derivative transactions.

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 2025	326	1,668	624	574	3,192	255
1a	*Regulatory adjustment (1)*	*(240)*	*(1,176)*	*(238)*	*-*	*(1,654)*	*(132)*
1b	*RWAs at 31 December 2025 (end of day)*	*86*	*492*	*386*	*574*	*1,538*	*123*
2	Movement in risk levels	(10)	(20)	529	(20)	479	38
3	Model updates/changes	-	-	-	-	-	-
8a	*RWAs at 31 March 2026 (end of day)*	*76*	*472*	*915*	*554*	*2,017*	*161*
8b	*Regulatory adjustment (1)*	*278*	*1,491*	*(27)*	*-*	*1,742*	*140*
8	At 31 March 2026	354	1,963	888	554	3,759	301
1a	*Regulatory adjustment (1)*	*(234)*	*(1,490)*	*-*	*-*	*(1,724)*	*(138)*
1b	*RWAs at 31 March 2026 (end of day)*	*120*	*473*	*888*	*554*	*2,035*	*163*
2	Movement in risk levels	(15)	290	(140)	(10)	125	10
3	Model updates/changes	-	-	-	12	12	1
8a	*RWAs at 30 June 2026 (end of day)*	*105*	*763*	*748*	*556*	*2,172*	*174*
8b	*Regulatory adjustment (1)*	*244*	*762*	*242*	*-*	*1,248*	*100*
8	At 30 June 2026	349	1,525	990	556	3,420	274
1a	*Regulatory adjustment (1)*	*(244)*	*(762)*	*(242)*	*-*	*(1,248)*	*(100)*
1b	*RWAs at 30 June 2026 (end of day)*	*105*	*763*	*748*	*556*	*2,172*	*174*
2	Movement in risk levels	*(15)*	*(39)*	*193*	*(30)*	*109*	*9*
3	Model updates/changes	-	-	14	-	14	1
8a	*RWAs at 30 September 2026 (end of day)*	*90*	*724*	*955*	*526*	*2,295*	*184*
8b	*Regulatory adjustment (1)*	*248*	*1,368*	*-*	*-*	*1,616*	*129*
8	At 30 September 2026	338	2,092	955	526	3,911	313

(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 2026

- Total market risk RWAs under the IMA increased in the third quarter.
- The main driver was in SVaR-based RWAs, chiefly related to client trading activity in the currency options business.

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 2026	30 June 2026
Total exposure measure		**£m**	£m
UK-24b	Total exposure measure excluding claims on central banks	**105,796**	102,541
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**4.6**	4.9
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.6**	4.9
UK-25c	Leverage ratio including claims on central banks (%)	**4.3**	4.5
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	**0.3**	0.3
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**-**	-
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	**105,214**	108,581
UK-32	Average total exposure measure including claims on central banks	**111,740**	115,444
UK-33	Average leverage ratio excluding claims on central banks (%)	**4.7**	4.6
UK-34	Average leverage ratio including claims on central banks (%)	**4.4**	4.3

(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 2026	30 June 2026	31 March 2026	31 December 2025	**30 September 2026**	30 June 2026	31 March 2026	31 December 2025
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					**19,253**	19,419	19,274	19,411
Cash - outflows									
2	Retail deposits and deposits from small business customers	**12**	19	24	37	**1**	1	2	2
	of which:								
3	*Stable deposits*	***2***	*4*	*4*	*6*	**-**	-	-	-
4	*Less stable deposits*	***5***	*9*	*11*	*13*	***1***	*1*	*2*	*2*
5	Unsecured wholesale funding	**2,809**	2,843	2,911	3,176	**2,332**	2,436	2,530	2,811
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**-**	-	-	-	**-**	-	-	-
7	*Non-operational deposits (all counterparties)*	***1,353***	*1,353*	*1,339*	*1,300*	***876***	*946*	*958*	*935*
8	*Unsecured debt*	***1,456***	*1,490*	*1,572*	*1,876*	***1,456***	*1,490*	*1,572*	*1,876*
9	*Secured wholesale funding*					***1,412***	*1,445*	*1,431*	*1,532*
10	Additional requirements	**11,838**	11,710	11,403	11,204	**8,515**	8,361	8,065	7,842
11	*Outflows related to derivative exposures and other collateral requirements*	***3,001***	*3,025*	*3,014*	*3,060*	***2,882***	*2,873*	*2,845*	*2,879*
12	*Outflows related to loss of funding on debt products*	**-**	-	-	-	**-**	-	-	-
13	*Credit and liquidity facilities*	***8,837***	*8,685*	*8,389*	*8,144*	***5,633***	*5,488*	*5,220*	*4,963*
14	Other contractual funding obligations	**18,714**	19,027	19,667	19,677	**509**	928	1,155	1,385
15	Other contingent funding obligations	**3,621**	3,315	2,873	2,529	**18**	16	14	12
16	Total cash outflows					**12,787**	13,187	13,197	13,584
Cash - inflows									
17	Secured lending (e.g., reverse repos)	**16,481**	16,928	17,701	17,442	**809**	885	884	873
18	Inflows from fully performing exposures	**618**	570	532	530	**618**	569	531	529
19	Other cash inflows	**12,097**	12,207	12,321	11,869	**1,828**	2,114	2,220	2,289
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	**29,196**	29,705	30,554	29,841	**3,255**	3,568	3,635	3,691
UK-20a	*Fully exempt inflows*								
UK-20b	*Inflows subject to 90% cap*								
UK-20c	*Inflows subject to 75% cap*	***27,138***	*27,485*	*28,046*	*27,194*	***3,255***	*3,568*	*3,635*	*3,691*
Total adjusted value									
UK-21	Liquidity buffer					**19,253**	19,419	19,274	19,411
22	Total net cash outflows					**9,532**	9,619	9,562	9,893
23	Liquidity coverage ratio (%)					**204**	204	204	198

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 2026 remained unchanged at 204% compared with the prior quarter. This is mainly driven by a fall in the liquidity buffer over the period being offset by lower funding outflows.

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 (44%) and Level 1 high-quality securities (52%). Level 2 securities account for 4%.

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, all of which are identified as significant currencies. Significant currencies are defined as those greater than or equal to 5% of total Group liabilities, excluding regulatory capital and off balance sheet liabilities. This assessment is undertaken in accordance with the Liquidity Coverage Ratio provisions of the PRA Rulebook (CRR). NWM Plc manages currency mismatches in significant currencies through its internal liquidity adequacy assessment framework.