NatWest Group

National Westminster Bank Plc

2025 Annual Report and Accounts

Strategic report

Presentation of information

National Westminster Bank Plc (NWB Plc or 'we') is a wholly owned subsidiary of NatWest Holdings Limited (NWH Ltd or the intermediate holding company). The term 'NWB Group' or 'we' refers to NWB Plc and its subsidiary and associated undertakings. The term 'NWH Group' refers to NWH Ltd and its subsidiary and associated undertakings. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiaries.

NWB Plc publishes its financial statements in pounds sterling ('£' or 'sterling'). The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling (GBP), respectively, and references to 'pence' represent pence where amounts are denominated in sterling. Reference to 'dollars' or '$' are to United States of America (US) dollars. The abbreviations '$m' and '$bn' represent millions and thousands of millions of dollars, respectively. The abbreviation '€' represents the 'euro', and the abbreviations '€m' and '€bn' represent millions and thousands of millions of euros, respectively.

Description of business

NWB Plc, which wholly owns Coutts & Company, is a principal entity under NWH Ltd, together with The Royal Bank of Scotland plc (RBS plc).

Principal activities and operating segments

NWB Group serves customers across the UK with a range of retail and commercial banking products and services. A wide range of personal products are offered including current accounts, credit cards, personal loans, mortgages and wealth management services. NWB Plc is the main provider of shared services for NatWest Group.

The reportable operating segments are as follows:

Retail Banking - serves personal customers in the UK and includes Ulster Bank customers in Northern Ireland.

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

Commercial & Institutional - consists of customer businesses reported under Business Banking, Commercial Mid-market and Corporate & Institutions, supporting our customers across the full non-personal customer lifecycle, both domestically and internationally.

Central items & other - includes corporate functions such as treasury, finance, risk management, compliance, legal, communications and human resources. NWB Plc is the main service provider of shared services and treasury activities for NatWest Group. The services are mainly provided to NWH Group, however, in certain instances where permitted, services are also provided to the wider NatWest Group including the non ring-fenced business.

Performance overview

Strong financial performance

NWB Group reported an attributable profit for the year of £4,198 million and a Common Equity Tier 1 (CET1) ratio of 11.2% for NWB Plc.

Total income increased by £1,647 million, or 14%, to £13,620 million due to deposit margin expansion as a result of higher customer balances and strong hedge income.

Operating expenses increased by £278 million, or 4%, to £7,241 million driven by transformation and reward costs as we continue to drive simplification and invest in our people.

The cost:income ratio decreased from 58.2% to 53.2%.

Net impairment losses of £653 million, compared with a charge of £347 million in 2024, primarily reflect lower good book releases in 2025 and include a charge associated with balances acquired from Sainsbury's Bank.

Robust balance sheet with strong capital levels

Net loans to customers increased by £13.6 billion to £345.6 billion, across all customer segments due to growth in mortgages and personal and commercial lending.

Customer deposits increased by £6.8 billion to £325.1 billion driven by growth in retail savings and current account balances.

The loan:deposit ratio remained stable at 98%.

The CET1 ratio decreased by 20 basis points to 11.2%. An £9.2 billion increase in risk-weighted assets (RWAs) driven by lending growth and regulatory changes was partially mitigated by RWA management actions and was further offset by a £0.8 billion increase in CET1 capital.

Stakeholder engagement and s.172(1) statement

This statement describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (section 172) when performing their duty to promote the success of the company.

Board engagement with stakeholders

The Board reviews and confirms its key stakeholder groups for the purposes of section 172 annually. For 2024, they remained investors, customers, colleagues, regulators, communities and suppliers.

Directors are mindful that it is not always possible to achieve an outcome which meets the expectations of all stakeholders, and that there may be impacted stakeholders outside the six key groups the Board has identified. Examples of how the Board has engaged with key stakeholders, including the impact on principal decisions, can be found in this statement and on page 73 (Corporate governance statement).

Supporting effective Board discussions and decision-making

Board and Committee terms of reference reinforce the importance of considering the matters set out in section 172 (the s172 factors, as set out below). The Board and Committee paper template also supports consideration of stakeholders and enables good decision making.

Principal decisions

Principal decisions are those decisions taken by the Board that are material or of strategic importance to the company, or are significant to the company's key stakeholders.

This statement includes a case study of a principal decision taken by the Board during 2024. Further information on the Board's principal activities can be found in the Corporate governance statement on pages 73 to 78.

The s172 factors

(a) likely long-term consequences
(b) employee interests
(c) relationships with customers, suppliers and others
(d) the impact on community and environment
(e) maintaining a reputation for high standards of business conduct
(f) acting fairly between members of the company

Case Study – Dividend payments

Factors considered: (a), (e), (f)

What was the decision-making process?

During 2025, the Board approved interim dividends to be made to the ordinary shareholder, NWH Ltd. It considered proposals in the context of the evolving regulatory capital requirements, and available funds for distribution. In line with standard practice, the Board Risk Committee reviewed all proposals prior to submission to the Board, making appropriate recommendations. Both the Committee and the Board also reviewed the opinion of the second line of defence in relation to the proposals.

How did the directors fulfil their duties under section 172? How were stakeholders considered?

When evaluating proposed capital distributions, the Board was focused on promoting the long-term success and financial resilience of NWB Plc for the benefit of all stakeholders. Directors considered the likely long-term consequences of each decision, the Group's ongoing capacity to invest in the business, and our ability to continue serving customers sustainably.

The Board recognised the need to balance adequate investment in the business with shareholder expectations that excess capital be paid to the parent entity. Consideration was given to NWB Plc's growth ambitions and lending forecasts, agreed risk appetite and targets, and the dividend capacity. The Board was particularly focused on ensuring the proposed distributions would support the long-term success of the company for the benefit of all stakeholders, and that the payments would not impact NWB Plc's ability to withstand an extreme stress scenario. Regulatory capital requirements formed an important part of the planning targets.

The Board also ensured its decisions in relation to capital distributions were aligned with NatWest Group's commitment to a c.50% payout ratio, as noted in the NatWest Group plc 2024 Annual Report and Accounts, and external guidance provided in February 2025 and then updated in July 2025. Directors additionally considered societal expectations regarding responsible capital management, the importance of maintaining a resilient balance sheet, and the need to continue investing in NatWest Group's strategic priorities and technology transformation.

Actions and outcomes

Interim dividends of £1,584 million and £1,404 million were approved by the NWB Plc Board in February and July 2025 respectively.

Board of directors and secretary

Approval of Strategic report

The Strategic report for the year ended 31 December 2025 set out on pages 1 to 72 was approved by the Board of directors on 12 February 2026.

By order of the Board

Gary Moore

Chief Governance Officer and Company Secretary
12 February 2026

Chair
Richard Haythornthwaite

Executive directors
John-Paul Thwaite (CEO)
Katie Murray (CFO)

Non-executive directors
Francesca Barnes
Karin Cook
Joshua Critchley
Roisin Donnelly
Patrick Flynn
Geeta Gopalan
Yasmin Jetha
Stuart Lewis
Mark Rennison
Gillian Whitehead OBE
Lena Wilson CBE

Board and committee membership

Nominations Committee

Rick Haythornthwaite (Chair)
Francesca Barnes
Patrick Flynn
Stuart Lewis
Lena Wilson CBE

Audit Committee

Patrick Flynn (Chair)
Karin Cook
Geeta Gopalan
Stuart Lewis
Mark Rennison

Board Risk Committee

Stuart Lewis (Chair)
Francesca Barnes
Patrick Flynn
Geeta Gopalan
Mark Rennison
Gill Whitehead OBE
Lena Wilson CBE

Performance and Remuneration Committee

Lena Wilson CBE (Chair)
Karin Cook
Josh Critchley
Roisin Donnelly
Patrick Flynn
Mark Rennison

Chief Governance Officer and Company Secretary

Gary Moore

Board changes in 2025

Gill Whitehead was appointed as a non-executive director on 8 January 2025.

Karin Cook was appointed as non-executive director on 5 May 2025.

Mark Seligman retired as a non-executive director on 31 March 2025.

Ian Cormack stepped down as senior independent director on 28 February 2025, and retired from the Board on 4 May 2025.

Francesca Barnes assumed the role of senior independent director on 1 March 2025.

Josh Critchley was appointed as a non-executive director on 3 November 2025.

Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
25 Churchill Place
London, E14 5EY

Registered office and Head office

250 Bishopsgate
London, EC2M 4AA
Telephone: +44 (0)20 7085 5000

Other principal offices

Coutts & Company

440 Strand
London, WC2R 0QS

National Westminster Bank Plc

Registered in England No. 929027

Top and emerging risks

Top and emerging risks are future scenarios that could have a significantly negative impact on our ability to operate or deliver our strategy and are managed through the EWRMF toolkit. They usually combine elements of several principal risks and require a coordinated management response. Top risks could occur or require management action within two years, while emerging risks are evolving and/or could occur over a longer time horizon but have the potential to become a top risk. In 2025, the Executive Risk Committee, the Board Risk Committee and the Board received regular reporting on top and emerging risks. The top and emerging risks scenarios that follow are shown in alphabetical order.

Top risk scenarios in focus in 2025	Description	Risk management actions
Artificial intelligence	Innovations in artificial intelligence (AI), including generative AI, may rapidly transform and disrupt customer interactions, the industry and the economy. NWB Group's ability to continue to deploy AI solutions and integrate AI in systems and controls will become increasingly important to retaining and growing business. There can be no certainty that NatWest Group's innovation strategy will be successful, and competitors may be more successful in implementing AI technologies, in turn, affecting industry competitive dynamics. Developments in AI may also result in increased model risk and rising levels of fraud.	NWB Group closely monitors developments in disruptive technologies, including AI. Strategy is developed as appropriate to leverage AI across NWB Group with a focus on helping improve customer journeys, personalisation, colleague effectiveness and improved risk and capital management. Using AI safely and ethically is a key area of focus, alongside compliance with evolving AI regulation. This includes developing a robust set of controls for the use of AI models and tools across NWB Group. AI risk management is being developed proactively to reflect technological and systems advances.
Climate Ambitions	NatWest Group's [(1)] climate strategy – including ambitions, targets, and transition planning – carries significant financial and non-financial risks. Achieving these goals depends on timely and appropriate government policy, technology developments, and on suppliers, customers and society supporting the transition.	Following the review of NatWest Group's climate ambitions and targets in 2025 in the context of the UK Climate Change Committee issued advice and NatWest Group's progress to date, NatWest Group retains its ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, having achieved a 39% reduction between 2019 and 2024, primarily through strategic decisions and methodology and data enhancements.
Cyberattack	There is a constantly evolving threat from cyberattacks which are increasing in terms of frequency, sophistication, impact and severity. This includes hostile attempts to gain access to and exploit potential vulnerabilities of IT systems including via malware. Any failure in NWB Group's cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, loss of data and associated reputational damage.	NWB Group continues to invest in additional capability to defend against threats including developing and evolving cybersecurity policies, procedures and controls that are designed to minimise the possibility of, and the potential effect of such attacks. The focus is to manage the impact of the attacks and maintain services for NWB Group's customers. This includes proving cyber resilience capabilities via stress testing of NWB Group's important business services. In addition, NWM Group utilises threat intelligence to inform its approach to identifying and responding to potential cyber risks.
Digital Currency	NWB Group operates in markets which would be exposed to any developments in digital currency and/or assets, including tokenised deposits, stablecoins and a UK central bank digital currency. The introduction of new digital currencies could result in deposit outflows, higher funding costs, and/or other implications for UK banks including NWB Group.	NatWest Group is focused on delivery of its digital asset strategy which includes participation in tokenised deposit pilots, and close engagement with regulators on future regulatory regimes for digital assets and monitoring of industry developments. This approach ensures alignment with emerging market practices and regulatory expectations. NatWest Group maintains an Executive Steering Group on digital assets which oversees developments and engagement on digital currencies. It also coordinates engagement with the UK Government and regulators on digital currency developments and financial market infrastructures such as proposals on regulatory treatment of UK stablecoins.
Economic and interest rate volatility	Economic conditions could deteriorate, depending on factors including weak economic activity, fiscal policies, volatility in interest rates, liquidity pressures, sharp falls in asset prices, escalating geopolitical tensions and concerns regarding sovereign debt or sovereign credit ratings. Any of these may have a materially adverse effect on NWB Group's future financial prospects.	A range of complementary approaches is used to mitigate the risks, such as targeted scenario analysis, stress tests, targeted customer reviews and reviews of risk appetite. Stress tests in 2025 included completion of regulatory stress tests as well as a range of internal scenarios.
Evolving regulation	NWB Group's businesses are subject to substantial regulation and oversight, both of which are constantly evolving and may have an adverse impact on NWB Group. Areas of ongoing regulatory focus include Basel 3.1 standards implementation, including the resulting effect on RWAs and models, as well as the effective management of financial crime.	NWB Group constantly monitors regulatory change. It engages closely with regulators in the shaping of regulation that materially impacts NWB Group, responding when necessary, either bilaterally or in partnership with one of the affiliated industry bodies. NWB Group implements new responses to regulatory requirements where applicable and uses frequent engagement meetings with regulators to discuss key priorities.

Increased competition	Competitive pressures could intensify, impeding NWB Group's ability to grow or retain market share, impacting revenues and profitability, particularly in the UK Retail Banking and Commercial & Institutional segments. Drivers of competition mainly relate to developments in technology, evolving incumbents, challengers, new entrants to the market, shifts in customer behaviour and changes in regulation. For example, increased competition from technology conglomerates, who may have competitive advantages in scale, technology and customer engagement (including brand recognition).	NWB Group closely monitors the competitive environment and adapts its strategy as appropriate. This includes using scenario analysis and assessing how mega-trends will impact industry competitive dynamics. Strategic responses are focused on the delivery of innovative and compelling propositions for customers and effectively leveraging acquisitions and partnerships.
Operational risk scenarios	Operational risks are inherent in NWB Group's businesses and a broad range of scenarios are considered. NWB Group could be adversely impacted by scenarios including a failure to access current, complete, and accurate data, or disruption to services if a third-party service provider experienced any interruptions. These scenarios could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations.	NWB Group maintains a robust approach to operational resilience through comprehensive, Group-wide processes and regular scenario tests to ensure effective management of interconnected operational risks. NWB Group devotes significant resources to third-party risk management. Focus areas include identifying critical-service suppliers, developing robust exit and contingency plans in the event of supply chain disruption, and ensuring appropriate monitoring and oversight of third-party performance. Effective and ethical use of data is critical to NWB Group's goals, with continued focus on delivering our long-term data strategy alongside enhancing control and policy frameworks governing data usage.

(1) All references to NatWest Group in this table includes NWB Group.

Emerging risk scenarios in focus in 2025	Description	Risk management actions
Geopolitical risk	NWB Group is exposed to risks arising from geopolitical events or political developments. Geopolitical tensions remain elevated and a range of potential scenarios and impacts are considered. This includes the potential impact of armed conflict, global trade and supply chain disruption, volatility in commodity prices, protectionist policies or trade barriers and state-sponsored cyberattacks.	NWB Group closely monitors the geopolitical risk outlook and undertakes regular scenario analysis to understand the potential impacts and takes mitigating actions as required. This includes second and third-order analysis of impacts, for example, through customers' supply chain disruption or disruption to third-party providers.
Market-based finance (MBF)	NatWest Group is exposed to vulnerabilities within shadow banking or MBF, given the interlinkages between UK banks and MBF. This includes the potential for stress events or shocks to financial markets.	NatWest Group closely monitors exposure to MBF. An internal framework for the identification, management, control and mitigation of the risks associated with exposure to MBF is maintained. This includes effective reporting and governance in respect of such exposure.
Physical climate risk	Intensifying physical climate-related risks, including climate events, materially increasing in frequency and/or severity, results in direct impacts on property, infrastructure, supply chains, geopolitics and economic activity. This could lead to significant credit, operational (for example, business continuity), market, liquidity, pension risks and/or non-financial risks and, if those risks are not mitigated, to losses.	NatWest Group leverages scenario analysis to explore the potential impact of physical climate risks and ensure appropriate mitigation. NatWest Group includes a scenario exploring quantifiable impacts of chronic physical climate effects, such as a drag on labour and land productivity, and acute physical shocks such as droughts, heatwaves, wildfires and floods within its suite of stress testing scenarios. In addition, a qualitative scenario is used to explore cascading and complex risks, including potential earth system tipping points, that are currently challenging for quantitative scenarios and models to capture.

Financial review

Summary consolidated income statement for the year ended 31 December 2025

	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	2025 £m	2024 £m	Variance £m	Variance %
Net interest income	5,100	720	3,817	14	9,651	8,208	1,443	18
Non-interest income	423	369	1,421	1,756	3,969	3,765	204	5
Total income	5,523	1,089	5,238	1,770	13,620	11,973	1,647	14
Operating expenses	(2,466)	(727)	(2,522)	(1,526)	(7,241)	(6,963)	(278)	4
Profit before impairment losses/releases	3,057	362	2,716	244	6,379	5,010	1,369	27
Impairment (losses)/releases	(403)	(10)	(241)	1	(653)	(347)	(306)	88
Operating profit before tax	2,654	352	2,475	245	5,726	4,663	1,063	23
Tax charge					(1,528)	(1,238)	(290)	23
Profit for the year					4,198	3,425	773	23

Key metrics and ratios	2025	2024
Cost:income ratio (1)	53.2%	58.2%
Loan impairment rate (2)	19bps	10bps
CET1 ratio (3)	11.2%	11.4%
Leverage ratio (4)	4.3%	4.4%
Risk-weighted assets (RWAs)	£133.7bn	£124.5bn
Loan:deposit ratio (5)	98%	98%

(1) Cost:income ratio is total operating expenses divided by total income.
(2) Loan impairment rate is the loan impairment charge divided by gross customer loans.
(3) CET1 ratio is CET1 capital divided by RWAs.
(4) Leverage ratio is Tier 1 capital divided by total exposure.
(5) Loan:deposit ratio is total loans divided by total deposits.

Total income increased by £1,647 million, or 14%, to £13,620 million compared with £11,973 million in 2024.

Net interest income increased by £1,443 million, or 18%, to £9,651 million due to deposit margin expansion, as a result of higher customer balances and strong hedge income, and customer lending growth.

Non-interest income increased by £204 million, or 5%, to £3,969 million driven by card fees reflecting volume growth and the impact of balances acquired from Sainsbury's Bank. Investment management fees increased as a result of assets under management and administration (AUMA) growth. Additionally, income from fellow NatWest Group subsidiaries increased due to the higher cost of services being recharged.

Operating expenses increased by £278 million, or 4%, to £7,241 million due to transformation costs, investment in our people through higher pay and bonus driven by continued strong performance, and one-off integration costs following the acquisition of balances from Sainsbury's Bank. This was partially offset by lower conduct and compliance costs and the non-repeat of 2024 restructuring costs.

Net impairment losses of £653 million, compared with a charge of £347 million in 2024, primarily reflects lower good book releases in 2025 and includes an £81 million charge associated with balances acquired from Sainsbury's Bank. The loan impairment rate increased 9 basis points to 19 basis points. Stage 3 losses remained stable. Total impairment provisions increased by £0.2 billion to £3.0 billion in the year.

Segmental performance

Retail Banking

Operating profit was £2,654 million in 2025.

- **Net interest income** increased by £628 million to £5,100 million due to deposit margin expansion as a result of higher customer balances and strong hedge income. Income from lending growth includes the impact of balances acquired from Sainsbury's Bank.
- **Non-interest income** increased by £11 million to £423 million, driven by higher income received from card fees due to volumes growth, which includes the impact of balances acquired from Sainsbury's Bank.
- **Operating expenses** increased by £21 million to £2,466 million reflecting costs associated with balances acquired from Sainsbury's Bank and increased pay and bonus rewards, partially offset by lower conduct costs and headcount.
- **Net impairment losses** of £403 million, compared with a charge of £250 million in 2024, is largely driven by a charge associated with the balances acquired from Sainsbury's Bank and growth in product mix. The rate of Stage 3 default remains broadly stable.

Total assets increased by £9.3 billion to £208.9 billion driven by an increase in net loans to customers, reflecting £6.7 billion mortgage growth, £1.3 billion growth in personal loans and £1.3 billion growth in credit card balances, supported by balances acquired from Sainsbury's Bank.

Total liabilities increased by £7.4 billion to £167.4 billion driven by an increase in customer deposits due to growth in savings and current accounts, supported by balances acquired from Sainsbury's Bank.

Private Banking & Wealth Management

Operating profit was £352 million in 2025.

- **Net interest income** increased by £101 million to £720 million due to deposit margin expansion as a result of higher customer balances and strong hedge income.
- **Non-interest income** increased by £50 million to £369 million driven by investment management fees as a result of AUMA growth, due to inflows as a result of strong customer engagement and positive market movement, and higher card fees including some non-repeatable adjustments.
- **Operating expenses** increased by £27million to £727 million, due to continued investment in the business and higher pay and bonus rewards to support our colleagues, partially offset by lower severance costs.
- **Net impairment losses** of £10 million, compared with an £11 million release in 2024, reflect lower good book releases in 2025 and an increase in Stage 3 charges, relating to existing exposures.

Total assets increased by £0.6 billion to £19.6 billion driven by an increase in net loans to customers due to higher commercial and personal lending balances.

Total liabilities increased by £0.3 billion to £42.9 billion mainly due to an increase in customer deposits reflecting growth in current account and savings balances, with progress driven by deeper engagement with existing customers and new customer growth.

Commercial & Institutional

Operating profit was £2,475 million in 2025.

- **Net interest income** increased £475 million to £3,817 million due to deposit margin expansion, as a result of higher customer balances and strong hedge income, and lending balance growth.
- **Non-interest income** decreased £25 million to £1,421 million reflecting lower economic hedging gains and operating lease income, partially offset by an increase in transaction fees due to volumes.
- **Operating expenses** increased by £176 million to £2,522 million, driven by increased pay and bonus rewards, conduct costs and continued business investment spend.
- **Net impairment losses** of £241 million compared with a charge of £117 million in 2024, reflects lower good book releases. Stage 3 charges remain broadly stable.

Total assets increased by £6.6 billion to £99.2 billion primarily driven by an increase in net loans to customers, mainly within Commercial Mid-market and Corporate & Institutions, partially offset by UK Government scheme repayments of £1.4 billion.

Total liabilities increased by £0.4 billion to £128.3 billion due to a decrease in customer deposits in Business Banking and Corporate & Institutions, offset by a decrease in Commercial Mid-market.

Central items & other

Operating profit was £245 million in 2025.

- **Total income** increased by £407 million to £1,770 million reflecting net interest income from treasury activities and higher income on economic swaps and foreign exchange swaps. Additionally, income from NatWest Group entities increased due to the higher cost of services being recharged.
- **Operating expenses** increased by £54 million to £1,526 million driven by an increase in transformation and reward costs through higher pay and bonus as we continue to drive simplification and invest in our people. This was partially offset by lower restructuring costs, following our exit from the Republic of Ireland.

Summary consolidated balance sheet as at 31 December 2025

	2025	2024	Variance	
	£m	£m	£m	%
Assets				
Cash and balances at central banks	**29,939**	35,095	(5,156)	(15)
Derivatives	**1,093**	2,874	(1,781)	(62)
Loans to banks - amortised cost	**4,515**	3,426	1,089	32
Loans to customers - amortised cost	**345,643**	332,013	13,630	4
Amounts due from holding companies and fellow subsidiaries	**7,186**	3,736	3,450	92
Other financial assets	**53,124**	39,571	13,553	34
Other assets	**8,039**	7,594	445	6
Total assets	**449,539**	424,309	25,230	6
Liabilities				
Bank deposits	**33,020**	24,780	8,240	33
Customer deposits	**325,069**	318,290	6,779	2
Amounts due to holding companies and fellow subsidiaries	**57,106**	47,724	9,382	20
Derivatives	**764**	1,177	(413)	(35)
Other financial liabilities	**5,333**	4,999	334	7
Subordinated liabilities	**122**	122	-	-
Notes in circulation	**1,049**	935	114	12
Other liabilities	**2,947**	3,164	(217)	(7)
Total liabilities	**425,410**	401,191	24,219	6
Total equity	**24,129**	23,118	1,011	4
Total liabilities and equity	**449,539**	424,309	25,230	6

Total assets increased by £25.2 billion, or 6%, to £449.5 billion as at 31 December 2025.

Cash and balances at central banks decreased by £5.2 billion to £29.9 billion, reflecting settlement of balances with the Bank of England, liquidity risk management and dividend settlement.

Derivative assets decreased by £1.8 billion to £1.1 billion driven by movements in interest rate swaps.

Loans to banks – amortised cost increased by £1.1 billion to £4.5 billion due to an increase in reverse repo balances.

Loans to customers – amortised cost increased by £13.6 billion to £345.6 billion, driven by £6.7 billion retail mortgage growth, an increase in personal loans and credit card balances in Retail Banking, supported by balances acquired from Sainsbury's Bank, and growth in Commercial & Institutional of £6.0 billion mainly within Commercial Mid-market and Corporate & Institutions.

Amounts due from holding companies and fellow subsidiaries increased by £3.4 billion to £7.2 billion due to increased balances with fellow subsidiaries of NWH Group.

Other financial assets increased by £13.6 billion to £53.1 billion mainly driven by net bond activity due to market conditions.

Total liabilities increased by £24.2 billion, or 6%, to £425.4 billion as at 31 December 2025.

Bank deposits increased by £8.2 billion to £33.0 billion driven by repo balances due to market conditions, partially offset by settlement of facilities with the Bank of England.

Customer deposits increased by £6.8 billion to £325.1 billion, including savings balances acquired from Sainsbury's Bank and reflecting growth in savings and current account balances, primarily in retail fixed rate products.

Amounts due to holding companies and fellow subsidiaries increased by £9.4 billion to £57.1 billion, due to increased balances with fellow subsidiaries of NWH Group.

Derivative liabilities decreased by £0.4 billion to £0.8 billion, driven by movements in interest rate swaps.

Other financial liabilities, which includes debt securities in issue, increased by £0.3 billion to £5.3 billion.

Total equity increased by £1.0 billion to £24.1 billion. The increase mainly reflects profit for the year of £4.2 billion, partially offset by £3.0 billion of ordinary dividends paid to NatWest Group plc and £0.2 billion of paid-in equity dividends paid.

Risk and capital management

Presentation of information

Where marked as audited in the section header, certain information in the Risk and capital management section (pages 9 to 72) is within the scope of the Independent auditor's report. Risk and capital management is generally conducted on an overall basis within NatWest Group such that common policies, procedures, frameworks and models apply across NatWest Group. Therefore, for the most part, discussion on these qualitative aspects reflects those in NatWest Group as relevant for the businesses and operations in NWB Group.

Risk management framework

Introduction

NWB Group operates under NatWest Group's enterprise-wide risk management framework (EWRMF), which is centred on the embedding of a strong risk culture. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision-making across the organisation.

The framework ensures that NWB Group's principal risks – which are detailed in this section – are appropriately controlled and managed. It sets out the standards and objectives for risk management as well as defining the division of roles and responsibilities.

This seeks to ensure a consistent approach to risk management across NWB Group. It aligns risk management with NWB Group's overall strategic priorities of growth through better understanding of customers, leveraging simplification and better management of resources.

The framework, which is designed and maintained by NatWest Group's independent Risk function, is owned by the NatWest Group Chief Risk Officer. It is reviewed and approved annually by the NatWest Group Board. The framework incorporates risk governance, NatWest Group's three lines of defence operating model and the Risk function's mandate.

Risk appetite, supported by a robust set of principles, policies and practices, defines the levels of tolerance for a variety of risks and provides a structured approach to risk-taking within agreed boundaries.

While all NWB Group colleagues are responsible for managing risk, the Risk function provides oversight and monitoring of risk management activities, including the implementation of the framework and adherence to its supporting policies, standards and operational procedures. The Chief Risk Officer plays an integral role in providing the Board with advice on NWB Group's risk profile, the performance of its controls and in providing challenge where a proposed business strategy may exceed risk tolerance.

In addition, there is a process to identify and manage top and emerging risks, which are those that could have a significant negative impact on NWB Group's ability to meet its strategic objectives. Both top and emerging risks may incorporate aspects of – or correlate to – a number of principal risks and are reported alongside them to the Board on a regular basis.

Risk management framework continued

Culture

The approach to risk culture, under the banner of intelligent risk-taking, ensures a focus on robust risk management behaviours and practices. This underpins the strategy across all three lines of defence, enables NWB Group to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base.

NWB Group expects leaders to act as role models for strong risk behaviours and practices building clarity, developing capability and motivating employees to reach the required standards set out in the intelligent risk-taking approach. Colleagues are expected to:

- Consistently role-model the behaviours in Our Code, based on strong ethical standards.
- Empower others to take risks aligned to NWB Group's strategy, explore issues from a fresh perspective, and tackle challenges in new and better ways across organisational boundaries.
- Manage risk in line with appropriate risk appetite.
- Ensure each decision made keeps NWB Group, colleagues, customers, communities and shareholders safe and secure.
- Understand their role in managing risk, remaining clear and capable, grounded in knowledge of regulatory obligations.
- Consider risk in all actions and decisions.
- Escalate risks and issues early; taking action to mitigate risks and learning from mistakes and near-misses, reporting and communicating these transparently.
- Challenge others' attitudes, ideas and actions.

Target intelligent risk-taking outcomes are embedded in NatWest Group's behaviours framework, forming a core foundation of the risk culture and guiding recruitment and selection across the organisation.

Training

Enabling employees to have the capabilities and confidence to manage risk is core to NatWest Group's learning strategy. NatWest Group offers a wide range of learning, both technical and behavioural, across the risk disciplines. This training may be mandatory, role-specific or for personal development. Mandatory learning for all staff is focused on keeping employees, customers and NatWest Group safe. This is easily accessed online and is assigned to each person according to their role and business area. The system allows monitoring at all levels to ensure completion.

Our Code

NatWest Group's conduct guidance, Our Code, provides direction on expected behaviour and sets out the standards of conduct that support the values. The code explains the effect of decisions that are taken and describes the principles that must be followed.

These principles cover conduct-related issues as well as wider business activities. They focus on desired outcomes, with practical guidelines to align the values with commercial strategy and actions. The embedding of these principles facilitates sound decision-making and a clear focus on good customer outcomes.

Any employee falling short of the expected standards will be subject to internal disciplinary policies and procedures and where appropriate, the relevant authorities will be notified. Variable pay for eligible colleagues will reflect overall performance, including the impact of any conduct issues. Adjustments may be made through the performance management process, or where necessary, via the accountability review process for the individuals concerned. The NatWest Group remuneration policy ensures that the remuneration arrangements for all employees reflect the principles and standards prescribed by the PRA rulebook and the FCA handbook.

Risk management framework continued

Governance

Committee structure

The diagram shows NWB Group's governance structure in 2025.

NWB Plc Board
Reviews and approves the risk management framework and risk appetite. Monitors performance against risk appetite.

Board Risk Committee
Provides oversight and advice to the Board on current and future risk exposures, and future risk profile, including risk appetite; the approval and effectiveness of the risk management framework. Reviews NWB Plc's performance relative to risk appetite; the effectiveness of internal controls required to manage risk; all material risk exposures and management's recommendations to monitor, control and mitigate them, including principal risks. Approves the key risk policies.

Audit Committee
Assists the Board in carrying out its responsibilities relating to accounting policies, internal control and financial reporting function, including consideration of non-financial disclosures. Review NWH Group's internal controls systems and the procedures for monitoring effectiveness of these controls.

Executive Risk Committee
Supports the CRO and other accountable executives in discharging their risk management accountabilities. Reviews, challenges and debates all material risk and control matters across NWB Plc and the performance of NWB Plc relative to risk appetite. Reviews the risk management framework and supports the recommendation of it to BRC and oversees its implementation.

Asset & Liability Management Committee
Supports the CFO in overseeing the effective balance sheet management of NWB Plc, in line with chosen business strategy and risk appetite, under normal and stress conditions.

Executive Disclosure Committee
Supports the CFO in discharging their individual accountabilities, including the review of all material financial and non-financial disclosures made by NWB Plc to ensure they are accurate, complete and fairly represent the business and financial condition of NWB Plc with no material misstatements or omissions.

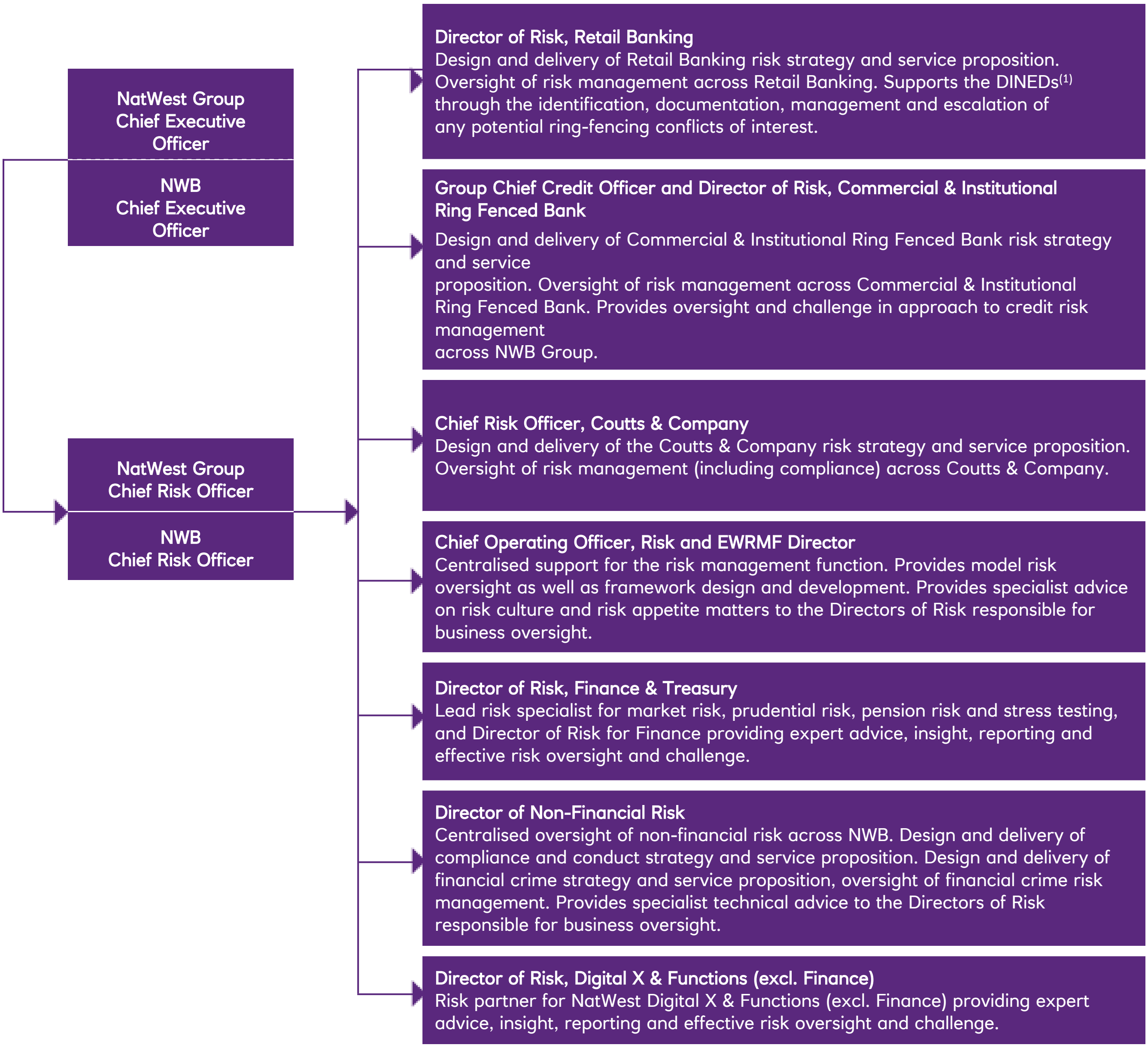
Business and function risk committees
Risk committees review and monitor all risks, providing guidance, recommendations and decisions on risks affecting the franchises and functions.

(1) The NatWest Group Chief Executive Officer also performs the role of NWB Plc Chief Executive Officer.
(2) The NatWest Group Chief Risk Officer also performs the role of NWB Plc Chief Risk Officer.
(3) The NatWest Group Chief Financial Officer also performs the role of NWB Plc Chief Financial Officer.

Risk management framework continued

Risk management structure

The diagram shows NWB Group's risk management structure in 2025 and key risk management responsibilities.



(1) Double Independent Non-Executive Directors.
(2) The NatWest Group Chief Executive Officer also performs the role of NWB Chief Executive Officer.
(3) The NatWest Group Chief Risk Officer also performs the role of NWB Chief Risk Officer.
(4) The NWB Chief Risk Officer reports directly to the NWB Chief Executive Officer. There is a further secondary reporting line to the chair of the Board Risk Committee and a right of access to the committee.
(5) The Risk function is independent of the customer-facing business segments and support functions. Its structure is divided into three parts (Directors of Risk, Specialist Risk Directors and Chief Operating Officer) to facilitate effective management of the risks facing NWB. Risk committees in the customer franchises and key functional risk committees oversee risk exposures arising from management and business activities and focus on ensuring that these are adequately monitored and controlled. The Directors of Risk (Retail Banking; Commercial & Institutional Banking; Financial & Strategic Risk; Non-Financial Risk and Compliance and Conduct) as well as the Director, Financial Crime Risk NatWest Holdings; the Chief Risk Officer, Coutts & Company and the Chief Operating Officer report to the NWB Chief Risk Officer.

Risk management framework continued

Three lines of defence

NatWest Group uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. This supports the embedding of effective risk management throughout the organisation.

First line of defence

The first line of defence incorporates most roles in NatWest Group, including those in the customer-facing businesses, Technology and Services as well as support functions such as People, Legal and Finance.

The first line of defence is empowered to take risks within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWB Group Board.

The first line of defence is responsible for managing its direct risks, and with the support of specialist functions, it is also responsible for managing its consequential risks, by identifying, assessing, mitigating, monitoring and reporting risks.

Second line of defence

The second line of defence comprises the Risk function and is independent of the first line.

The second line of defence is empowered to design and maintain the risk management framework and its components. It undertakes proactive risk oversight and continuous monitoring activities to confirm that NWB Group engages in permissible and sustainable risk-taking activities.

The second line of defence advises on, monitors, challenges, approves and escalates where required and reports on the risk-taking activities of the first line of defence, ensuring that these are within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWB Group Board.

Third line of defence

The third line of defence is the Internal Audit function and is independent of the first and second lines.

The third line of defence is responsible for providing independent assurance to the NatWest Group Board, its subsidiary legal entity boards and executive management on the overall design and operating effectiveness of the risk management framework and its components. This includes the adequacy and effectiveness of key internal controls, governance and the risk management in place to monitor, manage and mitigate the principal risks to NatWest Group and its subsidiary companies.

The third line of defence executes its duties freely and objectively in accordance with the Chartered Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity.

Risk appetite

Risk appetite defines the type and aggregate level of risk NWB Group is willing to accept in pursuit of its strategic objectives and business plans. Risk appetite supports sound risk-taking, the promotion of robust risk practices and risk behaviours, and is calibrated at least annually.

For certain principal risks, risk capacity defines the maximum level of risk NWB Group can assume before breaching constraints determined by regulatory capital and liquidity requirements, the operational environment, and from a conduct perspective. Establishing risk capacity helps determine where risk appetite should be set, ensuring there is a buffer between internal risk appetite and NWB Group's ultimate capacity to absorb losses.

Risk appetite framework

The risk appetite framework supports effective risk management by promoting sound risk-taking through a structured approach, within agreed boundaries. It also ensures emerging risks and risk-taking activities that might be out of appetite are identified, assessed, escalated and addressed in a timely manner.

To facilitate this, a detailed annual review of the framework is carried out. The review includes:

- Assessing the adequacy of the framework compared to internal and external expectations.
- Ensuring the framework remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation.

Establishing risk appetite

In line with the risk appetite framework, risk appetite is maintained across NWB Group through risk appetite statements. These are in place for all principal risks and describe the extent and type of activities that can be undertaken.

The financial and non-financial risks that NWB Group faces are detailed in the NatWest Group risk directory. This provides a common risk language to ensure consistent terminology is used across NWB Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that NWB Group faces.

Risk appetite statements consist of qualitative statements of appetite supported by risk limits and triggers that operate as a defence against excessive risk-taking. Risk measures and their associated limits are an integral part of the risk appetite approach and a key part of embedding risk appetite in day-to-day risk management decisions. A clear tolerance for each principal risk is set in alignment with business activities.

The Board sets risk appetite to help ensure NWB Group is well placed to meet its priorities and long-term targets, even in challenging economic environments. This supports NWB Group in remaining resilient and secure as it pursues its strategic business objectives.

The process of reviewing and updating risk appetite statements is completed alongside the business and financial planning process. This ensures that plans and risk appetite are appropriately aligned.

Risk appetite is reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure it remains appropriate and aligned to strategy.

NWB Group's risk profile is continually monitored and frequently reviewed. Management focus is concentrated on all principal risks as well as the top and emerging risks that may correlate to them. Performance against risk appetite for all principal risks is reported regularly to the Executive Risk Committee, the Board Risk Committee and the Board.

NatWest Group's key risk policies define at a high level the qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk taking across all principal risks. They form part of the qualitative expression of risk appetite and are consistently applied across NatWest Group and its subsidiaries. Key risk policies are reviewed and approved by the NatWest Group Board Risk Committee at least annually. NWH BRC notes and supports the proposed approach for NWH Group-specific key risk policies.

Risk management framework continued

Identification and measurement

Identification and measurement within the risk management process comprises:

- Regular assessment of the overall risk profile, incorporating market developments and trends, as well as external and internal factors.
- Monitoring of the risks associated with lending and credit exposures.
- Assessment of trading and non-trading portfolios.
- Review of potential risks in new business activities and processes.
- Analysis of potential risks in any complex and unusual business transactions.

Mitigation

Mitigation is a critical aspect of ensuring that risk profile remains within risk appetite. Risk mitigation strategies are discussed and agreed within NWB Group.

When evaluating possible strategies, costs and benefits, residual risks (risks that are retained) and secondary risks (those that arise from risk mitigation actions themselves) are also considered. Monitoring and review processes are in place to evaluate results. Early identification, and effective management of changes in legislation and regulation are critical to the successful mitigation of principal risks. The effects of all changes are managed to ensure the timely achievement of compliance. Those changes assessed as having a high or medium-high impact are managed more closely. Action is taken to mitigate potential risks as and when required. Further in-depth analysis, including the stress testing of exposures, is also carried out.

NatWest Group's control framework is a vital system ensuring effective risk management, compliance, and operational efficiency. Central to this framework is the implementation of various control types, including preventive, detective, and directive controls, which address diverse risks.

Control recording is essential, involving detailed documentation of control activities to evaluate their adequacy and effectiveness. This serves as valuable evidence during audits and regulatory reviews.

The risk and control self-assessment (RCSA) process enhances the framework by enabling teams to identify potential risks and assess the adequacy of controls.

Regular independent adequacy and effectiveness testing of controls within the first line of defence and internal audits conducted by IA ensure controls function as intended. Continuous monitoring and reporting provide real-time insights into control effectiveness, fostering accountability and responsiveness to evolving risks. By emphasising control recording, RCSA, and testing, banks can maintain a resilient control environment that supports operational integrity and regulatory compliance

Monitoring

The primary tool used to provide regular monitoring of the risk and control environment across NatWest Group is the risk and control performance assessment (RCPA). Each business area self-assesses using a set of consistent indicators and providing qualitative context to arrive at an RCPA outcome of met, partially met or not met. The assessment is completed annually and the indicators are regularly monitored. The indicators support an understanding of: the strength of the control environment to manage risk exposure within appetite; adequacy and effectiveness of the day-to-day management of risk and control; adherence with applicable components of the EWRMF; and a culture of intelligent risk-taking.

Emerging risks that could affect future results and performance are also closely monitored.

Specific activities relating to compliance and conduct, credit, financial crime and operational risks are subject to testing and monitoring by the Risk function. This confirms to both internal and external stakeholders – including the Board, senior management, the customer-facing businesses, Internal Audit and NWB Group's regulators – that risk policies and procedures are being correctly implemented and that they are operating adequately and effectively. Thematic reviews and targeted reviews are also carried out where relevant to ensure appropriate customer outcomes. The Risk Testing & Monitoring Forum assesses and validates the annual plan as well as the ongoing programme of reviews.

Stress testing

Stress testing – capital management

Stress testing is a key risk management tool and a fundamental component of NatWest Group's approach to capital management. It is used to quantify and evaluate the potential impact of specified changes to risk factors on the financial strength of NatWest Group, including its capital position.

Stress testing includes:

- Scenario testing, which examines the impact of a hypothetical future state to define changes in risk factors.
- Sensitivity testing, which examines the impact of an incremental change to one or more risk factors.

The process for stress testing consists of four broad stages:

Define scenarios	• Identify macro and NatWest Group-specific vulnerabilities and risks. • Define and calibrate scenarios to examine risks and vulnerabilities. • Formal governance process to agree scenarios.
Assess impact	• Translate scenarios into risk drivers. • Assess impact to current and projected profit and loss and balance sheet across NatWest Group.
Calculate results and assess implications	• Aggregate impacts into overall results. • Results form part of the risk management process. • Scenario results are used to inform NatWest Group's business and capital plans.
Develop and agree management actions	• Scenario results are analysed by subject matter experts. Appropriate management actions are then developed. • Scenario results and management actions are reviewed by the relevant Executive Risk Committees and Board Risk Committees. Approval of scenarios is delegated to the NatWest Group Board Risk Committee by the NatWest Group Board.

Risk management framework continued

Stress testing is used widely across NatWest Group. The diagram below summarises key areas of focus.

Specific areas that involve capital management include:

<table>
<tr><td rowspan="7">Stress testing usage within NatWest Group</td><td>Strategic financial and capital planning</td><td>Capital adequacy</td></tr>
<tr><td rowspan="2">Risk appetite</td><td>Sector review and credit limit setting</td></tr>
<tr><td>Business vulnerabilities analysis</td></tr>
<tr><td rowspan="2">Risk monitoring</td><td>Tail risk assessment</td></tr>
<tr><td>Early warning indicators</td></tr>
<tr><td rowspan="2">Risk mitigation</td><td>Contingency planning and management actions</td></tr>
<tr><td>Assess financial performance</td></tr>
</table>

- Strategic financial and capital planning – by assessing the impact of sensitivities and scenarios on the capital plan and capital ratios.
- Risk appetite – by gaining a better understanding of the drivers of, and the underlying risks associated with, risk appetite.
- Risk monitoring – by monitoring the risks and horizon-scanning events that could potentially affect NatWest Group's financial strength and capital position.
- Risk mitigation – by identifying actions to mitigate risks, or those that could be taken, in the event of adverse changes to the business or economic environment. Principal risk mitigating actions are documented in NatWest Group's recovery plan.

Capital sufficiency – going concern forward-looking view

Going concern capital requirements are examined on a forward-looking basis – including as part of the annual budgeting process – by assessing the resilience of capital adequacy and leverage ratios under hypothetical future states. These assessments include assumptions about regulatory and accounting factors (such as IFRS 9). They incorporate economic variables and key assumptions on balance sheet and profit and loss drivers, such as impairments, to demonstrate that NatWest Group and its operating subsidiaries maintain sufficient capital. A range of future states are tested. In particular, capital requirements are assessed:

- Based on a forecast of future business performance, given expectations of economic and market conditions over the forecast period.
- Based on a forecast of future business performance under adverse economic and market conditions over the forecast period. Scenarios of different severity may be examined.

The potential impact of normal and adverse economic and market conditions on capital requirements is assessed through stress testing, the results of which are not only used widely across NatWest Group but also by the regulators to set specific capital buffers. NatWest Group takes part in stress tests run by regulatory authorities to test industry-wide vulnerabilities under crystallising global and domestic systemic risks.

Stress and peak-to-trough movements are used to help assess the amount of capital NatWest Group needs to hold in stress conditions in accordance with the capital risk appetite framework.

Internal assessment of capital adequacy

An internal assessment of material risks is carried out annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. This is referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year together with a forward-looking stress capital assessment.

The ICAAP is used to form a view of capital adequacy separately to the minimum regulatory requirements. The ICAAP is used by the PRA to assess NatWest Group's specific capital requirements through the Pillar 2 framework.

Capital allocation

NatWest Group has mechanisms to allocate capital across its legal entities and businesses. These aim to optimise the use of capital resources taking into account applicable regulatory requirements, strategic and business objectives and risk appetite.

Governance

Capital management is subject to substantial review and governance. The Board approves the capital plans, including those for key legal entities and businesses as well as the results of the stress tests relating to those capital plans.

Stress testing – liquidity

Liquidity risk monitoring and contingency planning

A suite of tools is used to monitor, limit and stress test the liquidity and funding risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity and funding risks are reviewed at significant legal entity and business levels daily, with performance reported to the Asset & Liability Management Committee on a regular basis. Liquidity condition indicators are monitored daily. This ensures any build-up of stress is detected early and the response escalated appropriately through recovery planning.

Risk management framework continued

Internal assessment of liquidity

Under the liquidity risk management framework, NatWest Group maintains the Internal Liquidity Adequacy Assessment Process. This includes assessment of net stressed liquidity outflows under a range of severe but plausible stress scenarios. Each scenario evaluates either an idiosyncratic, market-wide or combined stress event as described in the table below.

Type	Description
Idiosyncratic scenario	The market perceives NatWest Group to be suffering from a severe stress event, which results in an immediate assumption of increased credit risk or concerns over solvency.
Market-wide scenario	A market stress event affecting all participants in a market through contagion, potential counterparty failure and other market risks. NatWest Group is affected under this scenario but no more severely than any other participants with equivalent exposure.
Combined scenario	This scenario models the combined impact of an idiosyncratic and market stress occurring at once, severely affecting funding markets and the liquidity of some assets.

NatWest Group uses the most severe outcome to set the internal stress testing scenario which underpins its internal liquidity risk appetite. This complements the regulatory liquidity coverage ratio requirement.

Stress testing – recovery and resolution planning

The NatWest Group recovery plan explains how NatWest Group and its subsidiaries – as a consolidated group – would identify and respond to a financial stress event and restore its financial position so that it remains viable on an ongoing basis.

The recovery plan ensures risks that could delay the implementation of a recovery strategy are highlighted and preparations are made to minimise the impact of these risks. Preparations include:

- Developing a series of recovery indicators to provide early warning of potential stress events.
- Clarifying roles, responsibilities and escalation routes to minimise uncertainty or delay.
- Developing a recovery playbook to provide a concise description of the actions required during recovery.
- Detailing a range of options to address different stress conditions.
- Appointing dedicated option owners to reduce the risk of delay and capacity concerns.

The plan is intended to enable NatWest Group to maintain critical services and products it provides to its customers, maintain its core business lines and operate within risk appetite while restoring NatWest Group's financial condition. It is assessed for appropriateness on an ongoing basis and reviewed and approved by the Board prior to submission to the PRA on a biennial basis. Individual recovery plans are also prepared for NatWest Holdings Limited, NatWest Markets Plc, RBS International Limited and RBSH N.V.. These plans detail the recovery options, recovery indicators and escalation routes for each entity.

Fire drill simulations of possible recovery events are used to test the effectiveness of NatWest Group and individual legal entity recovery plans. The fire drills are designed to replicate possible financial stress conditions and allow senior management to rehearse the responses and decisions that may be required in an actual stress event. The results and lessons learnt from the fire drills are used to enhance NatWest Group's approach to recovery planning.

Under the resolution assessment part of the PRA rulebook, NatWest Group is required to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA and publish a summary of this report.

Resolution would be implemented if NatWest Group was assessed by the UK authorities to have failed and the appropriate regulator put it into resolution. The process of resolution is owned and implemented by the Bank of England (as the UK resolution authority). NatWest Group ensures ongoing maintenance and enhancements of its resolution capabilities, in line with regulatory requirements.

Stress testing – market risk

Non-traded market risk

Scenario analysis based on hypothetical adverse scenarios is performed on non-traded exposures as part of the Bank of England and European Banking Authority stress test exercises. NatWest Group also produces an internal scenario analysis as part of its financial planning cycles.

Non-traded exposures are capitalised through the ICAAP. This covers gap risk, basis risk, credit spread risk, pipeline risk, structural foreign exchange risk, prepayment risk, equity risk and accounting volatility risk. The ICAAP is completed with a combination of value and earnings measures. The total non-traded market risk capital requirement is determined by adding the different charges for each sub risk type. The ICAAP methodology captures at least ten years of historical volatility, produced with a 99% confidence level. Methodologies are reviewed by NatWest Group Model Risk and the results are approved by the NatWest Group Balance Sheet Management Committee.

Non-traded market risk stress results are combined with those for other risks into the capital plan presented to the Board. The cross-risk capital planning process is conducted once a year, with a planning horizon of five years. The scenario narratives cover both regulatory scenarios and macroeconomic scenarios identified by NatWest Group.

Vulnerability-based stress testing begins with the analysis of a portfolio and expresses its key vulnerabilities in terms of plausible vulnerability scenarios under which the portfolio would suffer material losses. These scenarios can be historical, macroeconomic or forward-looking/hypothetical. Vulnerability-based stress testing is used for internal management information and is not subject to limits. The results for relevant scenarios are reported to senior management.

Risk management framework continued

Stress testing – climate risk

NatWest Group continued to enhance its in-house climate risk modelling capabilities, supporting the ongoing integration of climate risk within its capital adequacy (ICAAP), impairment (IFRS 9) and risk management processes, for example, sharing insights with sector and front-line teams to support the financial budget and climate transition plan processes. In particular, internal physical risk modelling capabilities were developed during 2025.

Specific internal-run exercises in 2025 included:

- A credit-risk focused exercise covering both physical and transition risk scenarios for both the Corporate & Institutional portfolio and the Retail Banking residential mortgage portfolio.
- A non-financial risk scenario for climate focused on external communications which could omit or contain incorrect information and mislead on NatWest Group activities.

There are various challenges with quantitative climate scenario analysis, including in relation to the immaturity of modelling techniques and limitations surrounding data on climate-related risks. In addition, there is significant uncertainty as to how the climate will evolve over time, how and when governments, regulators, businesses, investors and customers respond and how those responses impact the economy, asset valuations, economic systems, policy and wider society. These risks and uncertainties, coupled with significantly long timeframes, make the outputs of climate-related risk modelling with respect to the potential use cases identified inherently more uncertain than outputs modelled for traditional financial planning cycles based on historical financial information.

Regulatory stress testing

The Bank of England updated its approach to stress testing. The Bank Capital Stress Test (BCST) is the successor to the Annual Cyclical Stress scenario and will be run biennially. NatWest Group was selected by the Bank of England to be one of the participants in the 2025 BCST. The results were published in December 2025 and NatWest Group remained above its CET1 capital and Tier 1 leverage ratio hurdle rates in stress and was not required to strengthen its capital position. The results of this stress test, and other relevant information, will be used by the Bank of England to help inform NatWest Group capital buffers (both the UK countercyclical capital buffer rate and PRA buffers).

The 2025 stress test aimed to assess the impact of a UK and global macroeconomic stress on UK banks, spanning a five-year period from Q4 2025 to Q4 2030. It was a coherent 'tail risk' scenario, designed to be severe and broad enough to assess the resilience of UK banks to a range of adverse shocks. The stress scenario is similar to the 2022/23 Annual Cyclical Stress with weaker UK consumer price index inflation offset by more severe financial markets stresses and economic shocks in some jurisdictions.

The stress test was based on an end-of-December 2024 balance sheet position.

Further details can be found at:
https://www.bankofengland.co.uk/stress-testing/2025/key-elements-bank-capital

Credit risk

Definition (audited)

Credit risk is the risk that customers, counterparties or issuers fail to meet a contractual obligation to settle outstanding amounts. For the purposes of the credit risk section, Personal refers to lending to individuals and Non-Personal refers to lending to small and medium-sized enterprises, corporates, banks and other financial institutions.

Sources of risk (audited)

The principal sources of credit risk for NWB Group are lending and related undrawn commitments. Derivatives and securities financing and debt securities are also a source of credit risk, primarily related to Treasury activities for NWB Group. NWB Group is also exposed to settlement risk through foreign exchange and payments activities.

Governance (audited)

Risk governance for credit risk is in line with the approach outlined in the Risk management framework section.

The Credit Risk function provides oversight and challenge of frontline credit risk management activities:

- Establishing credit risk policy, standards and toolkits which set out the mandatory limits and parameters required to ensure that credit risk is managed within risk appetite and which provide the minimum standards for the identification, assessment, management, monitoring and reporting of credit risk.
- Oversight of the first line of defence to ensure that credit risk remains within the appetite set by the Board and that it is being managed adequately and effectively.
- Assessing the adequacy of ECL provisions including approving key IFRS 9 inputs (such as significant increase in credit risk (SICR) thresholds) and any necessary in-model and post model adjustments through NatWest Group and business unit provisions and model committees.

Risk appetite (audited)

Risk appetite for credit risk is in line with the approach outlined in the Risk management framework section.

Credit risk appetite is monitored through risk appetite frameworks tailored to NWB Group's Personal and Non-Personal segments.

Personal

The Personal credit risk appetite framework sets limits that control the quality and concentration of both existing and new business for each relevant business segment. Risk appetite measures consider the segments' ability to grow sustainably and the level of losses expected under stress. Credit risk is further controlled through operational limits specific to customer or product characteristics.

Non-Personal

The Non-Personal credit risk appetite framework has been designed to reflect factors that influence the ability to operate within risk appetite. Tools such as stress testing and economic capital are used to measure credit risk volatility and develop links between the framework and risk appetite limits.

The framework is used to manage concentrations of risk which may arise across four lenses – single name, sector, country and product and asset classes. The framework is supported by a suite of transactional acceptance standards that set out the risk parameters within which businesses should operate.

Identification and measurement

Risks are identified through relationship management and credit stewardship of customers and portfolios. Credit stewardship takes place throughout the customer relationship, beginning with the initial approval. It includes the application of credit assessment standards, credit risk mitigation, ensuring that credit documentation is complete and appropriate, carrying out regular portfolio or customer reviews and problem debt identification and management.

Assessment and monitoring

Personal

Personal lending mainly comprises a high volume of lower-value transactions supported by automated decision-making. To maintain consistency in lending decisions and monitor performance, NWB Group reviews both internal credit data and external information from credit reference agencies, developing and applying lending rules according to product type.

For higher-value, more complex personal loans, such as certain residential mortgage lending, specialist credit managers are responsible for final lending decisions within defined delegated authority limits based on their experience.

Underwriting standards and portfolio performance are monitored on an ongoing basis to ensure they remain appropriate for the current market environment. Management information and higher-risk segment monitoring are produced for portfolio monitoring. Portfolio performance is measured against operational limits related to various credit risk measures including projected default rates and mortgage loan-to-value (LTV) ratios. If operational limits identify areas of concern, management may adjust credit or business strategy accordingly.

Non-Personal

Non-Personal customers, which include small and medium-sized enterprises, corporates, banks and other financial institutions, are typically managed on an individual basis. Customers are aggregated as a single risk when sufficiently interconnected to the extent that a failure of one could lead to the failure of another.

A risk-based credit assessment is carried out before credit facilities are made available to customers. The assessment process depends on the complexity of the transaction.

For lower-risk transactions below specific thresholds, credit decisions can be approved through a combination of fully automated or relationship manager self-sanctioning within the business. This process is facilitated through an auto-decision system, which utilises scorecards, strategies and policy rules. For other transactions, both business approval and credit approval are required.

Credit quality and loss given default (LGD) are reviewed at least annually. The review process assesses borrower performance, the adequacy of security, compliance with terms and conditions, and refinancing risk.

Mitigation

Mitigation techniques outlined in the credit risk toolkits and transactional acceptance standards are applied in managing credit portfolios across NWB Group. These techniques mitigate credit concentrations related to individual customers, borrower groups or a collection of related borrowers. Where possible, customer credit balances are netted against obligations. Mitigation tools may involve structuring security interests in physical or financial assets, using credit derivatives such as credit default swaps, credit-linked debt instruments and securitisation structures, and utilising guarantees or similar instruments (including credit insurance) from related and third parties. Property is used to mitigate credit risk across a number of portfolios, in particular residential mortgage lending and commercial real estate.

Credit risk continued

Residential mortgages

NWB Group uses residential property as collateral to reduce credit risk arising from mortgages. The value of the property is determined during loan underwriting, either from a qualified appraiser, such as one registered with the Royal Institution of Chartered Surveyors (RICS), or by applying a statistically valid model. Periodically, a sample of these valuations is reviewed by an independent RICS-qualified appraiser. Retail Banking UK updates residential property values quarterly based on country-specific (Scotland, Wales and Northern Ireland) or English region specific Office for National Statistics House Price indices.

Commercial real estate

For commercial real estate valuations, NWB Group works with a managed panel of chartered surveying firms that cover relevant geographic and property sectors in which NWB Group takes collateral. RICS-registered valuers are contracted for specific assets under service agreements to ensure consistency of quality and advice. In the UK, an independent third-party market indexation is applied to update external valuations for commercial property, once they are more than a year old. For loan obligations in excess of £2.5 million and where the charged property has a book value in excess of £0.5 million, a formal valuation review is typically commissioned at least every three years.

Problem debt management

When stress or financial difficulties are identified, NWB Group collaborates closely with customers to support them.

Personal

Pre-emptive triggers, based on both NWB Group and credit reference agency data, are used to identify customers that may be at risk of financial difficulty. NWB Group proactively contacts these customers to offer support with the aim of preventing further deterioration of their financial position.

Financial Health and Support

When a customer exceeds an agreed limit or misses a regular monthly payment, the customer is contacted by NWB Group and requested to remedy the position. If the situation is not resolved then, where appropriate, the Financial Health and Support team become involved and the customer is supported by skilled debt management staff who endeavour to provide customers with bespoke solutions.

If appropriate, a notice of intention to default and/or, a formal demand may be issued to the customer. The account may also be registered with credit reference agencies. Subsequently, the customer's debt may be referred to a third-party debt collection agency or solicitor, to agree an affordable repayment plan. The sale of unsecured debt may also be considered as an option.

Non-Personal

NWB Group uses a range of early warning indicators to identify customers that may be exposed to emerging risks, including financial stress, allowing for increased monitoring where necessary. Early warning indicators may be internal, such as a customer's bank account activity, or external, such as the share price of a publicly listed customer. When these indicators suggest that a customer is experiencing potential or actual difficulty, or if relationship managers or credit officers observe other signs of financial difficulty, the customer may be classified within the Wholesale Problem Debt Management framework.

Wholesale Problem Debt Management framework

This framework focuses on Non-Personal customers and is designed to provide early identification of credit deterioration, support intelligent risk-taking, ensure fair and consistent customer outcomes and provide key insights into Non-Personal lending portfolios.

There are two classifications in the framework that apply to non-defaulted customers that are in financial stress – Heightened Monitoring and Risk of Credit Loss. For the purposes of provisioning, all exposures categorised as Heightened Monitoring or Risk of Credit Loss are categorised as Stage 2 and subject to a lifetime loss assessment.

The framework also applies to those customers that have met NWB Group's default criteria (AQ10 exposures). Defaulted exposures are categorised as Stage 3 impaired for provisioning purposes.

Heightened Monitoring customers are performing customers that have met certain characteristics, which have led to significant credit deterioration. Characteristics include trading issues, covenant breaches, material probability of default (PD) downgrades and past due facilities.

Heightened Monitoring customers require pre-emptive actions (outside the customer's normal trading patterns) to return or maintain their facilities within NWB Group's current risk appetite.

Risk of Credit Loss customers are performing customers that have met the criteria for Heightened Monitoring and also pose a risk of credit loss to NWB Group in the next 12 months should mitigating action not be taken or not be successful.

The Wholesale Problem Debt Management framework does not apply to problem debt management for small and medium-sized enterprise retail customers. These customers are, where necessary, managed by specialist problem debt management teams, depending on the size of exposure or by the Financial Health and Support team where a loan has been impaired.

Customer Lending Support

Where customers meet specific referral criteria, relationships are supported by the Customer Lending Support team.

Customer Lending Support works with corporate and commercial customers in financial difficulty to help them understand their options and how their restructuring or repayment strategies can be delivered.

Helping viable customers return to financial health and restoring a normal banking relationship is always the preferred outcome. However, where this is not possible, NWB Group works with customers to achieve a solvent outcome.

Forbearance (audited)

Forbearance occurs when a concession is made on the contractual terms of a debt in response to a customer's financial difficulties.

The aim of forbearance is to help the customer regain financial stability while reducing risk. To ensure that forbearance is appropriate for the customer, minimum standards are applied when assessing, recording, monitoring and reporting forbearance.

Personal

Forbearance options include payment concessions, loan rescheduling (such as extending contractual maturity), switching to interest-only payments, suspending interest or capitalising arrears. This support can be provided for both mortgages and unsecured lending.

Non-Personal

Forbearance may involve covenant waivers, amendments to margins, payment concessions and loan rescheduling (including extensions in contractual maturity), capitalisation of arrears, and debt forgiveness or debt-for-equity swaps.

Credit risk continued

Customer PD and facility loss given default (LGD) are reassessed prior to finalising any forbearance arrangement. The ultimate outcome of a forbearance strategy is highly dependent on the co-operation of the borrower and a viable business or repayment outcome. If forbearance becomes unsuitable or is unsuccessful, NWB Group may pursue repayment, enforcement of security or insolvency proceedings, although these are options of last resort.

IFRS 9 models (audited)

IFRS 9 models provide PD, exposure at default (EAD) and LGD for the purpose of calculating ECL.

Model build

Risk ranking is normally the same as for internal ratings based (IRB) models to maintain consistency in risk measurement. Economic drivers are incorporated, normally by using stress models. Term structures are used to assess the risk of loss beyond 12 months that will affect lifetime loss for exposures which have significantly deteriorated (Stage 2) or defaulted (Stage 3).

Model application

Model application involves selecting forward-looking economic scenarios and assigning appropriate probability weights.

Model design principles

The modelling of ECL under IFRS 9 adopts the standard approach of breaking down credit loss estimation into its component parts of PD, LGD and EAD. To comply with IFRS 9, these model parameters are designed with the following characteristics:

- Unbiased – provide a best estimate.
- Point-in-time – reflecting current economic conditions as opposed to through-the-cycle.
- Economic forecasts – IFRS 9 PD estimates and, where appropriate, EAD and LGD estimates reflecting economic forecasts.
- Lifetime measurement – parameters are provided as multi-period term structures up to behavioural lifetimes.

PD

Personal

Personal PD models follow a discrete multi-horizon survival approach, predicting quarterly PDs up to lifetime at account level. A key driver is the score from related IRB PD models, with economic forecasts incorporated through the stress models.

Non-Personal

Non-Personal PD models use a point-in-time/through-the-cycle framework to provide point-in-time estimates that reflect economic conditions at the reporting date. A key driver is the score from related IRB PD models, with economic forecasts incorporated through the stress models.

LGD

Personal

Economic forecasts are incorporated for the secured portfolios, where changes in property prices can be readily accommodated. Analysis has shown limited sensitivity to economic conditions on LGDs for the other Personal portfolios.

Non-Personal

Economic forecasts are incorporated into LGD estimates using the existing point-in-time/through-the-cycle framework. However, for some portfolios, including low-default, sovereigns and banks, there is insufficient loss data to substantiate estimates that vary with economic conditions.

EAD

Personal

Revolving products employ existing IRB models as a foundation, with appropriate adjustments incorporating a term structure based on time to default. Amortising products use an amortisation schedule, where a formula is used to calculate the expected balance based on remaining terms and interest rates.

Non-Personal

EAD values rely on product-specific credit conversion factors (CCFs), closely mirroring the product segmentation and approach of the respective IRB model, but without conservative or downturn assumptions. These CCFs are estimated over multi-year time horizons.

Economic drivers (audited)

Introduction

The portfolio segmentation and selection of economic drivers for IFRS 9 follows the approach used in stress testing. The stress models for each portfolio segment (defined by product or asset class and where relevant, industry sector and region) are based on a selected, small number of economic variables that best explain the movements in portfolio loss rates. The process to select economic drivers uses empirical analysis and expert judgement.

The most significant economic drivers for material portfolios are shown in the table below:

Portfolio	Economic drivers
Personal mortgages	Unemployment rate, sterling swap rate, house price index, real wage
Personal unsecured	Unemployment rate, sterling swap rate, real wage
Corporates	Stock price index, gross domestic product (GDP)
Commercial real estate	Stock price index, commercial property price index, GDP

Economic scenarios

At 31 December 2025, the range of anticipated future economic conditions was defined by a set of four internally developed scenarios and their respective probabilities. In addition to the base case, they comprised upside, downside and extreme downside scenarios.

For 31 December 2025, the four scenarios were deemed appropriate in capturing the uncertainty in economic forecasts and the non-linearity in outcomes under different scenarios. These four scenarios were developed to provide sufficient coverage to current risks faced by the economy and consider varying outcomes across the labour market, inflation, interest rate, asset price and economic growth, around which there remains pronounced levels of uncertainty.

Since 31 December 2024, the near-term economic growth outlook weakened, with growth in the second half of 2025 losing momentum. Inflation rose to nearly double the target level of 2% in 2025, with underlying price pressures remaining firm. However, there are tentative signs of easing inflationary pressures and inflation is assumed to fall back close to the target by the end of 2026. The peak unemployment rate is higher than at 31 December 2024. The unemployment rate is assumed to continue to rise in the near-term, albeit at a slower pace. The Bank of England is expected to continue cutting interest rates in a 'gradual and careful' manner with an assumed terminal rate in the base case of 3.25%, marginally lower compared to 3.5% assumed at 31 December 2024. Housing market activities remained resilient in 2025, with prices expected to grow modestly.

Credit risk continued

Economic drivers (audited)

High-level narrative – potential developments, vulnerabilities and risks

Growth	**Outperformance sustained** – above trend growth as consumer sentiment recovers	Upside
	Steady growth – staying close to trend pace	Base case
	Stalling – cautious consumer and policy uncertainty weighs on activity	Downside
	Extreme stress – extreme fall in GDP, with policy support to facilitate sharp recovery	Extreme downside
Inflation	**Sticky** – strong growth and/or wage policies keep services inflation above target in medium term	Upside
	Battle won – beyond near-term volatility, services inflation continues to ease, 2% target is met on a sustained basis	Base case
	Slow – above target inflation in 2026 but swiftly falls to lower levels	Downside
	Close to deflation – inflationary pressures diminish amidst pronounced weakness in demand	Extreme downside
Labour market	**Recovery** – job growth rebounds strongly, reversing much of the recent rise in unemployment rate	Upside
	Cooling continues – gradual loosening continues into 2026, before improving	Base case
	Job shedding – redundancies, reduced hours, building slack	Downside
	Depression – unemployment hits levels close to previous peaks amid severe stress	Extreme downside
Rates short-term	**Limited cuts** – higher growth and inflation keep the Monetary Policy Committee cautious	Upside
	Steady – rate cutting cycle largely done, two further rate cuts	Base case
	Supportive – sharp declines to support recovery	Downside
	Sharp drop – drastic easing in policy to support a sharp deterioration in the economy	Extreme downside
Rates long-term	**Above consensus** – 4%	Upside
	Middle – 3.25%	Base case
	Low – 2.5% and below	Downside/Extreme downside

Main macroeconomic variables

The main macroeconomic variables for each of the four scenarios used for ECL modelling are set out in the table below.

	2025					2024				
	Upside	Base case	Downside	Extreme downside	Weighted average	Upside	Base case	Downside	Extreme downside	Weighted average
Five-year summary	%	%	%	%	%	%	%	%	%	%
GDP	2.1	1.4	0.5	0.1	1.2	2.0	1.3	0.5	(0.2)	1.1
Unemployment rate	4.3	5.1	5.6	7.0	5.3	3.6	4.3	5.0	6.7	4.6
House price index	5.7	3.3	0.6	(3.8)	2.6	5.8	3.5	0.8	(4.3)	2.7
Commercial real estate price	6.1	2.2	(0.3)	(5.0)	1.9	5.4	1.2	(1.0)	(5.7)	1.1
Consumer price index	2.6	2.4	2.4	1.8	2.3	2.4	2.2	3.5	1.6	2.4
Bank of England base rate	4.0	3.5	2.6	1.4	3.2	4.4	4.0	3.0	1.6	3.6
Stock price index	6.2	4.8	2.8	1.1	4.3	6.3	5.0	3.4	1.1	4.5
World GDP	3.7	3.1	2.5	2.2	3.0	3.8	3.2	2.5	1.6	3.0
Probability weight	22.4	45.0	19.5	13.1		23.2	45.0	19.1	12.7	

(1) The five-year summary runs from 2025-2029 for 31 December 2025 and from 2024-2028 for 31 December 2024.
(2) The table shows compound annual growth rate (CAGR) for GDP, average levels for the unemployment rate and Bank of England base rate and Q4 to Q4 CAGR for other parameters.

Credit risk continued

Climate transition

Since 2023, NatWest Group has assessed the implicit contribution to its base case macroeconomic scenario from changes in UK transition policy, expressed as an additional implicit sectoral carbon price(1).

In 2025, NatWest Group individually assessed 50 active and potential UK transition policies that had a significant impact on the cost of emissions – for example, the Emissions Trading Scheme and Renewables Obligation – and converted them into equivalent implicit sectoral carbon prices. The prices were calculated as the cost per tonne of emissions abated by each policy. Using an internally developed model, NatWest Group estimated the impact of sector carbon prices on key macroeconomic variables such as GDP and unemployment. Using this analysis, NatWest Group created two scenarios, the baseline, which incorporates climate transition related impacts, and an alternative scenario, which excludes them. Comparing ECL under these two scenarios allowed NatWest Group to estimate an aggregate macroeconomic impact of the analysed transition policies and their contribution to ECL.

The current approach does not include physical risks and transition risks, beyond the assessed transition policies. NatWest Group will continue to enhance and develop the approach as reliable data and methodology become available.

(1) An implicit carbon price is an additional cost related to greenhouse gas emissions as a result of climate transition policy.

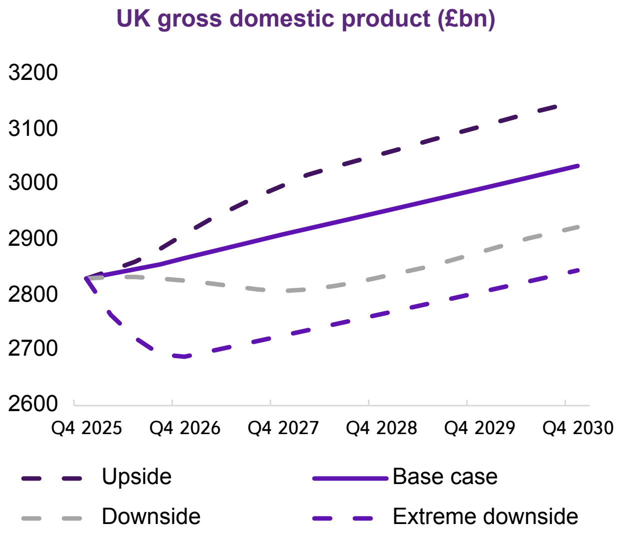
Probability weightings of scenarios

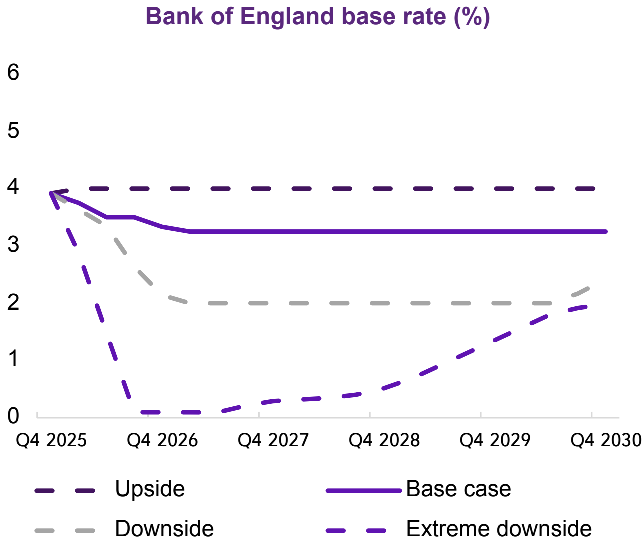
NatWest Group applies a quantitative approach for IFRS 9 multiple economic scenarios by selecting specific discrete scenarios that represent the range of risks in the economic outlook and assigning appropriate probability weights.

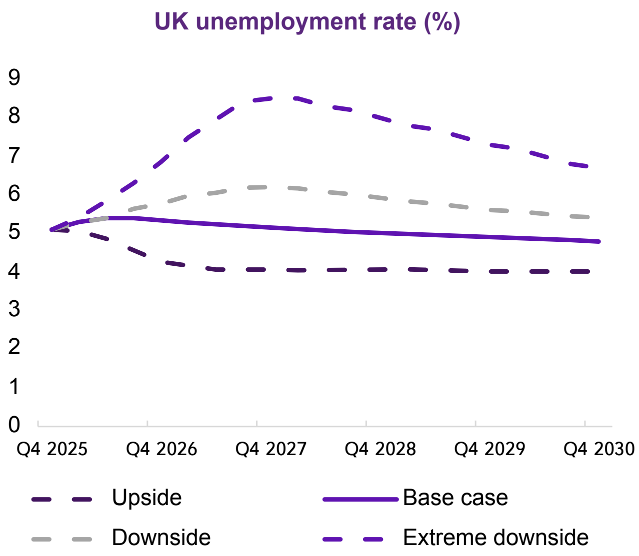
The approach involves comparing GDP paths for NatWest Group's scenarios against a set of 1,000 model simulations to determine the percentile in the distribution that aligns most closely with each scenario. The probability weight for the base case is determined first using judgement, while probability weights for the alternative scenarios are then assigned based on these percentiles scores.

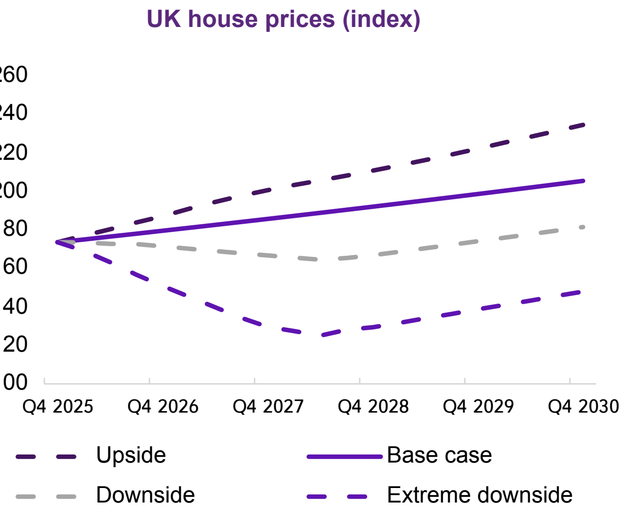
The weights were broadly comparable to those used at 31 December 2024 but with slightly more downside skew. The assigned probability weights were judged to be aligned with the subjective assessment of balance of the risks in the economy. Given the balance of risks that the economies in which NatWest Group operates are exposed to, NatWest Group judges it appropriate that downside-biased scenarios have higher combined probability weights than the upside-biased scenario. It presents good coverage to the range of outcomes assumed in the scenarios, including the potential for a robust recovery on the upside and exceptionally challenging outcomes on the downside. A 22.4% weighting was applied to the upside scenario, a 45.0% weighting applied to the base case scenario, a 19.5% weighting applied to the downside scenario and a 13.1% weighting applied to the extreme downside scenario.

Credit risk continued
Economic drivers









Credit risk continued

Economic drivers (audited)

Annual figures

GDP - annual growth

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
2026	**1.9**	**1.0**	**0.3**	**(3.7)**	**0.5**
2027	**3.2**	**1.5**	**(0.6)**	**(0.2)**	**1.3**
2028	**2.3**	**1.4**	**0.2**	**1.4**	**1.4**
2029	**1.6**	**1.4**	**1.4**	**1.4**	**1.5**
2030	**1.6**	**1.4**	**1.7**	**1.4**	**1.5**

Consumer price index - four quarter change

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**
2026	**2.7**	**2.3**	**2.7**	**0.6**	**2.3**
2027	**2.4**	**2.0**	**1.8**	**1.1**	**1.9**
2028	**2.1**	**2.0**	**1.7**	**1.8**	**1.9**
2029	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
2030	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

Unemployment rate - annual average

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**
2026	**4.7**	**5.4**	**5.5**	**6.1**	**5.3**
2027	**4.1**	**5.2**	**6.1**	**8.1**	**5.5**
2028	**4.1**	**5.1**	**6.0**	**8.3**	**5.4**
2029	**4.0**	**4.9**	**5.7**	**7.6**	**5.2**
2030	**4.0**	**4.8**	**5.5**	**6.9**	**5.1**

Bank of England base rate - annual average

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**4.24**	**4.24**	**4.24**	**4.24**	**4.24**
2026	**4.00**	**3.52**	**2.94**	**1.14**	**3.20**
2027	**4.00**	**3.25**	**2.00**	**0.17**	**2.77**
2028	**4.00**	**3.25**	**2.00**	**0.39**	**2.80**
2029	**4.00**	**3.25**	**2.00**	**1.02**	**2.88**
2030	**4.00**	**3.25**	**2.15**	**1.82**	**3.02**

House price index - four quarter change

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
2026	**7.8**	**3.4**	**(1.2)**	**(13.1)**	**1.3**
2027	**7.2**	**3.4**	**(2.8)**	**(14.1)**	**1.2**
2028	**5.1**	**3.4**	**0.1**	**(0.2)**	**2.9**
2029	**5.4**	**3.4**	**4.4**	**7.2**	**4.5**
2030	**5.6**	**3.4**	**4.2**	**6.6**	**4.4**

Stock price index - four quarter change

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**11.1**	**11.1**	**11.1**	**11.1**	**11.1**
2026	**8.1**	**3.3**	**(16.0)**	**(52.9)**	**(6.7)**
2027	**5.1**	**3.3**	**7.2**	**33.9**	**6.5**
2028	**3.5**	**3.3**	**7.2**	**25.3**	**5.9**
2029	**3.5**	**3.3**	**7.2**	**20.2**	**5.7**
2030	**3.0**	**3.3**	**7.2**	**16.8**	**5.5**

Commercial real estate price - four quarter change

	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	**2.6**	**2.6**	**2.6**	**2.6**	**2.6**
2026	**14.1**	**2.9**	**(6.8)**	**(24.1)**	**-**
2027	**4.4**	**2.6**	**(2.5)**	**(13.0)**	**0.6**
2028	**5.5**	**1.5**	**2.8**	**7.0**	**3.3**
2029	**4.2**	**1.6**	**2.6**	**6.8**	**2.9**
2030	**2.7**	**1.6**	**2.5**	**6.5**	**2.5**

Worst points

	2025					2024				
	Downside %	Quarter	Extreme downside %	Quarter	Weighted average %	Downside %	Quarter	Extreme downside %	Quarter	Weighted average %
GDP	**-**	**Q4 2027**	**(3.8)**	**Q4 2026**	**-**	-	Q1 2024	(4.1)	Q4 2025	-
Unemployment rate - peak	**6.2**	**Q4 2027**	**8.5**	**Q4 2027**	**5.6**	5.6	Q4 2026	8.5	Q1 2027	4.9
House price index	**(2.4)**	**Q2 2028**	**(25.9)**	**Q2 2028**	**-**	(1.9)	Q2 2027	(25.6)	Q3 2027	-
Commercial real estate price	**(7.3)**	**Q2 2027**	**(33.3)**	**Q3 2027**	**-**	(10.5)	Q2 2026	(35.0)	Q3 2026	(1.8)
Consumer price index - highest four quarter change	**3.8**	**Q3 2025**	**3.8**	**Q3 2025**	**3.8**	6.1	Q1 2026	3.5	Q1 2024	3.5
Bank of England base rate - extreme level	**2.0**	**Q1 2025**	**0.1**	**Q1 2025**	**2.8**	2.0	Q1 2024	0.1	Q1 2024	2.9
Stock price index	**(6.7)**	**Q4 2026**	**(47.7)**	**Q4 2026**	**-**	(0.2)	Q4 2025	(27.4)	Q4 2025	-

(1) The figures show falls relative to the starting period for GDP, house price index, commercial real estate price and stock price index. For unemployment rate, it shows highest value through the scenario horizon. For consumer price index, it shows highest annual percentage change. For Bank of England base rate, it shows highest or lowest value through the horizon. The calculations are performed over five years, with a starting point of Q4 2024 for 31 December 2025 scenarios and Q4 2023 for 31 December 2024 scenarios.

Credit risk continued

Impairment, provisioning and write-offs (audited)

In the overall assessment of credit risk, impairment provisioning and write-offs are used as key indicators of credit quality.

SICR

Defaulted exposures are classified in Stage 3 and subject to lifetime ECL measurement. Remaining exposures are assessed for SICR since initial recognition. Where exposures are identified with SICR, they are classified in Stage 2 and assessed using a lifetime ECL measurement. Exposures not considered deteriorated are assessed with a 12-month ECL. NWB Group applies a framework to identify deterioration, primarily based on changes in lifetime PD, supported by additional qualitative high-risk backstops.

- IFRS 9 lifetime PD assessment (the primary driver) – relies on measuring the relative deterioration in forward-looking lifetime PD and is assessed monthly. SICR is determined by comparing the residual lifetime PD at the balance sheet date with the lifetime PD at the date of initial recognition (DOIR). If the current lifetime PD exceeds the origination PD by more than a defined threshold, SICR is assumed to have occurred and the exposure moved into Stage 2 for a lifetime ECL assessment. For Non-Personal, a doubling of PD would indicate a SICR, subject to a minimum PD uplift of 0.1%. For Personal portfolios and small and medium-sized enterprise retail, the criteria vary by risk band, as detailed in the following table:

Personal risk bands	PD bandings (based on residual lifetime PD calculated at DOIR)	PD deterioration threshold criteria
A	<0.762%	PD@DOIR + 1%
B	<4.306%	PD@DOIR + 3%
C	>=4.306%	1.7 x PD@DOIR

- Qualitative high-risk backstop assessment – supplements the PD assessment to evaluate whether significant deterioration in lifetime risk of default occurred. This included the mandatory 30+ days past due backstop, as prescribed by IFRS 9 guidance, as well as other elements such as forbearance support, Non-Personal exposures managed within the Wholesale Problem Debt Management framework, and adverse credit bureau results for Personal customers.
- Persistence (Personal and small and medium-sized enterprise retail customers only) – the persistence rule ensures that accounts which have met the criteria for PD driven deterioration are still considered to be significantly deteriorated for three months thereafter. This additional rule enhances the timeliness of capture into Stage 2. The persistence rule is applied to PD driven deterioration only.

Lifetime

The definitions of initial recognition and asset lifetime are important considerations when determining the amount of lifetime losses to be applied.

- Initial recognition refers to the date that a transaction (or account) is first recognised on the balance sheet, with the PD at that point serving as the basis for subsequent determination of SICR, as detailed above.
- For asset lifetime, the approach is aligned with IFRS 9 requirements:
  - Term lending – the contractual maturity date is used and adjusted for behavioural trends where applicable, such as expected prepayment and amortisation.
  - Revolving facilities – for Personal portfolios (excluding credit cards), asset duration is determined by behavioural life, which was typically greater than contractual life. For the Non-Personal portfolios, asset duration is based on annual customer review schedules.

Governance

The IFRS 9 PD, EAD and LGD models are subject to NatWest Group's model risk policy, which stipulates periodic model monitoring and re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments are applied where management deemed them necessary to ensure an adequate level of overall ECL provision. All post model adjustments undergo review, challenge and approval by the relevant model or provisioning committees.

Post model adjustments will remain a key focus area of NWB Group's ongoing ECL adequacy assessment process. A comprehensive framework has been established that incorporates analysis of diverse economic data, external benchmarks and portfolio performance trends with a particular focus on segments (across both Personal and Non-Personal portfolios) that may be more susceptible to specific risk factors.

Measurement uncertainty and ECL sensitivity analysis (audited)

The recognition and measurement of ECL is complex and requires significant judgement and estimation, especially during times of economic volatility and uncertainty. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objectives of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions used in the estimation.

Simulations were conducted to assess the impact of various economic scenarios, including base case, upside, downside and extreme downside scenarios. The potential ECL impacts reflected the simulated impact as at 31 December 2025.

In the simulations, NWB Group assumed that the economic macro variables associated with each scenario would replace the existing base case economic assumptions, giving them a 100% probability weighting and therefore serving as a single economic scenario.

These scenarios were applied to all modelled portfolios in the table, with the simulation affecting both PDs and LGDs. Post model adjustments included in the ECL estimates were adjusted in line with the modelled ECL movements. However, adjustments that were judgemental in nature, such as those for deferred model calibrations and economic uncertainty, were not automatically recalculated. Instead, they will be re-evaluated by management through ECL governance for any new economic scenario outlook.

As expected, the scenarios created varying impacts on ECL by portfolio, and these impacts were deemed reasonable.

The simulations assumed that existing modelled relationships between key economic variables and drivers would hold. However, in practice, other factors such as potential changes in customer behaviour and policy changes could also impact the wider availability of credit.

The focus of the simulations was on ECL provisioning requirements for performing exposures in Stage 1 and Stage 2. The simulations were run on a stand-alone basis and were independent of each other. Scenario impacts on SICR were considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios, the total exposure remained the same, but exposure by stage varied.

Stage 3 provisions are not subject to the same level of measurement uncertainty, as default is an observed event as at the balance sheet date and defaulted LGD is typically more impacted by borrower specific factors rather than economics. Therefore, Stage 3 provisions were not considered in this analysis. NWB Group's core criterion for identifying a SICR is based on PD deterioration. Under the simulations, changes in PDs resulted in exposures moving between Stage 1 and Stage 2, contributing to the ECL impact.

Credit risk continued

Measurement uncertainty and ECL sensitivity analysis (audited)

2025	Actual	Base scenario	Moderate upside scenario	Moderate downside scenario	Extreme downside scenario
Stage 1 modelled loans (£m)					
Retail Banking - mortgages	174,227	174,680	175,903	173,528	169,689
Retail Banking - unsecured	10,987	11,072	11,397	10,848	10,057
Non-personal - property	21,805	21,914	21,981	21,764	14,944
Non-personal - non-property	93,878	94,527	94,780	93,809	76,089
	300,897	302,193	304,061	299,949	270,779
Stage 1 modelled ECL (£m)					
Retail Banking - mortgages	41	40	39	41	42
Retail Banking - unsecured	262	268	257	260	248
Non-personal - property	52	35	29	55	111
Non-personal - non-property	143	118	109	153	262
	498	461	434	509	663
Stage 1 coverage					
Retail Banking - mortgages	0.02%	0.02%	0.02%	0.02%	0.02%
Retail Banking - unsecured	2.38%	2.42%	2.25%	2.40%	2.47%
Non-personal - property	0.24%	0.16%	0.13%	0.25%	0.74%
Non-personal - non-property	0.15%	0.12%	0.12%	0.16%	0.34%
	0.17%	0.15%	0.14%	0.17%	0.24%
Stage 2 modelled loans (£m)					
Retail Banking - mortgages	14,477	14,024	12,801	15,176	19,015
Retail Banking - unsecured	3,104	3,019	2,694	3,243	4,034
Non-personal - property	1,849	1,740	1,673	1,890	8,710
Non-personal - non-property	13,847	13,198	12,945	13,916	31,636
	33,277	31,981	30,113	34,225	63,395
Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	33	31	27	35	51
Retail Banking - unsecured	337	329	283	355	450
Non-personal - property	37	31	28	40	277
Non-personal - non-property	264	227	209	274	762
	671	618	547	704	1,540
Stage 2 coverage					
Retail Banking - mortgages	0.23%	0.22%	0.21%	0.23%	0.27%
Retail Banking - unsecured	10.86%	10.90%	10.50%	10.95%	11.16%
Non-personal - property	2.00%	1.78%	1.67%	2.12%	3.18%
Non-personal - non-property	1.91%	1.72%	1.61%	1.97%	2.41%
	2.02%	1.93%	1.82%	2.06%	2.43%
Stage 1 and Stage 2 modelled loans (£m)					
Retail Banking - mortgages	188,704	188,704	188,704	188,704	188,704
Retail Banking - unsecured	14,091	14,091	14,091	14,091	14,091
Non-personal - property	23,654	23,654	23,654	23,654	23,654
Non-personal - non-property	107,725	107,725	107,725	107,725	107,725
	334,174	334,174	334,174	334,174	334,174
Stage 1 and Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	74	71	66	76	93
Retail Banking - unsecured	599	597	540	615	698
Non-personal - property	89	66	57	95	388
Non-personal - non-property	407	345	318	427	1,024
	1,169	1,079	981	1,213	2,203
Stage 1 and Stage 2 coverage					
Retail Banking - mortgages	0.04%	0.04%	0.03%	0.04%	0.05%
Retail Banking - unsecured	4.25%	4.24%	3.83%	4.36%	4.95%
Non-personal - property	0.38%	0.28%	0.24%	0.40%	1.64%
Non-personal - non-property	0.38%	0.32%	0.30%	0.40%	0.95%
	0.35%	0.32%	0.29%	0.36%	0.66%
Reconciliation to Stage 1 and Stage 2 ECL (£m)					
ECL on modelled exposures	1,169	1,079	981	1,213	2,203
ECL on non-modelled exposures	30	31	31	31	31
Total Stage 1 and Stage 2 ECL (£m)	1,199	1,110	1,012	1,244	2,234
Variance to actual total Stage 1 and Stage 2 ECL (£m)	-	(89)	(187)	45	1,035

Credit risk continued

Measurement uncertainty and ECL sensitivity analysis continued (audited)

2025	Actual	Base scenario	Moderate upside scenario	Moderate downside scenario	Extreme downside scenario
Reconciliation to Stage 1 and Stage 2 flow exposures (£m)					
Modelled loans	**334,174**	**334,174**	**334,174**	**334,174**	**334,174**
Non-modelled loans	**16,879**	**16,879**	**16,879**	**16,879**	**16,879**
Other asset classes	**81,269**	**81,269**	**81,269**	**81,269**	**81,269**

(1) Reflects ECL for all modelled exposure in scope for IFRS 9. The analysis excludes non-modelled portfolios and exposure relating to bonds and cash.
(2) All simulations are run on a stand-alone basis and are independent of each other, with the potential ECL impact reflecting the simulated impact as at 31 December 2025. The simulations change the composition of Stage 1 and Stage 2 exposure but total exposure was unchanged under each scenario as the loan population was static.
(3) Refer to the Economic drivers section for details of economic scenarios.
(4) Refer to the NWB Group 2024 Annual Report and Accounts for 2024 comparatives.

- If the economics were as negative as observed in the extreme downside (i.e. 100% probability weighting), total Stage 1 and Stage 2 ECL was simulated to increase. In this scenario, Stage 2 exposure increased significantly and was the key driver of the simulated ECL rise. The movement in Stage 2 balances in the other simulations was less significant.
- In the Non-Personal portfolio, there was a significant increase in ECL under the extreme downside scenario on non-property portfolios, driven by a significant deterioration in the stock index.
- Given the continued economic uncertainty, NWB Group utilised a framework of quantitative and qualitative measures to support the levels of ECL coverage. This included economic data, credit performance insights and problem debt trends. This was particularly important for consideration of post model adjustments.

ECL post model adjustments (audited)

The table below shows ECL post model adjustments.

	Retail Banking		Private Banking & Wealth Management	Commercial & Institutional	Total
	Mortgages	Other			
2025	£m	£m	£m	£m	£m
Deferred model calibrations	**-**	**-**	**1**	**11**	**12**
Economic uncertainty	**42**	**36**	**11**	**120**	**209**
Other adjustments	**-**	**19**	**-**	**14**	**33**
Total	**42**	**55**	**12**	**145**	**254**
Of which:					
- Stage 1	***31***	***36***	***4***	***57***	***128***
- Stage 2	***11***	***16***	***8***	***88***	***123***
- Stage 3	***-***	***3***	***-***	***-***	***3***
2024					
Deferred model calibrations	-	-	1	14	15
Economic uncertainty	83	19	8	137	247
Other adjustments	-	-	-	15	15
Total	83	19	9	166	277
Of which:					
- Stage 1	*54*	*8*	*5*	*69*	*136*
- Stage 2	*24*	*11*	*4*	*96*	*135*
- Stage 3	*5*	*-*	*-*	*1*	*6*

Post model adjustments reduced since 31 December 2024, reflecting the removal of COVID-19 post model adjustments combined with updates to parameters.

- Retail Banking – As at 31 December 2025, the post model adjustment for economic uncertainty decreased to £78 million (2024 – £102 million). This reduction was driven by a revision to the cost of living post model adjustment, standing at £78 million (2024 – £97 million), and was the sole remaining economic uncertainty post model adjustment. This change was based on a review of back-testing. Despite ongoing economic and geopolitical uncertainty, the Retail Banking portfolios demonstrated resilience, supported by a robust risk appetite. The cost of living post model adjustment continued to address the risk in segments of the Retail Banking portfolio that were more susceptible to affordability challenges. It focused on key affordability factors, including over-indebted borrowers, poor credit card affordability status and lower income customers in fuel poverty.
- A £19 million post model adjustment was recognised as a judgemental measure while additional loss data is accumulated on the recently migrated Sainsbury's Bank lending portfolio.
- Commercial & Institutional – As at 31 December 2025, the post model adjustment for economic uncertainty decreased to £120 million (2024 – £137 million). The reduction was driven by the retirement of COVID-19 post model adjustments which were associated with government scheme lending (2024 – £23 million). The continued economic uncertainty post model adjustments reflected downgrades to risk profile that were applied to the sectors that were considered most at risk from the current economic and geopolitical headwinds.
- The remaining £25 million (2024 – £29 million) of post model adjustments were for deferred model calibrations relating to refinance risk and to mitigate the effect of operational timing delays in the identification and flagging of a significant increase in credit risk.

Credit risk – Banking activities

Introduction

This section details the credit risk profile of NWB Group's banking activities.

Refer to Accounting policy 2.2 and Note 13 to the financial statements for policies and critical judgements relating to impairment loss determination.

Financial instruments within the scope of the IFRS 9 ECL framework (audited)

Refer to Note 9 to the financial statements for balance sheet analysis of financial assets that are classified as amortised cost or fair value through other comprehensive income (FVOCI), the starting point for IFRS 9 ECL framework assessment.

	31 December 2025			31 December 2024		
	Gross	ECL	Net	Gross	ECL	Net
	£bn	£bn	£bn	£bn	£bn	£bn
Balance sheet total gross amortised cost and FVOCI	435.5			412.3		
In scope of IFRS 9 ECL framework	435.1			412.2		
% in scope	100%			100%		
Loans to customers - in scope - amortised cost	348.9	3.0	345.9	335.1	2.7	332.4
Loans to customers - in scope - FVOCI	0.1	-	0.1	-	-	-
Loans to banks - in scope - amortised cost	4.5	-	4.5	3.4	-	3.4
Total loans - in scope	353.5	3.0	350.5	338.5	2.7	335.8
Stage 1	316.4	0.5	315.9	298.2	0.5	297.7
Stage 2	33.4	0.7	32.7	35.5	0.6	34.9
Stage 3	3.7	1.8	1.9	4.8	1.6	3.2
Other financial assets - in scope - amortised cost	51.6	-	51.6	44.3	-	44.3
Other financial assets - in scope - FVOCI	30.0	-	30.0	29.4	-	29.4
Total other financial assets - in scope	81.6	-	81.6	73.7	-	73.7
Stage 1	80.6	-	80.6	72.9	-	72.9
Stage 2	1.0	-	1.0	0.8	-	0.8
Out of scope of IFRS 9 ECL framework	0.4	na	0.4	0.1	na	0.1
Loans to customers - out of scope - amortised cost	(0.3)	na	(0.3)	(0.4)	na	(0.4)
Other financial assets - out of scope - amortised cost	0.6	na	0.6	0.6	na	0.6
Other financial assets - out of scope - FVOCI	0.1	na	0.1	(0.1)	na	(0.1)

na = not applicable

The assets outside the scope of IFRS 9 ECL framework were as follows:

- Settlement balances, items in the course of collection, cash balances and other non-credit risk assets of £0.7 billion (2024 – £0.7 billion). These were assessed as having no ECL unless there was evidence that they were defaulted.
- Fair value adjustments on loans hedged by interest rate swaps, where the underlying loan was within the IFRS 9 ECL scope of £(0.3) billion (2024 – £(0.4) billion).

In scope assets also include an additional £7.0 billion (2024 – £3.1 billion) of inter-group assets not shown in table above.

Contingent liabilities and commitments

Total contingent liabilities (including financial guarantees) and commitments within IFRS 9 ECL scope of £105.2 billion (2024 – £96.7 billion) comprised Stage 1 £96.0 billion (2024 – £88.3 billion); Stage 2 £8.9 billion (2024 – £7.7 billion); and Stage 3 £0.3 billion (2024 – £0.7 billion).

Credit risk – Banking activities continued

Segment analysis – portfolio summary (audited)

The table below shows gross loans and ECL, by segment and stage, within the scope of the IFRS 9 ECL framework.

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Loans - amortised cost and FVOCI (1)					
Stage 1	186,986	17,552	78,169	33,656	316,363
Stage 2	17,293	1,115	14,912	59	33,379
Stage 3	1,727	348	1,662	-	3,737
Inter-group (2)				6,970	6,970
	206,006	19,015	94,743	40,685	360,449
ECL provisions (3)					
Stage 1	303	13	190	10	516
Stage 2	371	13	297	2	683
Stage 3	865	50	855	-	1,770
Inter-group				1	1
	1,539	76	1,342	13	2,970
ECL provisions coverage (4)					
Stage 1 (%)	0.16	0.07	0.24	0.03	0.16
Stage 2 (%)	2.15	1.17	1.99	3.39	2.05
Stage 3 (%)	50.09	14.37	51.44	-	47.36
Inter-group (%)				0.01	0.01
	0.75	0.40	1.42	0.04	0.84
Impairment (releases)/losses					
ECL (release)/charge (5)					
Stage 1	(51)	(8)	(93)	(1)	(153)
Stage 2	263	9	96	1	369
Stage 3	191	9	238	-	438
Inter-group				(1)	(1)
	403	10	241	(1)	653
Amounts written-off	318	2	169	-	489

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

Credit risk – Banking activities continued

Segment analysis – portfolio summary (audited)

2024	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Loans - amortised cost and FVOCI (1)					
Stage 1	172,211	17,155	74,002	34,841	298,209
Stage 2	21,902	844	12,722	49	35,517
Stage 3	2,658	322	1,818	-	4,798
Inter-group (2)				3,130	3,130
	196,771	18,321	88,542	38,020	341,654
ECL provisions (3)					
Stage 1	245	16	211	10	482
Stage 2	370	11	285	1	667
Stage 3	844	37	718	-	1,599
Inter-group				2	2
	1,459	64	1,214	13	2,750
ECL provisions coverage (4)					
Stage 1 (%)	0.14	0.09	0.29	0.03	0.16
Stage 2 (%)	1.69	1.30	2.24	2.04	1.88
Stage 3 (%)	31.75	11.49	39.49	nm	33.33
Inter-group (%)				0.06	0.06
	0.74	0.35	1.37	0.04	0.81
Impairment (releases)/losses					
ECL (release)/charge (5)					
Stage 1	(174)	(10)	(159)	(12)	(355)
Stage 2	246	(1)	78	2	325
Stage 3	178	-	198	-	376
Inter-group				1	1
	250	(11)	117	(9)	347
Amounts written-off	356	-	193	-	549

(1) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to the Financial instruments within the scope of the IFRS 9 ECL framework section for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling £29.3 billion (2024 – £34.6 billion) and debt securities of £52.4 billion (2024 – £39.1 billion).
(2) NWB Group's intercompany assets are classified in Stage 1.
(3) Includes £3 million (2024 – £4 million) related to assets classified as FVOCI.
(4) ECL provisions coverage is calculated as ECL provisions, including ECL for other non-loan assets and unutilised exposure, divided by loans – amortised cost and FVOCI. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful (nm) coverage ratio.
(5) Includes a £3 million release (2024 – £10 million charge) related to other financial assets, of which a £1 million release (2024 – £4 million charge) related to assets classified as FVOCI, and includes a £4 million charge (2024 – £3 million release) related to contingent liabilities.

Credit risk – Banking activities continued

Segmental loans and impairment metrics (audited)

The table below shows gross loans and ECL provisions, by segment and stage, within the scope of the ECL framework.

	Gross loans				ECL provisions				ECL	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total (release)/ charge	Amounts written-off
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Retail Banking	**186,986**	**17,293**	**1,727**	**206,006**	**303**	**371**	**865**	**1,539**	**403**	**318**
Private Banking & Wealth Management	**17,552**	**1,115**	**348**	**19,015**	**13**	**13**	**50**	**76**	**10**	**2**
Personal	***14,140***	***338***	***259***	***14,737***	***3***	***2***	***24***	***29***	***6***	***2***
Non-Personal	***3,412***	***777***	***89***	***4,278***	***10***	***11***	***26***	***47***	***4***	***-***
Commercial & Institutional	**78,169**	**14,912**	**1,662**	**94,743**	**190**	**297**	**855**	**1,342**	**241**	**169**
Central items & other	**33,656**	**59**	**-**	**33,715**	**10**	**2**	**-**	**12**	**-**	**-**
Personal	***84***	***11***	***-***	***95***	***3***	***1***	***-***	***4***	***4***	***-***
Non-Personal	***33,572***	***48***	***-***	***33,620***	***7***	***1***	***-***	***8***	***(4)***	***-***
Total loans	**316,363**	**33,379**	**3,737**	**353,479**	**516**	**683**	**1,770**	**2,969**	**654**	**489**
Of which:										
Personal	***201,210***	***17,642***	***1,986***	***220,838***	***309***	***374***	***889***	***1,572***	***413***	***320***
Non-Personal	***115,153***	***15,737***	***1,751***	***132,641***	***207***	***309***	***881***	***1,397***	***241***	***169***
2024										
Retail Banking	172,211	21,902	2,658	196,771	245	370	844	1,459	250	356
Private Banking & Wealth Management	17,155	844	322	18,321	16	11	37	64	(11)	-
Personal	*13,726*	*352*	*251*	*14,329*	*3*	*1*	*20*	*24*	*1*	-
Non-Personal	*3,429*	*492*	*71*	*3,992*	*13*	*10*	*17*	*40*	*(12)*	-
Commercial & Institutional	74,002	12,722	1,818	88,542	211	285	718	1,214	117	193
Central items & other - Non-Personal	34,841	49	-	34,890	10	1	-	11	(10)	-
Total loans	298,209	35,517	4,798	338,524	482	667	1,599	2,748	346	549
Of which:										
Personal	*185,937*	*22,254*	*2,909*	*211,100*	*248*	*371*	*864*	*1,483*	*251*	*356*
Non-Personal	*112,272*	*13,263*	*1,889*	*127,424*	*234*	*296*	*735*	*1,265*	*95*	*193*

- Retail Banking – Balance sheet growth during the year was mainly due to mortgages. Within the Unsecured portfolios, alongside organic growth in the credit cards and personal loans portfolios, the acquisition of the Sainsbury's Bank portfolios further contributed to the balance sheet growth. Asset quality was maintained during the year, reflecting ongoing customer resilience and robust risk appetite. Alongside steady portfolio performance, good book and total ECL coverage for Retail Banking remained broadly consistent with 31 December 2024. Underlying ECL coverage increased due to growth in unsecured lending, including the acquisition of the Sainsbury's Bank portfolio earlier in 2025, but this was offset by balance sheet management actions, including a mortgage securitisation transaction and unsecured debt sales. The proportion of Stage 3 loans declined over the year, mainly as a result of the balance sheet management actions described above, notably the mortgage securitisation, which reduced Stage 3 loans by £0.8 billion. Furthermore, there was an enhancement to the mortgage definition of default systems and process, resulting in approximately £0.4 billion of loans migrating from Stage 3 back to the good book. While default performance was broadly stable overall, unsecured flows into Stage 3 increased year-on-year, driven by strategic growth and seasoning of credit card balances since 2022.
- Commercial & Institutional – Balance sheet growth in the year was primarily in corporates and was reflected in Stage 1. Despite the increase in performing book exposures, performing book provisions decreased, driven by reductions in post model adjustments for economic uncertainty. Total provision balance growth primarily reflected the impact of a small number of individual charges in Stage 3. Despite the increase in Stage 3 ECL, loan balances flowing into Stage 3 were lower than the prior year. The combination of increased Stage 3 charges combined with lower inflows into Stage 3 drove the increase in Stage 3 ECL provisions coverage. Total book coverage remained broadly similar year-on-year, as the increase in Stage 3 ECL provisions coverage was partially offset by reductions in performing book coverage. The full year 2025 total charge was higher compared to 2024, primarily driven by a small good book charge in 2025 compared to a notable release in 2024.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

The table below shows financial assets and off-balance sheet exposures gross of ECL and related ECL provisions, impairment and past due by sector, asset quality and geographical region.

	Personal				Non-Personal				Total
		Credit	Other		Corporate				
	Mortgages (1)	cards	personal	Total	and other	FI	Sovereign	Total	
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans by geography	203,788	7,356	9,694	220,838	93,058	37,929	1,654	132,641	353,479
- UK	*203,788*	*7,356*	*9,694*	*220,838*	*80,011*	*30,903*	*1,212*	*112,126*	*332,964*
- Other Europe	-	-	-	-	*5,465*	*2,527*	*30*	*8,022*	*8,022*
- RoW	-	-	-	-	*7,582*	*4,499*	*412*	*12,493*	*12,493*
Loans by stage and asset quality (2)	203,788	7,356	9,694	220,838	93,058	37,929	1,654	132,641	353,479
Stage 1	188,219	5,350	7,641	201,210	76,217	37,562	1,374	115,153	316,363
- AQ1	*1,131*	-	*130*	*1,261*	*466*	*2,924*	*30*	*3,420*	*4,681*
- AQ2	*2,313*	-	*129*	*2,442*	*4,089*	*24,475*	*1,213*	*29,777*	*32,219*
- AQ3	*8,313*	*9*	*133*	*8,455*	*8,862*	*499*	-	*9,361*	*17,816*
- AQ4	*96,605*	*98*	*351*	*97,054*	*17,126*	*6,987*	-	*24,113*	*121,167*
- AQ5	*71,092*	*1,069*	*500*	*72,661*	*26,850*	*1,550*	-	*28,400*	*101,061*
- AQ6	*3,735*	*1,231*	*2,379*	*7,345*	*12,976*	*810*	-	*13,786*	*21,131*
- AQ7	*4,548*	*2,648*	*3,345*	*10,541*	*5,506*	*315*	-	*5,821*	*16,362*
- AQ8	*344*	*275*	*615*	*1,234*	*317*	*2*	*131*	*450*	*1,684*
- AQ9	*138*	*20*	*59*	*217*	*25*	-	-	*25*	*242*
Stage 2	14,593	1,795	1,254	17,642	15,244	228	265	15,737	33,379
- AQ1	*12*	-	-	*12*	-	-	-	-	*12*
- AQ2	*4*	-	-	*4*	*29*	-	-	*29*	*33*
- AQ3	*63*	-	*10*	*73*	*3*	-	-	*3*	*76*
- AQ4	*5,725*	-	*87*	*5,812*	*1,479*	*48*	-	*1,527*	*7,339*
- AQ5	*5,917*	*51*	*81*	*6,049*	*3,273*	*56*	-	*3,329*	*9,378*
- AQ6	*662*	*151*	*164*	*977*	*4,291*	*55*	-	*4,346*	*5,323*
- AQ7	*658*	*958*	*406*	*2,022*	*5,011*	*35*	-	*5,046*	*7,068*
- AQ8	*702*	*536*	*377*	*1,615*	*937*	*28*	-	*965*	*2,580*
- AQ9	*850*	*99*	*129*	*1,078*	*221*	*6*	*265*	*492*	*1,570*
Stage 3	976	211	799	1,986	1,597	139	15	1,751	3,737
- AQ10	*976*	*211*	*799*	*1,986*	*1,597*	*139*	*15*	*1,751*	*3,737*
Loans past due analysis	203,788	7,356	9,694	220,838	93,058	37,929	1,654	132,641	353,479
- Not past due	*201,509*	*7,072*	*8,843*	*217,424*	*90,299*	*37,744*	*1,639*	*129,682*	*347,106*
- Past due 1-30 days	*1,334*	*64*	*78*	*1,476*	*1,910*	*125*	-	*2,035*	*3,511*
- Past due 31-89 days	*389*	*78*	*111*	*578*	*201*	*8*	-	*209*	*787*
- Past due 90-180 days	*219*	*55*	*88*	*362*	*93*	*6*	-	*99*	*461*
- Past due >180 days	*337*	*87*	*574*	*998*	*555*	*46*	*15*	*616*	*1,614*
Loans - Stage 2	14,593	1,795	1,254	17,642	15,244	228	265	15,737	33,379
- Not past due	*13,328*	*1,704*	*1,140*	*16,172*	*14,514*	*216*	*265*	*14,995*	*31,167*
- Past due 1-30 days	*1,012*	*36*	*40*	*1,088*	*550*	*4*	-	*554*	*1,642*
- Past due 31-89 days	*253*	*55*	*74*	*382*	*180*	*8*	-	*188*	*570*

For the notes to this table refer to page 36.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

	Personal				Non-Personal				Total
	Mortgages (1)	Credit cards	Other personal	Total	Corporate and other	FI	Sovereign	Total	
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Weighted average life (3)									
- ECL measurement (years)	9	4	6	5	6	4	16	6	6
Weighted average 12 months PDs (3)									
- IFRS 9 (%)	0.44	3.71	5.13	0.73	1.27	0.16	7.48	1.02	0.84
- Basel (%)	0.62	3.95	3.66	0.82	1.12	0.17	7.48	0.93	0.86
ECL provisions by geography	193	461	918	1,572	1,255	126	16	1,397	2,969
- UK	*193*	*461*	*918*	*1,572*	*1,116*	*90*	*4*	*1,210*	*2,782*
- Other Europe	-	-	-	-	*92*	*2*	-	*94*	*94*
- RoW	-	-	-	-	*47*	*34*	*12*	*93*	*93*
ECL provisions by stage	193	461	918	1,572	1,255	126	16	1,397	2,969
- Stage 1	*43*	*116*	*150*	*309*	*190*	*12*	*5*	*207*	*516*
- Stage 2	*33*	*180*	*161*	*374*	*301*	*3*	*5*	*309*	*683*
- Stage 3	*117*	*165*	*607*	*889*	*764*	*111*	*6*	*881*	*1,770*
ECL provisions coverage (%)	0.09	6.27	9.47	0.71	1.35	0.33	0.97	1.05	0.84
- Stage 1 (%)	*0.02*	*2.17*	*1.96*	*0.15*	*0.25*	*0.03*	*0.36*	*0.18*	*0.16*
- Stage 2 (%)	*0.23*	*10.03*	*12.84*	*2.12*	*1.97*	*1.32*	*1.89*	*1.96*	*2.05*
- Stage 3 (%)	*11.99*	*78.20*	*75.97*	*44.76*	*47.84*	*79.86*	*40.00*	*50.31*	*47.36*
ECL charge/(release) - third party	(114)	241	286	413	182	57	2	241	654
Amounts written-off	81	99	140	320	169	-	-	169	489
Other financial assets									
by asset quality (2)	-	-	-	-	*3,889*	*15,308*	*62,416*	*81,613*	*81,613*
- AQ1-AQ4	-	-	-	-	*3,889*	*15,273*	*62,416*	*81,578*	*81,578*
- AQ5-AQ8	-	-	-	-	-	*35*	-	*35*	*35*
Off-balance sheet	13,062	19,698	6,251	39,011	61,035	4,731	427	66,193	105,204
Loan commitments	*13,062*	*19,698*	*6,215*	*38,975*	*58,780*	*4,282*	*427*	*63,489*	*102,464*
Financial guarantees	-	-	*36*	*36*	*2,255*	*449*	-	*2,704*	*2,740*
Off-balance sheet									
by asset quality (2)	13,062	19,698	6,251	39,011	61,035	4,731	427	66,193	105,204
- AQ1-AQ4	*12,529*	*368*	*5,242*	*18,139*	*37,018*	*3,475*	*39*	*40,532*	*58,671*
- AQ5-AQ8	*525*	*19,265*	*974*	*20,764*	*23,741*	*1,210*	*12*	*24,963*	*45,727*
- AQ9	*4*	*10*	*11*	*25*	*58*	-	*376*	*434*	*459*
- AQ10	*4*	*55*	*24*	*83*	*218*	*46*	-	*264*	*347*

For the notes to this table refer to page 36.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

	Personal				Non-Personal				Total
	Mortgages (1)	Credit cards	Other personal	Total	Corporate and other	FI	Sovereign	Total	
2024	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans by geography	197,089	5,935	8,076	211,100	87,248	39,647	529	127,424	338,524
- UK	*197,089*	*5,935*	*8,076*	*211,100*	*77,181*	*30,358*	*218*	*107,757*	*318,857*
- Other Europe	-	-	-	-	*4,553*	*5,915*	*31*	*10,499*	*10,499*
- RoW	-	-	-	-	5,514	3,374	280	9,168	9,168
Loans by stage and asset quality (2)	197,089	5,935	8,076	211,100	87,248	39,647	529	127,424	338,524
Stage 1	175,823	4,136	5,978	185,937	73,214	38,683	375	112,272	298,209
- AQ1	*1,141*	-	*127*	*1,268*	*545*	*1,312*	*31*	*1,888*	*3,156*
- AQ2	*1,797*	-	*110*	*1,907*	*3,274*	*29,815*	*212*	*33,301*	*35,208*
- AQ3	*6,016*	*10*	*107*	*6,133*	*8,437*	*241*	*5*	*8,683*	*14,816*
- AQ4	*89,539*	*106*	*312*	*89,957*	*16,274*	*4,865*	-	*21,139*	*111,096*
- AQ5	*67,275*	*1,083*	*483*	*68,841*	*25,779*	*1,504*	-	*27,283*	*96,124*
- AQ6	*3,691*	*1,195*	*2,353*	*7,239*	*12,880*	*770*	-	*13,650*	*20,889*
- AQ7	*5,924*	*1,515*	*2,096*	*9,535*	*5,650*	*173*	-	*5,823*	*15,358*
- AQ8	*253*	*205*	*341*	*799*	*345*	*3*	*127*	*475*	*1,274*
- AQ9	*187*	*22*	*49*	*258*	*30*	-	-	*30*	*288*
Stage 2	19,214	1,652	1,388	22,254	12,222	908	133	13,263	35,517
- AQ1	*11*	-	*5*	*16*	-	-	-	-	*16*
- AQ2	*10*	-	-	*10*	*46*	-	-	*46*	*56*
- AQ3	*101*	-	*10*	*111*	-	-	-	-	*111*
- AQ4	*7,410*	-	*97*	*7,507*	*1,911*	*49*	-	*1,960*	*9,467*
- AQ5	*8,653*	*51*	*87*	*8,791*	*1,683*	*712*	-	*2,395*	*11,186*
- AQ6	*865*	*147*	*298*	*1,310*	*2,801*	*6*	-	*2,807*	*4,117*
- AQ7	*724*	*917*	*451*	*2,092*	*4,232*	*76*	-	*4,308*	*6,400*
- AQ8	*577*	*463*	*320*	*1,360*	*1,324*	*64*	-	*1,388*	*2,748*
- AQ9	*863*	*74*	*120*	*1,057*	*225*	*1*	*133*	*359*	*1,416*
Stage 3	2,052	147	710	2,909	1,812	56	21	1,889	4,798
- AQ10	*2,052*	*147*	*710*	*2,909*	*1,812*	*56*	*21*	*1,889*	*4,798*
Loans past due analysis	197,089	5,935	8,076	211,100	87,248	39,647	529	127,424	338,524
- Not past due	*194,515*	*5,760*	*7,347*	*207,622*	*83,898*	*39,580*	*511*	*123,989*	*331,611*
- Past due 1-30 days	*1,198*	*42*	*57*	*1,297*	*2,307*	*16*	-	*2,323*	*3,620*
- Past due 31-89 days	*486*	*43*	*82*	*611*	*271*	*1*	*18*	*290*	*901*
- Past due 90-180 days	*345*	*34*	*80*	*459*	*121*	*49*	-	*170*	*629*
- Past due >180 days	*545*	*56*	*510*	*1,111*	*651*	*1*	-	*652*	*1,763*
Loans - Stage 2	19,214	1,652	1,388	22,254	12,222	908	133	13,263	35,517
- Not past due	*18,262*	*1,598*	*1,305*	*21,165*	*11,433*	*904*	*133*	*12,470*	*33,635*
- Past due 1-30 days	*732*	*26*	*30*	*788*	*555*	*3*	-	*558*	*1,346*
- Past due 31-89 days	*220*	*28*	*53*	*301*	*234*	*1*	-	*235*	*536*

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

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

	Personal				Non-Personal				Total
	Mortgages (1)	Credit cards	Other personal	Total	Corporate and other	FI	Sovereign	Total	
2024	£m	£m	£m	£m	£m	£m	£m	£m	£m
Weighted average life (3)									
- ECL measurement (years)	8	4	6	6	6	2	2	6	6
Weighted average 12 months PDs (3)									
- IFRS 9 (%)	0.50	3.23	4.67	0.72	1.34	0.18	13.27	1.03	0.83
- Basel (%)	0.66	3.67	3.28	0.83	1.20	0.16	13.27	0.92	0.86
ECL provisions by geography	357	323	803	1,483	1,191	60	14	1,265	2,748
- UK	*357*	*323*	*803*	*1,483*	*1,054*	*21*	*7*	*1,082*	*2,565*
- Other Europe	-	-	-	-	*94*	*2*	-	*96*	*96*
- RoW	-	-	-	-	*43*	*37*	*7*	*87*	*87*
ECL provisions by stage	357	323	803	1,483	1,191	60	14	1,265	2,748
- Stage 1	*73*	*66*	*109*	*248*	*213*	*14*	*7*	*234*	*482*
- Stage 2	*56*	*159*	*156*	*371*	*286*	*8*	*2*	*296*	*667*
- Stage 3	*228*	*98*	*538*	*864*	*692*	*38*	*5*	*735*	*1,599*
ECL provisions coverage (%)	0.18	5.44	9.94	0.70	1.37	0.15	2.65	0.99	0.81
- Stage 1 (%)	*0.04*	*1.60*	*1.82*	*0.13*	*0.29*	*0.04*	*1.87*	*0.21*	*0.16*
- Stage 2 (%)	*0.29*	*9.62*	*11.24*	*1.67*	*2.34*	*0.88*	*1.50*	*2.23*	*1.88*
- Stage 3 (%)	*11.11*	*66.67*	*75.77*	*29.70*	*38.19*	*67.86*	*23.81*	*38.91*	*33.33*
ECL (release)/charge - third party	13	106	132	251	72	22	1	95	346
Amounts written-off	12	84	260	356	193	-	-	193	549
Other financial assets by asset quality (2)	-	-	-	-	3,481	16,237	53,934	73,652	73,652
- AQ1-AQ4	-	-	-	-	*3,481*	*16,187*	*53,934*	*73,602*	*73,602*
- AQ5-AQ8	-	-	-	-	-	*50*	-	*50*	*50*
Off-balance sheet	11,799	16,655	6,541	34,995	57,208	4,338	145	61,691	96,686
- Loan commitments	*11,799*	*16,655*	*6,500*	*34,954*	*54,854*	*3,757*	*145*	*58,756*	*93,710*
- Financial guarantees	-	-	*41*	*41*	*2,354*	*581*	-	*2,935*	*2,976*
Off-balance sheet by asset quality (2)	11,799	16,655	6,541	34,995	57,208	4,338	145	61,691	96,686
- AQ1-AQ4	*11,286*	*456*	*5,502*	*17,244*	*33,821*	*3,231*	*60*	*37,112*	*54,356*
- AQ5-AQ8	*505*	*15,914*	*1,000*	*17,419*	*23,039*	*1,058*	*22*	*24,119*	*41,538*
- AQ9	*1*	*10*	*17*	*28*	*15*	-	*63*	*78*	*106*
- AQ10	*7*	*275*	*22*	*304*	*333*	*49*	-	*382*	*686*

(1) Includes a portion of Private Banking & Wealth Management lending secured against residential real estate, in line with ECL calculation methodology. Private Banking & Wealth Management mortgages are reported in UK, reflecting the country of lending origination.

(2) AQ bandings are based on Basel PDs and mapping is as follows:

Internal asset quality band	Probability of default range	Indicative S&P rating
AQ1	0% - 0.034%	AAA to AA
AQ2	0.034% - 0.048%	AA to AA-
AQ3	0.048% - 0.095%	A+ to A
AQ4	0.095% - 0.381%	BBB+ to BBB-
AQ5	0.381% - 1.076%	BB+ to BB
AQ6	1.076% - 2.153%	BB- to B+
AQ7	2.153% - 6.089%	B+ to B
AQ8	6.089% - 17.222%	B- to CCC+
AQ9	17.222% - 100%	CCC to C
AQ10	100%	D

(3) Not within the scope of the Independent auditors' report.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

The table below shows ECL by stage, for the Personal portfolio and Non-Personal portfolio including the three largest borrowing sector clusters included in corporate and other.

	Loans - amortised cost and FVOCI				Off-balance sheet		ECL provisions			
	Stage 1	Stage 2	Stage 3	Total	Loan commitments	Contingent liabilities	Stage 1	Stage 2	Stage 3	Total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Personal	**201,210**	**17,642**	**1,986**	**220,838**	**38,975**	**36**	**309**	**374**	**889**	**1,572**
Mortgages	**188,219**	**14,593**	**976**	**203,788**	**13,062**	**-**	**43**	**33**	**117**	**193**
Credit cards	**5,350**	**1,795**	**211**	**7,356**	**19,698**	**-**	**116**	**180**	**165**	**461**
Other personal	**7,641**	**1,254**	**799**	**9,694**	**6,215**	**36**	**150**	**161**	**607**	**918**
Non-Personal	**115,153**	**15,737**	**1,751**	**132,641**	**63,489**	**2,704**	**207**	**309**	**881**	**1,397**
Financial institutions	**37,562**	**228**	**139**	**37,929**	**4,282**	**449**	**12**	**3**	**111**	**126**
Sovereign	**1,374**	**265**	**15**	**1,654**	**427**	**-**	**5**	**5**	**6**	**16**
Corporate and other	**76,217**	**15,244**	**1,597**	**93,058**	**58,780**	**2,255**	**190**	**301**	**764**	**1,255**
Of which:										
Commercial real estate	***11,611***	***4,001***	***70***	***15,682***	***8,137***	***368***	***22***	***43***	***36***	***101***
Mobility and logistics	***13,525***	***784***	***188***	***14,497***	***4,910***	***82***	***43***	***12***	***68***	***123***
Consumer Industries	***9,336***	***2,328***	***319***	***11,983***	***9,239***	***394***	***27***	***55***	***163***	***245***
Total	**316,363**	**33,379**	**3,737**	**353,479**	**102,464**	**2,740**	**516**	**683**	**1,770**	**2,969**
2024										
Personal	185,937	22,254	2,909	211,100	34,954	41	248	371	864	1,483
Mortgages	175,823	19,214	2,052	197,089	11,799	-	73	56	228	357
Credit cards	4,136	1,652	147	5,935	16,655	-	66	159	98	323
Other personal	5,978	1,388	710	8,076	6,500	41	109	156	538	803
Non-Personal	112,272	13,263	1,889	127,424	58,756	2,935	234	296	735	1,265
Financial institutions	38,683	908	56	39,647	3,757	581	14	8	38	60
Sovereign	375	133	21	529	145	-	7	2	5	14
Corporate and other	73,214	12,222	1,812	87,248	54,854	2,354	213	286	692	1,191
Of which:										
Commercial real estate	*11,840*	*2,275*	*111*	*14,226*	*7,173*	*451*	*23*	*34*	*42*	*99*
Mobility and logistics	*12,138*	*871*	*243*	*13,252*	*4,794*	*65*	*54*	*18*	*78*	*150*
Consumer Industries	*9,407*	*2,557*	*382*	*12,346*	*8,810*	*439*	*37*	*75*	*159*	*271*
Total	298,209	35,517	4,798	338,524	93,710	2,976	482	667	1,599	2,748

Credit risk – Banking activities continued

Non-Personal forbearance (audited)

The table below shows Non-Personal forbearance, Heightened Monitoring and Risk of Credit Loss by sector. The table shows current exposure but reflects risk transfers where there is a guarantee by another customer.

2025	Corporate and other £m	Financial institutions £m	Sovereign £m	Total £m
Forbearance (flow)	**2,917**	**43**	**12**	**2,972**
Forbearance (stock)	**3,503**	**122**	**12**	**3,637**
Heightened Monitoring and Risk of Credit Loss	**5,346**	**103**	**2**	**5,451**
2024				
Forbearance (flow)	2,756	97	18	2,871
Forbearance (stock)	3,686	78	18	3,782
Heightened Monitoring and Risk of Credit Loss	5,148	119	1	5,268

Sector analysis – portfolio summary (audited)

- Loans by geography and sector – In line with NWB Group's strategic focus, exposures continued to be mainly in the UK.
- Loans by stage – Stage 3 balances reduced overall, with a small reduction in Non-Personal due to write-offs and lower inflows, and a larger reduction in Personal mortgages following the securitisation transaction that removed £0.8 billion of Stage 3 assets, alongside a default definition systems and process enhancement that moved loans back to the good book. Stage 1 balances increased across the Personal portfolios, driven by growth in mortgages and unsecured lending, including the Sainsbury's Bank portfolio acquisition. Stage 2 balances were broadly unchanged from the end of 2024, with reductions in Personal mortgages, linked to PD model enhancements and stable portfolio trends offset by increases in Non-Personal, largely driven by post model adjustment downgrades to sectors deemed most at risk of economic uncertainty.
- Loans – past due analysis – Within the Personal portfolio, arrears balances overall decreased during 2025 mainly driven by the balance sheet management actions within the mortgage portfolio described previously. For the unsecured portfolios, arrears balances increased due to book growth and portfolio maturation. In Non-Personal, arrears balances reduced in line with Stage 3 balance reduction. The vast majority of Stage 2 balances remained up to date, as Stage 2 is normally captured through other forward-looking Stage 2 triggers.
- Weighted average 12 months PDs – Both IFRS 9 and Basel PDs remained broadly stable during the year overall, noting the reduction in Personal mortgages due to PD model enhancements and an increase in unsecured PDs driven by strategic growth and seasoning of credit card balances since 2022. Non-Personal PDs were broadly stable in the year. The higher PD in sovereigns reflected a single entity where lending is fully guaranteed.
- ECL provisions by stage and ECL provisions coverage – Overall provisions increased from 31 December 2024, following an increase in good book ECL in the Personal portfolios, driven by the portfolio acquisition of Sainsbury's Bank and organic growth in unsecured lending, and a small number of significant individual Non-Personal Stage 3 charges. Stage 3 ECL growth was partly offset by the transfer of mortgage assets to a securitisation special purpose vehicle. Provisions coverage remained consistent with 31 December 2024.
- ECL charge (excluding inter-group) – The 2025 impairment charge, primarily reflected a small number of significant individual charges in the Non-Personal portfolio alongside the initial ECL cost from the portfolio acquisition from Sainsbury's Bank within Personal. This was partially offset by post model adjustment releases in the good book and one-off releases, notably on the definition of default systems and process enhancement on Personal mortgages and a mortgage securitisation. The increased charge in the Non-Personal portfolio primarily reflected the impact of performing book releases in 2024 not repeating.
- Other financial assets by asset quality – These assets were cash and debt securities, and generally of high credit quality as reflected in the AQ banding.
- Off-balance sheet exposures by asset quality – The AQ band split of off-balance sheet exposures broadly mirrored the drawn loans portfolio for non-defaulted exposures. In the Non-Personal portfolio, off-balance sheet exposures increased year-on-year, reflecting an increase in unutilised exposure in corporates and financial institutions. The increase was primarily in the AQ1 to AQ4 band, indicating high credit quality.
- Non-Personal problem debt – Exposures in the Wholesale Problem Debt Management framework marginally increased during 2025 due to an inflow of corporate customers onto the framework across a range of sectors. There was no change in the reasons for customers moving onto the framework from 2024, with trading issues and cash/liquidity remaining the key main drivers.
- Non-Personal forbearance – Exposures classified as forborne reduced marginally across multiple sectors, leading to lower stock values in corporates. A portion of forbearance flows related to cases in Customer Lending Support subject to repeated forbearance.

Credit risk – Banking activities continued

Credit risk enhancement and mitigation (audited)

The table below shows exposures of modelled portfolios within the scope of the ECL framework and related credit risk enhancement and mitigation (CREM).

	Gross		Maximum credit risk		CREM by type			CREM coverage		Exposure post CREM	
	exposure	ECL	Total	Stage 3	Financial (1)	Property	Other (2)	Total	Stage 3	Total	Stage 3
2025	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Financial assets											
Cash and balances at central banks	**29.3**	**-**	**29.3**	**-**	**-**	**-**	**-**	**-**	**-**	**29.3**	**-**
Loans - amortised cost (3)	**353.5**	**3.0**	**350.5**	**2.0**	**41.8**	**236.5**	**22.3**	**300.6**	**1.6**	**49.9**	**0.4**
Personal (4)	***220.9***	***1.6***	***219.3***	***1.1***	***1.3***	***203.1***	***-***	***204.4***	***0.9***	***14.9***	***0.2***
Non-Personal (5)	***132.6***	***1.4***	***131.2***	***0.9***	***40.5***	***33.4***	***22.3***	***96.2***	***0.7***	***35.0***	***0.2***
Debt securities	**52.3**	**-**	**52.3**	**-**	**0.2**	**-**	**-**	**0.2**	**-**	**52.1**	**-**
Total financial assets	**435.1**	**3.0**	**432.1**	**2.0**	**42.0**	**236.5**	**22.3**	**300.8**	**1.6**	**131.3**	**0.4**
Contingent liabilities and commitments											
Personal (6)	**39.0**	**-**	**39.0**	**0.1**	**0.9**	**1.7**	**-**	**2.6**	**-**	**36.4**	**0.1**
Non-Personal	**66.2**	**-**	**66.2**	**0.2**	**2.6**	**5.3**	**4.8**	**12.7**	**-**	**53.5**	**0.2**
Total off-balance sheet	**105.2**	**-**	**105.2**	**0.3**	**3.5**	**7.0**	**4.8**	**15.3**	**-**	**89.9**	**0.3**
Total exposure	**540.3**	**3.0**	**537.3**	**2.3**	**45.5**	**243.5**	**27.1**	**316.1**	**1.6**	**221.2**	**0.7**

2024											
Financial assets											
Cash and balances at central banks	34.6	-	34.6	-	-	-	-	-	-	34.6	-
Loans - amortised cost (3)	338.5	2.7	335.8	3.2	41.1	227.7	22.1	290.9	2.7	44.9	0.5
Personal (4)	*211.1*	*1.5*	*209.6*	*2.0*	*0.7*	*196.4*	-	*197.1*	*1.8*	*12.5*	*0.2*
Non-Personal 5)	*127.4*	*1.2*	*126.2*	*1.2*	*40.4*	*31.3*	*22.1*	*93.8*	*0.9*	*32.4*	*0.3*
Debt securities	39.1	-	39.1	-	0.1	-	-	0.1	-	39.0	-
Total financial assets	412.2	2.7	409.5	3.2	41.2	227.7	22.1	291.0	2.7	118.5	0.5
Contingent liabilities and commitments											
Personal (6)	35.0	-	35.0	0.3	0.9	1.8	-	2.7	-	32.3	0.3
Non-Personal	61.7	-	61.7	0.4	2.0	5.3	4.5	11.8	-	49.9	0.4
Total off-balance sheet	96.7	-	96.7	0.7	2.9	7.1	4.5	14.5	-	82.2	0.7
Total exposure	508.9	2.7	506.2	3.9	44.1	234.8	26.6	305.5	2.7	200.7	1.2

(1) Includes cash and securities collateral.
(2) Includes guarantees, charges over trade debtors, other asset finance related physical collateral as well as the amount by which credit risk exposure is reduced through netting arrangements, mainly cash management pooling, which give NWB Group a legal right to set off the financial asset against a financial liability due to the same counterparty. Any additional credit risk mitigation from a synthetic securitisation is not included in the table above.
(3) NWB Group holds collateral in respect of individual loans – amortised cost to banks and customers. This collateral includes mortgages over property (both personal and commercial); charges over business assets such as plant and equipment; inventories and trade debtors; and guarantees of lending from parties other than the borrower. NWB Group obtains collateral in the form of securities in reverse repurchase agreements. Collateral values are capped at the value of the loan.
(4) Stage 3 mortgage exposures have relatively limited uncovered exposure reflecting the security held. On unsecured credit cards and other personal borrowing, the residual uncovered amount reflects historical experience of continued cash recovery post default through ongoing engagement with customers.
(5) Stage 3 exposures post credit risk enhancement and mitigation in Non-Personal mainly represent enterprise value and the impact of written down collateral values; an individual assessment to determine ECL will consider multiple scenarios and in some instances allocate a probability weighting to a collateral value in excess of the written down value.
(6) The Personal gross exposure value includes £11.3 billion (2024 – £10.0 billion) in respect of pipeline mortgages where a committed offer has been made to a customer but where the funds have not yet been drawn down. When drawn down, the exposure would be covered by a security over the borrower's property.

Credit risk – Banking activities continued

Personal portfolio (audited)

Disclosures in the Personal portfolio section include drawn exposure (gross of provisions).

	2025				2024			
Personal lending	Retail Banking £m	Private Banking & Wealth Management £m	Central items & Other £m	Total £m	Retail Banking £m	Private Banking & Wealth Management £m	Central items & Other £m	Total £m
Mortgages	190,750	13,038	-	203,788	184,234	12,826	-	197,060
Of which:								
Owner occupied	172,011	11,644	-	183,655	166,557	11,348	-	177,905
Buy-to-let	18,739	1,394	-	20,133	17,677	1,478	-	19,155
Interest only	19,774	11,533	-	31,307	19,805	11,276	-	31,081
Mixed (1)	9,354	76	-	9,430	9,662	40	-	9,702
ECL provisions (2)	176	17	-	193	345	12	-	357
Other personal lending (3)	15,256	1,699	95	17,050	12,572	1,301	-	13,873
ECL provisions (2)	1,363	11	4	1,378	1,114	12	-	1,126
Total personal lending	206,006	14,737	95	220,838	196,806	14,127	-	210,933
Mortgage LTV ratios								
- Owner occupied	57%	61%	-	58%	57%	59%	-	57%
- Stage 1	*58%*	*59%*	-	*58%*	*57%*	*59%*	-	*57%*
- Stage 2	*53%*	*57%*	-	*53%*	*56%*	*61%*	-	*56%*
- Stage 3	*49%*	*69%*	-	*54%*	*52%*	*64%*	-	*53%*
- Buy-to-let	55%	62%	-	55%	54%	60%	-	54%
- Stage 1	*55%*	*60%*	-	*55%*	*54%*	*60%*	-	*55%*
- Stage 2	*52%*	*56%*	-	*53%*	*53%*	*57%*	-	*53%*
- Stage 3	*51%*	*56%*	-	*52%*	*52%*	*56%*	-	*53%*
Gross new mortgage lending	34,128	1,492	-	35,620	26,096	1,395	-	27,491
Of which:								
Owner occupied	31,733	1,372	-	33,105	24,961	1,266	-	26,227
LTV > 90%	1,660	-	-	1,660	864	-	-	864
Weighted average LTV (4)	71%	66%	-	71%	70%	63%	-	70%
Buy-to-let	2,395	120	-	2,515	1,135	129	-	1,264
Weighted average LTV (4)	61%	65%	-	61%	61%	62%	-	61%
Interest only	2,418	1,357	-	3,775	1,552	1,238	-	2,790
Mixed (1)	1,029	-	-	1,029	1,136	-	-	1,136
Mortgage forbearance								
Forbearance flow (5)	295	14	-	309	423	10	-	433
Forbearance stock	965	10	-	975	1,403	20	-	1,423
Current	*770*	*2*	-	*772*	*1,035*	*9*	-	*1,044*
1-3 months in arrears	*88*	*6*	-	*94*	*125*	*9*	-	*134*
>3 months in arrears	*107*	*2*	-	*109*	*243*	*2*	-	*245*

(1) Includes accounts which have an interest only sub-account and a capital and interest sub-account to provide a more comprehensive view of interest only exposures.
(2) Retail Banking excludes a non-material amount of lending and provisions held on relatively small legacy portfolios.
(3) Comprises unsecured lending except for Private Banking & Wealth Management, which includes both secured and unsecured lending. It excludes loans that are commercial in nature.
(4) New mortgage lending LTV reflects the LTV at the time of lending.
(5) Forbearance flows only include an account once per year, although some accounts may be subject to multiple forbearance deals. Forbearance deals post default are excluded from these flows.

Credit risk – Banking activities continued

Personal portfolio (audited)

Mortgage LTV distribution by stage

The table below shows gross mortgage lending and related ECL by LTV band for the Retail Banking portfolio.

	Mortgages				ECL provisions				ECL provisions coverage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2025	£m	£m	£m	£m	£m	£m	£m	£m	%	%	%	%
≤50%	**60,940**	**6,165**	**386**	**67,491**	**9**	**9**	**54**	**72**	**-**	**0.1**	**14.0**	**0.1**
>50% and ≤70%	**62,077**	**5,613**	**247**	**67,937**	**15**	**14**	**31**	**60**	**-**	**0.2**	**12.6**	**0.1**
>70% and ≤80%	**27,278**	**1,704**	**59**	**29,041**	**8**	**6**	**7**	**21**	**-**	**0.4**	**11.9**	**0.1**
>80% and ≤90%	**20,609**	**732**	**35**	**21,376**	**7**	**4**	**5**	**16**	**-**	**0.5**	**14.3**	**0.1**
>90% and ≤100%	**4,420**	**76**	**6**	**4,502**	**1**	**-**	**2**	**3**	**-**	**-**	**33.3**	**0.1**
>100%	**8**	**1**	**6**	**15**	**-**	**-**	**2**	**2**	**-**	**-**	**33.3**	**13.3**
Total with LTVs	**175,332**	**14,291**	**739**	**190,362**	**40**	**33**	**101**	**174**	**-**	**0.2**	**13.7**	**0.1**
Other	**385**	**-**	**3**	**388**	**3**	**-**	**-**	**3**	**0.8**	**-**	**-**	**0.8**
Total	**175,717**	**14,291**	**742**	**190,750**	**43**	**33**	**101**	**177**	**-**	**0.2**	**13.6**	**0.1**
2024												
≤50%	58,257	7,173	865	66,295	19	14	102	135	-	0.2	11.8	0.2
>50% and ≤70%	59,790	7,225	724	67,739	28	21	76	125	-	0.3	10.5	0.2
>70% and ≤80%	24,638	2,298	160	27,096	13	8	18	39	0.1	0.3	11.3	0.1
>80% and ≤90%	16,505	1,718	79	18,302	9	9	11	29	0.1	0.5	13.9	0.2
>90% and ≤100%	4,051	506	25	4,582	2	3	5	10	-	0.6	20.0	0.2
>100%	13	4	11	28	-	-	5	5	-	-	45.5	17.9
Total with LTVs	163,254	18,924	1,864	184,042	71	55	217	343	-	0.3	11.6	0.2
Other	190	1	1	192	2	-	-	2	1.1	-	-	1.0
Total	163,444	18,925	1,865	184,234	73	55	217	345	-	0.3	11.6	0.2

- Mortgage balances increased during 2025 with continuing organic growth. Unsecured lending grew overall, driven by continuing growth in prime quality whole of market lending and balance transfer credit card segments, as well as the acquisition of Sainsbury's Bank credit card and personal loan portfolios.
- Portfolios and new business were closely monitored against agreed operating limits. These included loan-to-value ratios, buy-to-let concentrations, new-build concentrations and credit quality. Lending criteria, affordability calculations and assumptions for new lending were adjusted during the year, to maintain credit quality in line with appetite and to ensure customers are assessed fairly as economic conditions change.
- LTV distribution of portfolio was broadly consistent with the prior year with an increase in balances in the 70-90% LTV bands consistent with increased new business during the year, including support for first time buyers.
- The mortgage forbearance reported in 2025 was net of the mortgage securitisation previously mentioned, which reduced the stock by £0.4 billion at the year-end.

Credit risk – Banking activities continued

Personal portfolio (audited)

Mortgage LTV distribution by region

The table below shows gross mortgage lending by LTV band for Retail Banking, by geographical region.

2025	≤50% £m	50%≤80% £m	80%≤100% £m	>100% £m	Total £m	Weighted average LTV %	Other £m	Total £m
South East	**12,915**	**19,061**	**5,014**	**1**	**36,991**	**57**	**2**	**36,993**
Greater London	**12,690**	**18,246**	**4,060**	**2**	**34,998**	**56**	**3**	**35,001**
Scotland	**2,958**	**4,691**	**1,362**	**-**	**9,011**	**59**	**1**	**9,012**
North West	**6,558**	**8,151**	**2,142**	**2**	**16,853**	**56**	**1**	**16,854**
South West	**6,247**	**8,576**	**2,449**	**-**	**17,272**	**57**	**1**	**17,273**
West Midlands	**5,035**	**7,118**	**2,009**	**1**	**14,163**	**57**	**2**	**14,165**
East of England	**7,679**	**12,035**	**3,374**	**-**	**23,088**	**58**	**1**	**23,089**
Rest of the UK	**13,409**	**19,100**	**5,468**	**9**	**37,986**	**58**	**377**	**38,363**
Total	**67,491**	**96,978**	**25,878**	**15**	**190,362**	**57**	**388**	**190,750**
2024								
South East	12,768	18,742	4,496	1	36,007	57	2	36,009
Greater London	13,002	18,254	3,377	1	34,634	55	3	34,637
Scotland	2,780	4,486	1,381	-	8,647	59	1	8,648
North West	6,469	7,937	1,858	1	16,265	55	1	16,266
South West	6,197	8,334	2,049	1	16,581	56	1	16,582
West Midlands	4,983	6,835	1,677	-	13,495	56	1	13,496
East of England	7,256	11,563	3,202	2	22,023	58	1	22,024
Rest of the UK	12,840	18,685	4,843	22	36,390	57	182	36,572
Total	66,295	94,836	22,883	28	184,042	57	192	184,234

Credit risk – Banking activities continued

Commercial real estate (audited)

CRE LTV distribution by stage

The table below shows CRE gross loans and related ECL by LTV band.

	Gross loans				ECL provisions				ECL provisions coverage			
2025	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 %	Stage 2 %	Stage 3 %	Total %
≤50%	**5,231**	**177**	**14**	**5,422**	**15**	**3**	**5**	**23**	**0.3**	**1.7**	**35.7**	**0.4**
>50% and ≤60%	**3,552**	**125**	**37**	**3,714**	**13**	**2**	**5**	**20**	**0.4**	**1.6**	**13.5**	**0.5**
>60% and ≤70%	**696**	**7**	**17**	**720**	**3**	**-**	**5**	**8**	**0.4**	**-**	**29.4**	**1.1**
>70% and ≤100%	**250**	**52**	**31**	**333**	**1**	**2**	**16**	**19**	**0.4**	**3.8**	**51.6**	**5.7**
>100%	**114**	**-**	**43**	**157**	**-**	**-**	**16**	**16**	**-**	**-**	**37.2**	**10.2**
Total with LTVs	**9,843**	**361**	**142**	**10,346**	**32**	**7**	**47**	**86**	**0.3**	**1.9**	**33.1**	**0.8**
Total portfolio average LTV	**49%**	**53%**	**82%**	**49%**								
Other investment (1)	**1,994**	**252**	**26**	**2,272**	**4**	**2**	**8**	**14**	**0.2**	**0.8**	**31.1**	**0.6**
Investment	**11,837**	**613**	**168**	**12,618**	**36**	**9**	**55**	**100**	**0.3**	**1.5**	**32.8**	**0.8**
Development and other (2)	**1,688**	**171**	**20**	**1,879**	**7**	**3**	**13**	**23**	**0.4**	**1.8**	**65.0**	**1.2**
Total	**13,525**	**784**	**188**	**14,497**	**43**	**12**	**68**	**123**	**0.3**	**1.5**	**36.2**	**0.8**
2024												
≤50%	4,963	192	32	5,187	19	4	5	28	0.4	2.1	15.6	0.5
>50% and ≤60%	2,952	109	40	3,101	16	2	7	25	0.5	1.5	16.9	0.8
>60% and ≤70%	457	99	11	567	2	3	3	8	0.5	2.7	25.5	1.4
>70% and ≤100%	208	53	27	288	1	2	10	13	0.5	3.8	37.0	4.5
>100%	125	4	74	203	1	-	25	26	0.8	-	33.8	12.8
Total with LTVs	8,705	457	184	9,346	39	11	50	100	0.4	2.4	27.2	1.1
Total portfolio average LTV	48%	54%	81%	49%								
Other investment (1)	1,812	293	31	2,136	5	4	12	21	0.3	1.4	38.7	1.0
Investment	10,517	750	215	11,482	44	15	62	121	0.4	2.0	28.8	1.1
Development and other (2)	1,621	121	28	1,770	10	3	16	29	0.6	2.5	57.1	1.6
Total	12,138	871	243	13,252	54	18	78	150	0.4	2.1	32.1	1.1

(1) Relates mainly to business banking and unsecured corporate lending.
(2) Relates to the development of commercial and residential properties. Along with CRE activities that are not strictly investment or development. LTV is not a meaningful measure for this type of lending activity.

- Overall – The majority of the CRE portfolio was located and managed in the UK. Business appetite and strategy was aligned across NWB Group.
- 2025 trends – There was strong growth in the residential and retail sector, with other CRE sectors remaining broadly flat. LTV profile remained stable.
- Credit quality – Credit quality improved, with marginally fewer exposures in the Wholesale Problem Debt Management framework.
- Risk appetite – Lending appetite is subject to regular review and implemented at sub-sector level. Overall appetite slightly increased over the year supported by the view that cyclical risks are currently at a lower level.

Credit risk – Banking activities continued

Flow statements (audited)

The flow statements that follow show the main ECL and related income statement movements. They also show the changes in ECL as well as the changes in related financial assets used in determining ECL. Due to differences in scope, exposures may differ from those reported in other tables, principally in relation to exposures in Stage 1 and Stage 2. These differences do not have a material ECL effect. Other points to note:

- Financial assets include treasury liquidity portfolios, comprising balances at central banks and debt securities, as well as loans. Both modelled and non-modelled portfolios are included.
- Stage transfers (for example, exposures moving from Stage 1 into Stage 2) are a key feature of the ECL movements, with the net re-measurement cost of transitioning to a worse stage being a primary driver of income statement charges. Similarly, there is an ECL benefit for accounts improving stage.
- Changes in risk parameters shows the reassessment of the ECL within a given stage, including any ECL overlays and residual income statement gains or losses at the point of write-off or accounting write-down.
- Other (P&L only items) includes any subsequent changes in the value of written-down assets (for example, fortuitous recoveries) along with other direct write-off items such as direct recovery costs. Other (P&L only items) affects the income statement but does not affect balance sheet ECL movements.
- Amounts written-off represent the gross asset written-off against accounts with ECL, including the net asset written-off for any debt sale activity.
- There were some flows from Stage 1 into Stage 3 including transfers due to unexpected default events with a post model adjustment in place for Commercial & Institutional to account for this risk.
- The effect of any change in post model adjustments during the year is typically reported under changes in risk parameters, as are any effects arising from changes to the underlying models.
- All movements are captured monthly and aggregated. Interest suspended post default is included within Stage 3 ECL with the movement in the value of suspended interest during the year reported under currency translation and other adjustments.

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
NWB Group total	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	368,461	482	37,181	667	4,758	1,599	410,400	2,748
Currency translation and other adjustments	(207)	-	3	-	114	130	(90)	130
Transfers from Stage 1 to Stage 2	(34,915)	(202)	34,915	202	-	-	-	-
Transfers from Stage 2 to Stage 1	29,772	376	(29,772)	(376)	-	-	-	-
Transfers to Stage 3	(292)	(4)	(2,159)	(220)	2,451	224	-	-
Transfers from Stage 3	131	17	841	39	(972)	(56)	-	-
Net re-measurement of ECL on stage transfer		(257)		532	-	386		661
Changes in risk parameters		(89)		(17)	-	336		230
Other changes in net exposure	34,856	193	(6,493)	(144)	(1,975)	(241)	26,388	(192)
Other (P&L only items)		-		(2)	-	(43)		(45)
Income statement (releases)/charges		(153)		369		438		654
Amounts written-off	-	-	-	-	(489)	(489)	(489)	(489)
Unwinding of discount		-		-		(119)		(119)
At 31 December 2025	397,806	516	34,516	683	3,887	1,770	436,209	2,969
Net carrying amount	397,290		33,833		2,117		433,240	
At 1 January 2024	361,888	566	33,756	794	4,440	1,512	400,084	2,872
2024 movements	6,573	(84)	3,425	(127)	318	87	10,316	(124)
At 31 December 2024	368,461	482	37,181	667	4,758	1,599	410,400	2,748
Net carrying amount	367,979		36,514		3,159		407,652	

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Retail Banking - mortgages	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	**162,865**	**73**	**19,152**	**55**	**1,857**	**217**	**183,874**	**345**
Currency translation and other adjustments	**-**	**-**	**-**	**-**	**72**	**72**	**72**	**72**
Transfers from Stage 1 to Stage 2	**(15,557)**	**(15)**	**15,557**	**15**	**-**	**-**	**-**	**-**
Transfers from Stage 2 to Stage 1	**16,684**	**23**	**(16,684)**	**(23)**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(12)**	**-**	**(744)**	**(6)**	**756**	**6**	**-**	**-**
Transfers from Stage 3	**20**	**-**	**677**	**10**	**(697)**	**(10)**	**-**	**-**
Net re-measurement of ECL on stage transfer		**(6)**		**8**		**7**		**9**
Changes in risk parameters		**(19)**		**(17)**		**60**		**24**
Other changes in net exposure	**10,286**	**(13)**	**(3,481)**	**(9)**	**(1,157)**	**(119)**	**5,648**	**(141)**
Other (P&L only items)		**-**		**-**		**(11)**		**(11)**
Income statement (releases)/charges		**(38)**		**(18)**		**(63)**		**(119)**
Amounts written-off	**-**	**-**	**-**	**-**	**(80)**	**(80)**	**(80)**	**(80)**
Unwinding of discount		**-**		**-**		**(52)**		**(52)**
At 31 December 2025	**174,286**	**43**	**14,477**	**33**	**751**	**101**	**189,514**	**177**
Net carrying amount	**174,243**		**14,444**		**650**		**189,337**	
At 1 January 2024	163,974	83	15,942	55	1,600	171	181,516	309
2024 movements	(1,109)	(10)	3,210	-	257	46	2,358	36
At 31 December 2024	162,865	73	19,152	55	1,857	217	183,874	345
Net carrying amount	162,792		19,097		1,640		183,529	

- ECL coverage for mortgages decreased during the year, primarily driven by the reduction in economic uncertainty post model adjustments (supported by back-testing) and a definition of default systems and process enhancement in the first half of the year. Additionally, the transfer of £2.1 billion of mortgages with £0.1 billion of ECL to a securitisation special purpose vehicle further reduced ECL coverage overall, noting that £0.8 billion of these loans were in Stage 3.
- Stage 3 inflows reduced in the year, with the portfolio showing continued resilience alongside the effect of the definition of default systems and process enhancement earlier in the year.
- Stable portfolio trends and PD model enhancements underpinned PD reductions in the year, resulting in a reduction in Stage 2 balances.
- The relatively small ECL cost for net re-measurement on transfer into Stage 3 included the effect of risk targeted ECL adjustments, when previously in the good book. Refer to the ECL post model adjustments section for further details.
- Write-off occurs once the repossessed property has been sold and there is a residual shortfall balance remaining outstanding. This would typically be within five years from default but can be longer.

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Retail Banking - credit cards	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	3,876	66	1,716	159	134	98	5,726	323
Currency translation and other adjustments	-	-	-	-	4	4	4	4
Transfers from Stage 1 to Stage 2	(2,057)	(47)	2,057	47	-	-	-	-
Transfers from Stage 2 to Stage 1	1,172	95	(1,172)	(95)	-	-	-	-
Transfers to Stage 3	(32)	(1)	(201)	(69)	233	70	-	-
Transfers from Stage 3	3	2	11	5	(14)	(7)	-	-
Net re-measurement of ECL on stage transfer		(64)		171		88		195
Changes in risk parameters		14		26		21		61
Other changes in net exposure	2,162	50	(544)	(65)	(24)	(1)	1,594	(16)
Other (P&L only items)		-		-		-		-
Income statement (releases)/charges		-		132		108		240
Amounts written-off	-	-	-	-	(99)	(99)	(99)	(99)
Unwinding of discount		-		-		(9)		(9)
At 31 December 2025	5,124	115	1,867	179	234	165	7,225	459
Net carrying amount	5,009		1,688		69		6,766	
At 1 January 2024	2,869	58	1,656	166	117	73	4,642	297
2024 movements	1,007	8	60	(7)	17	25	1,084	26
At 31 December 2024	3,876	66	1,716	159	134	98	5,726	323
Net carrying amount	3,810		1,557		36		5,403	

- Overall ECL for cards increased during 2025, driven primarily by the acquisition of Sainsbury's Bank credit card balances alongside continued organic portfolio growth, reflecting strong customer demand, while sustaining robust risk appetite.
- Flow rates into Stage 3 were slightly higher in 2025 compared to 2024, reflecting the strategic growth and seasoning of credit card balances since 2022. This trend contributed to an increase in PDs during the year, driving a net flow into Stage 2 from Stage 1.
- Charge-off (analogous to partial write-off) typically occurs after 12 missed payments.

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Retail Banking - other personal unsecured	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	4,542	106	1,236	156	688	529	6,466	791
Currency translation and other adjustments	-	-	-	-	22	22	22	22
Transfers from Stage 1 to Stage 2	(1,858)	(84)	1,858	84	-	-	-	-
Transfers from Stage 2 to Stage 1	1,266	137	(1,266)	(137)	-	-	-	-
Transfers to Stage 3	(66)	(3)	(282)	(101)	348	104	-	-
Transfers from Stage 3	6	2	20	8	(26)	(10)	-	-
Net re-measurement of ECL on stage transfer		(88)		191		54		157
Changes in risk parameters		(26)		(9)		105		70
Other changes in net exposure	1,871	101	(331)	(33)	(104)	(39)	1,436	29
Other (P&L only items)		-		-		26		26
Income statement (releases)/charges		(13)		149		146		282
Amounts written-off	-	-	-	-	(139)	(139)	(139)	(139)
Unwinding of discount		-		-		(27)		(27)
At 31 December 2025	5,761	145	1,235	159	789	599	7,785	903
Net carrying amount	5,616		1,076		190		6,882	
At 1 January 2024	4,247	126	1,371	201	796	625	6,414	952
2024 movements	295	(20)	(135)	(45)	(108)	(96)	52	(161)
At 31 December 2024	4,542	106	1,236	156	688	529	6,466	791
Net carrying amount	4,436		1,080		159		5,675	

- Total ECL increased during the year, primarily driven by the acquisition of Sainsbury's Bank loan balances and continued organic loan book growth, while arrears performance remained stable, resulting in ECL coverage levels broadly consistent with 31 December 2024.
- Flow rates into Stage 3 remained stable, in line with broader portfolio trends on arrears, with overall Stage 3 balances increasing as a result of reduced debt sale activity overall in the year.
- Write-off occurs once recovery activity with the customer has been concluded or there are no further recoveries expected, but no later than six years after default.

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Commercial & Institutional - corporate	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	50,516	143	10,082	233	1,321	536	61,919	912
Currency translation and other adjustments	(265)	(3)	2	-	16	19	(247)	16
Inter-group transfers	193	2	11	-	1	-	205	2
Transfers from Stage 1 to Stage 2	(11,768)	(43)	11,768	43	-	-	-	-
Transfers from Stage 2 to Stage 1	7,071	89	(7,071)	(89)	-	-	-	-
Transfers to Stage 3	(88)	-	(626)	(37)	714	37	-	-
Transfers from Stage 3	44	7	70	12	(114)	(19)	-	-
Net re-measurement of ECL on stage transfer		(72)		126		180		234
Changes in risk parameters		(19)		(6)		89		64
Other changes in net exposure	6,911	30	(1,363)	(31)	(479)	(66)	5,069	(67)
Other (P&L only items)		(2)		(3)		(56)		(61)
Income statement (releases)/charges		(63)		86		147		170
Amounts written-off	-	-	-	-	(143)	(143)	(143)	(143)
Unwinding of discount		-		-		(22)		(22)
At 31 December 2025	52,614	134	12,873	251	1,316	611	66,803	996
Net carrying amount	52,480		12,622		705		65,807	
At 1 January 2024	49,945	185	10,287	281	1,213	484	61,445	950
2024 movements	571	(42)	(205)	(48)	108	52	474	(38)
At 31 December 2024	50,516	143	10,082	233	1,321	536	61,919	912
Net carrying amount	50,373		9,849		785		61,007	

- Total ECL increased in the year primarily reflecting a small number of individual defaults. Despite the growth in Stage 3 ECL, transfers into Stage 3 reduced compared to 2024, with a notable reduction in transfers seen in the second half of 2025.
- Total performing book ECL was stable year-on-year, but with a small increase in Stage 2, reflecting the net transfer of assets from Stage 1 into Stage 2.

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Commercial & Institutional - property	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	**18,526**	**58**	**2,124**	**44**	**357**	**139**	**21,007**	**241**
Currency translation and other adjustments	**7**	**-**	**-**	**-**	**-**	**(7)**	**7**	**(7)**
Inter-group transfers	**(212)**	**-**	**2**	**-**	**(1)**	**-**	**(211)**	**-**
Transfers from Stage 1 to Stage 2	**(1,793)**	**(6)**	**1,793**	**6**	**-**	**-**	**-**	**-**
Transfers from Stage 2 to Stage 1	**1,723**	**19**	**(1,723)**	**(19)**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(5)**	**-**	**(112)**	**(5)**	**117**	**5**	**-**	**-**
Transfers from Stage 3	**35**	**4**	**22**	**4**	**(57)**	**(8)**	**-**	**-**
Net re-measurement of ECL on stage transfer		**(18)**		**22**		**11**		**15**
Changes in risk parameters		**(21)**		**(7)**		**26**		**(2)**
Other changes in net exposure	**2,197**	**11**	**(235)**	**(6)**	**(92)**	**(9)**	**1,870**	**(4)**
Other (P&L only items)		**-**		**-**		**-**		**-**
Income statement (releases)/charges		**(28)**		**9**		**28**		**9**
Amounts written-off	**-**	**-**	**-**	**-**	**(26)**	**(26)**	**(26)**	**(26)**
Unwinding of discount		**(1)**		**-**		**(5)**		**(6)**
At 31 December 2025	**20,478**	**46**	**1,871**	**39**	**298**	**126**	**22,647**	**211**
Net carrying amount	**20,432**		**1,832**		**172**		**22,436**	
At 1 January 2024	16,667	66	2,141	63	395	119	19,203	248
2024 movements	1,859	(8)	(17)	(19)	(38)	20	1,804	(7)
At 31 December 2024	18,526	58	2,124	44	357	139	21,007	241
Net carrying amount	18,468		2,080		218		20,766	

- Total ECL for property exposures reduced notably in the year, with reductions observed in all stages.
- In Stage 3, both total financial assets and ECL reduced as there were low levels of default in the year, which were more than offset by the effects of repayments and write-offs.
- Performing book ECL reduced in the year driven by changes in risk parameters, which included the impact of reductions in post model adjustments.

Credit risk – Banking activities continued

Flow statements (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Commercial & Institutional - other	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	5,347	10	1,367	8	72	43	6,786	61
Currency translation and other adjustments	6	-	-	-	-	13	6	13
Inter-group transfers	19	-	(13)	-	-	-	6	-
Transfers from Stage 1 to Stage 2	(246)	(1)	246	1	-	-	-	-
Transfers from Stage 2 to Stage 1	809	3	(809)	(3)	-	-	-	-
Transfers to Stage 3	(80)	-	(4)	-	84	-	-	-
Transfers from Stage 3	2	-	2	-	(4)	-	-	-
Net re-measurement of ECL on stage transfer		(2)		2		45		45
Changes in risk parameters		(3)		(2)		23		18
Other changes in net exposure	206	3	(327)	1	(8)	(5)	(129)	(1)
Other (P&L only items)		-		-		-		-
Income statement (releases)/charges		(2)		1		63		62
Unwinding of discount		-		-		(1)		(1)
At 31 December 2025	6,063	10	462	7	144	118	6,669	135
Net carrying amount	6,053		455		26		6,534	
At 1 January 2024	5,285	11	634	5	49	7	5,968	23
2024 movements	62	(1)	733	3	23	36	818	38
At 31 December 2024	5,347	10	1,367	8	72	43	6,786	61
Net carrying amount	5,337		1,359		29		6,725	

- The increase in Stage 3 financial assets and ECL primarily reflected the impact of a single large flow to default in the year.
- Performing book ECL was marginally lower at 31 December 2025, with the Stage 2 ECL reduction reflective of exposure flowing back into Stage 1.

Credit risk – Banking activities continued

Stage 2 decomposition by a significant increase in credit risk trigger

	Mortgages		Credit cards		Other		Total	
2025	£m	%	£m	%	£m	%	£m	%
Personal trigger (1)								
PD movement	**9,403**	**64.4**	**1,325**	**73.8**	**668**	**53.3**	**11,396**	**64.5**
PD persistence	**1,791**	**12.3**	**328**	**18.3**	**238**	**19.0**	**2,357**	**13.4**
Adverse credit bureau recorded with credit reference agency	**1,704**	**11.7**	**77**	**4.3**	**107**	**8.5**	**1,888**	**10.7**
Forbearance support provided	**152**	**1.0**	**1**	**0.1**	**6**	**0.5**	**159**	**0.9**
Customers in collections	**198**	**1.4**	**22**	**1.2**	**19**	**1.5**	**239**	**1.4**
Collective SICR and other reasons (2)	**1,227**	**8.4**	**42**	**2.3**	**212**	**16.9**	**1,481**	**8.4**
Days past due >30	**118**	**0.8**	**-**	**-**	**4**	**0.3**	**122**	**0.7**
	14,593	**100.0**	**1,795**	**100.0**	**1,254**	**100.0**	**17,642**	**100.0**
2024								
Personal trigger (1)								
PD movement	13,175	68.6	1,198	72.5	680	49.1	15,053	67.6
PD persistence	3,676	19.1	357	21.6	325	23.4	4,358	19.6
Adverse credit bureau recorded with credit reference agency	798	4.2	58	3.5	98	7.1	954	4.3
Forbearance support provided	158	0.8	-	-	7	0.5	165	0.7
Customers in collections	153	0.8	3	0.2	2	0.1	158	0.7
Collective SICR and other reasons (2)	1,195	6.2	36	2.2	274	19.7	1,505	6.8
Days past due >30	59	0.3	-	-	2	0.1	61	0.3
	19,214	100.0	1,652	100.0	1,388	100.0	22,254	100.0

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

- Overall Stage 2 levels for Personal reduced, primarily driven by mortgages where stable portfolio trends and a PD model enhancements underpinned PD reductions in the year. The proportion of PD driven deterioration in Stage 2 remained broadly consistent with 31 December 2024 overall.
- The reduction of PDs on mortgages, partly due to PD model enhancements, led to an increase in the proportion of Stage 2 captured by qualitative backstops, relative to last year.
- Higher risk mortgage customers who utilised Mortgage Charter support measures continued to be collectively migrated into Stage 2 and were captured in the collective SICR and other reasons category.
- Accounts that were less than 30 days past due continued to represent the vast majority of the Stage 2 population.

Credit risk – Banking activities continued

Stage 2 decomposition by a significant increase in credit risk trigger

	Corporate & other		FI		Other		Total	
2025	£m	%	£m	%	£m	%	£m	%
Non-Personal trigger (1)								
PD movement	**13,362**	**87.7**	**47**	**20.6**	**141**	**53.2**	**13,550**	**86.1**
PD persistence	**180**	**1.2**	**2**	**0.9**	**-**	**-**	**182**	**1.2**
Heightened Monitoring and Risk of Credit Loss	**908**	**5.9**	**73**	**32.0**	**124**	**46.8**	**1,105**	**7.0**
Forbearance support provided	**176**	**1.2**	**-**	**-**	**-**	**-**	**176**	**1.1**
Customers in collections	**17**	**0.1**	**-**	**-**	**-**	**-**	**17**	**0.1**
Collective SICR and other reasons (2)	**521**	**3.4**	**104**	**45.6**	**-**	**-**	**625**	**4.0**
Days past due >30	**80**	**0.5**	**2**	**0.9**	**-**	**-**	**82**	**0.5**
	15,244	**100.0**	**228**	**100.0**	**265**	**100.0**	**15,737**	**100.0**
2024								
Non-Personal trigger (1)								
PD movement	10,031	82.0	766	84.5	-	-	10,797	81.3
PD persistence	257	2.1	2	0.2	-	-	259	2.0
Heightened Monitoring and Risk of Credit Loss	1,327	10.9	73	8.0	133	100.0	1,533	11.5
Forbearance support provided	193	1.6	-	-	-	-	193	1.5
Customers in collections	25	0.2	-	-	-	-	25	0.2
Collective SICR and other reasons (2)	338	2.8	54	5.9	-	-	392	3.0
Days past due >30	51	0.4	13	1.4	-	-	64	0.5
	12,222	100.0	908	100.0	133	100.0	13,263	100.0

(1) The table is prepared on a hierarchical basis from top to bottom, for example, accounts with PD deterioration may also trigger backstop(s) but are only reported under PD deterioration.
(2) Includes cases where a PD assessment cannot be made and accounts where the PD has deteriorated beyond a prescribed backstop threshold aligned to risk management practices.

- Stage 2 exposures increased during the year, in part reflecting the impact of post model adjustments in applying a risk profile downgrade to sectors deemed most at risk of economic uncertainty not captured in underlying models. The impact of cases moving into Stage 2 due to post model adjustments is captured in PD movement.
- Non-Personal exposures in Stage 2 continued to be mainly captured through PD movement and presence on the Wholesale Problem Debt Management framework, which are the primary forward looking credit deterioration triggers.

Capital, liquidity and funding risk

NWH Group continually ensures a comprehensive approach is taken to the management of capital, liquidity and funding, underpinned by frameworks, risk appetite and policies, to manage and mitigate its capital, liquidity and funding risks. The framework ensures the tools and capability are in place to facilitate the management and mitigation of risk ensuring the Group operates within its regulatory requirements and risk appetite.

Definitions (audited)

Regulatory capital consists of reserves and instruments issued that are available, have a degree of permanency and are capable of absorbing losses. A number of strict conditions set by regulators must be satisfied to be eligible as capital.

Capital risk is the inability to conduct business in base or stress conditions on a risk or leverage basis due to insufficient qualifying capital as well as the failure to assess, monitor, plan and manage capital adequacy requirements.

Liquidity consists of assets that can be readily converted to cash within a short timeframe at a reliable value. Liquidity risk is defined as the risk that the Group or any of its subsidiaries or branches cannot meet it's actual or potential financial obligations in a timely manner as they fall due in the short term.

Funding consists of on-balance sheet liabilities that are used to provide cash to finance assets. Funding risk is the current or prospective risk that the Group or its subsidiaries or branches cannot meet financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably.

Liquidity and funding risks arise in a number of ways, including through the maturity transformation role that banks perform. The risks are dependent on factors such as:

- Maturity profile;
- Composition of sources and uses of funding;
- The quality and size of the liquidity portfolio;
- Wholesale market conditions; and
- Depositor and investor behaviour

Sources of risk (audited)

Capital

The eligibility of instruments and financial resources as regulatory capital is laid down by applicable regulation. Capital is categorised by applicable regulation under two tiers (Tier 1 and Tier 2) according to the ability to absorb losses on either a going or gone concern basis, degree of permanency and the ranking of absorbing losses. There are three broad categories of capital across these two tiers:

- **CET1 capital** - CET1 capital must be perpetual and capable of unrestricted and immediate use to cover risks or losses as soon as these occur. This includes ordinary shares issued and retained earnings.
- **Additional Tier 1 (AT1) capital** - This is the second type of loss absorbing capital and must be capable of absorbing losses on a going concern basis. These instruments are either written down or converted into CET1 capital when the CET1 ratio falls below a pre-specified level.
- **Tier 2 capital** - Tier 2 capital is the bank entities' supplementary capital and provides loss absorption on a gone concern basis. Tier 2 capital absorbs losses after Tier capital. It typically consists of subordinated debt securities which must have a minimum of five years to maturity at all times to be fully recognised for regulatory purposes.

Minimum requirement for own funds and eligible liabilities (MREL)

In addition to regulatory capital, certain loss absorbing instruments issued by NWB Plc, such as senior notes and Tier 2 capital instruments, may be used to meet MREL. MREL comprises regulatory capital (Common Equity Tier 1, Additional Tier 1 and Tier 2) together with specific senior or subordinated bail-inable debt. To qualify, instruments must be fully paid-up, have a remaining maturity of at least one year, and be capable of being written down or converted into equity should the Group enter resolution. These resources support "gone-concern" requirements, ensuring that sufficient loss-absorbing capacity is available to facilitate an orderly resolution if the Bank of England determines that NWB Plc has failed or is likely to fail.

Liquidity

Liquidity risk within NWB Plc is managed as part of the UK Domestic Liquidity Sub-Group (UK DoLSub), which is regulated by the PRA and comprises of NWH Group's three licensed deposit taking UK banks: National Westminster Bank Plc, The Royal Bank of Scotland plc and Coutts & Company.

NWH Group maintains a prudent approach to the definition of liquidity portfolio to ensure it is available when and where required, taking into account regulatory, legal and other constraints.

Liquidity portfolio is divided into primary and secondary liquidity as follows:

- Primary liquidity is LCR eligible assets and includes cash and balances at central banks, Treasury bills and high quality government securities.
- Secondary liquidity is assets eligible as collateral for local central bank liquidity facilities. These assets include own-issued securitisations or loans that are retained on balance sheet and pre-positioned with a central bank so that they may be converted into additional sources of liquidity at very short notice.

Funding

Funding risk within NWB Plc is managed as part of the UK DoLSub allowing regulatory metrics and internally defined views to be met as a single consolidated group.

NWB Plc maintains a diversified set of funding sources, including customer deposits, wholesale deposits and term debt issuance. NWB Plc also retains access to central bank funding facilities.

For further details on capital constituents and the regulatory framework covering capital, liquidity and funding requirements, refer to the NatWest Holdings Group and NWB Plc Pillar 3 Reports 2025.

Managing capital requirements: regulated entities

In line with paragraph 135 of IAS 1 'Presentation of Financial Statements', NWB Group manages capital having regard to regulatory requirements. Regulatory capital is monitored and reported on an individual regulated bank legal entity basis ('bank entities'), as relevant in the jurisdiction for large subsidiaries of NatWest Group. NatWest Group itself is monitored and reported on a consolidated basis.

Capital, liquidity and funding risk continued

Capital risk management

Capital management is the process by which the NWB Plc entities ensure that they have sufficient capital and other loss-absorbing instruments to operate effectively including meeting minimum regulatory requirements, operating within Board-approved risk appetite, maintaining credit ratings and supporting strategic goals.

Capital management is critical in supporting the bank entities' businesses and is also considered at NWB Plc level. It is enacted through a NatWest Group-wide end to end framework.

Capital planning is integrated into NWB Plc's wider annual budgeting process and is assessed and updated at least monthly. This is summarised below. Other elements of capital management, including risk appetite and stress testing, are set out on pages 13 to 17.

Capital planning is one of the tools that NWB Plc uses to monitor and manage capital risk on a going and gone concern basis, including the risk of excessive leverage.

Produce capital plans	• Capital plans are produced for NWB Plc, its key operating entities and its businesses over a five year planning horizon under expected and stress conditions. Stressed capital plans are produced to support internal stress testing in NWH Group's ICAAP for regulatory purposes. • Shorter term forecasts are developed frequently in response to actual performance, changes in internal and external business environment and to manage risks and opportunities.
Assess capital Adequacy	• Capital plans are developed to maintain capital of sufficient quantity and quality to support NWB Plc's business, its subsidiaries and strategic plans over the planning horizon within approved risk appetite, as determined via stress testing, and minimum regulatory requirements. • Capital resources and capital requirements are assessed across a defined planning horizon. • Impact assessment captures input from across NWB Plc including from businesses.
Inform capital actions	• Capital planning informs potential capital actions including redemptions, dividends and new issuance. • Decisions on capital actions will be influenced by strategic and regulatory requirements, risk appetite, costs and prevailing market conditions. • As part of capital planning, NWB Plc will monitor its portfolio of issued capital securities and assess the optimal blend and most cost effective means of financing.

Liquidity risk management

NWH Group manages its liquidity risk taking into account regulatory, legal and other constraints to ensure sufficient liquidity is available where required to cover liquidity stresses.

The size of the liquidity portfolio held in the UK DoLSub is determined by referencing NWH Group's liquidity risk appetite. NWH Group retains a prudent approach to setting the composition of the liquidity portfolio, which is subject to internal policies and limits over quality of counterparty, maturity mix and currency mix.

NWB Plc manages the majority of the UK DoLSub's liquidity portfolio under the responsibility of the NatWest Group Treasurer.

Funding risk management

NWB Plc manages funding risk through a comprehensive framework which measures and monitors the funding risk on the balance sheet.

The asset and liability types broadly match. Customer deposits provide more funding than customer loans utilise.

Capital, liquidity and funding risk continued

Key points

CET1 ratio

11.2%

(2024 - 11.4%)

The CET1 ratio decreased by 20 basis points to 11.2% due to a £9.2 billion increase in RWAs partially offset by a £0.8 billion increase in CET1 capital.

The CET1 capital increase was mainly driven by an attributable profit to ordinary shareholders in the period of £2.6 billion (net of ordinary interim dividend paid) and other movements on reserves and regulatory adjustments of £0.5 billion partially offset by a foreseeable ordinary dividend accrual of £2.3 billion.

RWAs

£133.7bn

(2024 - £124.5bn)

Total RWAs increased by £9.2 billion to £133.7 billion mainly reflecting:

- an increase in credit risk RWAs of £6.4 billion primarily driven by franchise lending growth, including unsecured balances acquired from Sainsbury's Bank, partially offset by the benefits of RWA management actions. An increase in CRD IV model updates was partially offset by movements in risk metrics and foreign exchange.
- an increase in operational risk RWAs of £2.8 billion following the annual recalculation, including an acceleration of £1.0 billion from Q1 2026 to align with market practice.

UK leverage ratio

4.2%

(2024 - 4.4%)

The leverage ratio decreased by 20 basis points to 4.2% due to a £34.5 billion increase in leverage exposure partially offset by a £0.7 billion increase in Tier 1 capital. The key drivers of the leverage exposure movement were an increase in other financial assets and other off balance sheet items.

Capital, liquidity and funding risk continued

Minimum requirements

Capital adequacy ratios

NWB Plc is subject to minimum capital requirements relative to RWAs. The table below summarises the minimum Pillar 1 capital requirements and additional capital buffers that the entity is expected to have to meet.

Type	CET1	Total Tier 1	Total capital
Minimum capital requirements	**4.5%**	**6.0%**	**8.0%**
Capital conservation buffer	**2.5%**	**2.5%**	**2.5%**
Countercyclical capital buffer (1)	**1.8%**	**1.8%**	**1.8%**
Total (2)	**8.8%**	**10.3%**	**12.3%**

(1) The UK countercyclical buffer (CCyB) rate is currently being maintained at 2%. This may vary in either direction in the future subject to how risks develop. Foreign exposure may be subject to different CCyB rates depending on the rate set in those jurisdictions.

Leverage ratio

The table below summarises the minimum ratios of capital to leverage exposure under the binding PRA UK leverage framework applicable for NWB Plc.

Type	CET1	Total Tier 1
Minimum ratio	**2.44%**	**3.25%**
Countercyclical leverage ratio buffer (1)	**0.6%**	**0.6%**
Total	**3.04%**	**3.85%**

(1) The countercyclical leverage ratio buffer is set at 35% of NWB Plc's CCyB.

Liquidity and funding ratios

The table below summarises the minimum requirements for key liquidity and funding metrics under the PRA framework. Disclosures relating to these metrics, (including the liquidity portfolio composition) are completed at UK DoLSub level and published in the NatWest Holdings Group 2025 Annual Report and Accounts. Under the UK DoLSub waiver NWB Plc, RBS plc and Coutts & Co are permitted to manage liquidity on a consolidated sub-group basis rather than individually at the entity level.

Type	
Liquidity Coverage Ratio (LCR)	**100%**
Net Stable Funding Ratio (NSFR)	**100%**

Measurement

Capital, RWAs and leverage

Capital resources, RWAs and leverage for NWB Plc are set out below and have been calculated in line with the PRA rulebook.

	2025	2024
Capital adequacy ratios (1)	%	%
CET1	**11.2**	11.4
Tier 1	**13.4**	13.9
Total	**16.2**	16.6
Capital	£m	£m
CET1	**14,968**	14,181
Tier 1	**17,910**	17,258
Total	**21,701**	20,629
Risk-weighted assets		
Credit risk	**114,363**	107,922
Counterparty credit risk	**601**	606
Market risk	**23**	71
Operational risk	**18,762**	15,923
Total RWAs	**133,749**	124,522
Leverage		
Tier 1 capital (£m)	**17,910**	17,258
Leverage exposure (£m) (2)	**424,554**	390,032
Leverage ratio (%) (1)	**4.2**	4.4

(1) The IFRS 9 transitional capital rules in respect of ECL provisions ceased to apply on 1 January 2025. The impact of the IFRS 9 transitional adjustments at 31 December 2024 was £35 million. Excluding this adjustment at 31 December 2024, the CET1 ratio was 11.4% and the leverage ratio was 4.4%.
(2) Leverage exposure is broadly aligned to the accounting value of on and off-balance sheet exposures albeit subject to specific adjustments for derivatives, securities financing positions and off-balance sheet exposures.

Capital, liquidity and funding risk continued

Leverage exposure

The leverage metrics for UK entities are calculated in accordance with the Leverage ratio (CRR) part of the PRA Rulebook.

Leverage	2025 £m	2024 £m
Cash and balances at central banks	**29,911**	35,083
Derivatives	**1,106**	2,892
Financial assets	**405,503**	375,877
Other assets	**8,129**	8,023
Total assets	**444,649**	421,875
Derivatives		
- netting and variation margin	**(1,571)**	(2,016)
- potential future exposures	**1,338**	1,612
Securities financing transactions gross up	**167**	1,179
Other off balance sheet items	**44,895**	36,386
Regulatory deductions and other adjustments	**(2,776)**	(3,074)
Exclusion of core UK-group exposures	**(32,461)**	(29,951)
Claims on central banks	**(28,717)**	(33,978)
Exclusion of bounce back loans	**(970)**	(2,001)
Leverage exposure	**424,554**	390,032

Capital, liquidity and funding risk continued

Funding sources (audited)

	2025			2024		
	Short-term less than 1 year	Long-term more than 1 year	Total	Short-term less than 1 year	Long-term more than 1 year	Total
	£m	£m	£m	£m	£m	£m
Bank deposits						
Repos	21,759	-	21,759	9,479	-	9,479
Other bank deposits	3,061	8,200	11,261	7,101	8,200	15,301
	24,820	8,200	33,020	16,580	8,200	24,780
Customer deposits						
Repos	603	-	603	842	-	842
Personal	188,867	6,508	195,375	187,295	1,981	189,276
Corporate	106,730	24	106,754	107,185	43	107,228
Non-bank financial institutions	22,333	4	22,337	20,940	4	20,944
	318,533	6,536	325,069	316,262	2,028	318,290
Other financial liabilities (1)						
Customer deposits including repos	-	-	-	250	-	250
Debt securities in issue						
Commercial papers and certificates of deposit	2,736	-	2,736	2,623	-	2,623
Covered bonds	-	749	749	-	749	749
Securitisations	-	1,663	1,663	295	880	1,175
	2,736	2,412	5,148	3,168	1,629	4,797
Subordinated liabilities	2	120	122	2	120	122
Amounts due to holding company and fellow subsidiaries (2)						
Bank and customer deposits	39,998	4,748	44,746	37,298	-	37,298
MREL	1,208	6,935	8,143	80	6,556	6,636
Subordinated liabilities	1,051	3,099	4,150	543	3,105	3,648
	42,257	14,782	57,039	37,921	9,661	47,582
Total funding	388,348	32,050	420,398	373,933	21,638	395,571
Of which: available in resolution (3)			*12,293*			*10,284*

(1) Excludes settlement balances of £10 million (2024 – nil) and derivative cash collateral of £175 million (2024 – £202 million).
(2) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of £67 million (2024 - £142 million) have been excluded from the table.
(3) Eligible liabilities (as defined in the Banking Act 2009 as amended from time to time) that meet the eligibility criteria set out in the regulations, rules, policies, guidelines, or statements of the Bank of England. In July 2025, the Bank of England finalised MREL policy changes requiring firms to use full accounting values for eligible liabilities, with the new rules taking effect on 1 January 2026.

Capital, liquidity and funding risk continued

Contractual maturity (audited)

The table shows the residual maturity of third party financial instruments, based on contractual date of maturity of NWB Group's banking activities, including third party and intercompany hedging derivatives. Mandatory fair value through profit or loss (MFVTPL) assets and held-for-trading (HFT) liabilities have been excluded from the maturity analysis and are shown in total in the table below.

	Banking activities										
	Less than 1 month	1-3 months	3-6 months	6 months -1 year	Subtotal	1-3 years	3-5 years	More than 5 years	Total	MFVTPL and HFT	Total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and balances at central banks	**29,939**	**-**	**-**	**-**	**29,939**	**-**	**-**	**-**	**29,939**	**-**	**29,939**
Derivatives	**4**	**122**	**85**	**52**	**263**	**58**	**18**	**3**	**342**	**751**	**1,093**
Loans to banks - amortised cost	**2,759**	**748**	**322**	**41**	**3,870**	**505**	**-**	**140**	**4,515**	**-**	**4,515**
Loans to customers - amortised cost (1)	**35,544**	**13,315**	**12,303**	**14,533**	**75,695**	**48,782**	**38,519**	**185,564**	**348,560**	**-**	**348,560**
Personal	**6,775**	**1,934**	**2,917**	**5,710**	**17,336**	**21,890**	**19,587**	**161,330**	**220,143**	**-**	**220,143**
Corporate	**15,806**	**2,214**	**3,179**	**5,948**	**27,147**	**25,334**	**18,088**	**23,273**	**93,842**	**-**	**93,842**
Non-bank financial institutions	**12,963**	**9,167**	**6,207**	**2,875**	**31,212**	**1,558**	**844**	**961**	**34,575**	**-**	**34,575**
Other financial assets	**807**	**2,599**	**2,826**	**1,984**	**8,216**	**16,926**	**6,677**	**20,666**	**52,485**	**639**	**53,124**
Total financial assets	**69,053**	**16,784**	**15,536**	**16,610**	**117,983**	**66,271**	**45,214**	**206,373**	**435,841**	**1,390**	**437,231**
2024											
Total financial assets	75,656	16,718	12,704	19,467	124,545	58,232	44,098	185,753	412,628	3,049	415,677
2025											
Bank deposits excluding repos	**3,061**	**-**	**-**	**-**	**3,061**	**5,200**	**-**	**3,000**	**11,261**	**-**	**11,261**
Bank repos	**20,878**	**881**	**-**	**-**	**21,759**	**-**	**-**	**-**	**21,759**	**-**	**21,759**
Customer repos	**587**	**16**	**-**	**-**	**603**	**-**	**-**	**-**	**603**	**-**	**603**
Customer deposits excluding repos	**282,649**	**11,017**	**12,896**	**11,368**	**317,930**	**6,523**	**13**	**-**	**324,466**	**-**	**324,466**
Personal	**167,481**	**4,298**	**7,247**	**9,841**	**188,867**	**6,501**	**7**	**-**	**195,375**	**-**	**195,375**
Corporate	**93,943**	**5,969**	**5,391**	**1,427**	**106,730**	**18**	**6**	**-**	**106,754**	**-**	**106,754**
Non-bank financial institutions	**21,225**	**750**	**258**	**100**	**22,333**	**4**	**-**	**-**	**22,337**	**-**	**22,337**
Derivatives	**5**	**30**	**14**	**32**	**81**	**112**	**4**	**2**	**199**	**565**	**764**
Other financial liabilities	**780**	**861**	**1,078**	**27**	**2,746**	**3**	**749**	**1,660**	**5,158**	**175**	**5,333**
CPs and CDs	**770**	**861**	**1,078**	**27**	**2,736**	**-**	**-**	**-**	**2,736**	**-**	**2,736**
Covered bonds	**-**	**-**	**-**	**-**	**-**	**-**	**749**	**-**	**749**	**-**	**749**
Securitisations	**-**	**-**	**-**	**-**	**-**	**3**	**-**	**1,660**	**1,663**	**-**	**1,663**
Bank deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107**	**107**
Customer deposits including repos	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68**	**68**
Settlement balances	**10**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**10**	**-**	**10**
Subordinated liabilities	**-**	**-**	**2**	**-**	**2**	**-**	**-**	**120**	**122**	**-**	**122**
Notes in circulation	**1,049**	**-**	**-**	**-**	**1,049**	**-**	**-**	**-**	**1,049**	**-**	**1,049**
Lease liabilities	**3**	**15**	**17**	**33**	**68**	**125**	**40**	**186**	**419**	**-**	**419**
Total financial liabilities	**309,012**	**12,820**	**14,007**	**11,460**	**347,299**	**11,963**	**806**	**4,968**	**365,036**	**740**	**365,776**
2024											
Total financial liabilities	293,329	12,398	13,094	18,253	337,074	10,442	889	1,264	349,669	1,124	350,793

(1) Loans to customers is gross and excludes £2,917 million (2024 - £2,698 million) of impairment provisions.

Capital, liquidity and funding risk continued

Encumbrance (audited)

NWB Group evaluates the extent to which assets can be financed in a secured form (encumbrance), but certain asset types lend themselves more readily to encumbrance. The typical characteristics that support encumbrance are an ability to pledge those assets to another counterparty or entity through operation of law without necessarily requiring prior notification, homogeneity, predictable and measurable cash flows, and a consistent and uniform underwriting and collection process. Retail assets including residential mortgages and credit card receivables display many of these features.

NWB Group categorises its assets into four broad groups, those that are:

- Already encumbered and used to support funding currently in place through own-asset securitisations, covered bonds and securities repurchase agreements.
- Pre-positioned with central banks as part of funding schemes and those encumbered under such schemes.
- Ring-fenced to meet regulatory requirements, where NWB Group has in place an operational continuity in resolution (OCIR) investment mandate wherein the PRA requires critical service providers to hold segregated liquidity buffers covering at least 50% of their annual fixed overheads.
- Unencumbered. In this category, NWB Group has in place an enablement programme which seeks to identify assets capable of being encumbered and to identify the actions to facilitate such encumbrance whilst not affecting customer relationships or servicing.

Balance sheet encumbrance - third party

	Encumbered as a result of transactions with counterparties other than central banks					Unencumbered assets not pre-positioned with central banks				
2025	Covered bonds £bn	SFT, derivatives & other (1) £bn	Total £bn	Pre-positioned & encumbered assets held at central banks £bn	Collateral ring-fenced to meet regulatory requirement fenced to meet regulatory requirement £bn	Readily available £bn	Other available (2) £bn	Cannot be used (3) £bn	Total £bn	Total third party £bn
Cash and balances at central banks	**-**	**1.2**	**1.2**	**-**	**-**	**28.7**	**-**	**-**	**28.7**	**29.9**
Derivatives								**1.1**	**1.1**	**1.1**
Loans to banks - amortised cost	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.4**	**3.3**	**4.5**	**4.5**
Loans to customers - amortised cost (5)	**8.8**	**-**	**8.8**	**109.1**	**-**	**88.7**	**92.7**	**46.3**	**227.7**	**345.6**
Other financial assets (6)	**-**	**15.8**	**15.8**	**-**	**0.5**	**36.8**	**-**	**-**	**36.8**	**53.1**
Intangible assets								**1.8**	**1.8**	**1.8**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**2.3**	**4.0**	**6.3**	**6.3**
Total assets	**8.8**	**17.0**	**25.8**	**109.1**	**0.5**	**155.0**	**95.4**	**56.5**	**306.9**	**442.3**
Amounts due from holding company and fellow subsidiaries										**7.2**
										449.5
2024										
Total assets	8.3	12.1	20.4	87.8	1.8	161.2	87.1	62.3	310.6	420.6
Amounts due from holding company and fellow subsidiaries										3.7
										424.3

(1) Repos and other secured deposits, cash, coin and nostro balance held with the Bank of England as collateral against deposits and notes in circulation are included here rather than within those positioned at the central bank as they are part of normal banking operations. Securities financing transactions (SFT) include collateral given to secure derivative liabilities.
(2) Other assets that are capable of being encumbered are those assets on the balance sheet that are available for funding and collateral purposes but are not readily realisable in their current form. These assets include loans that could be prepositioned with central banks but have not been subject to internal and external documentation review and diligence work.
(3) Cannot be used includes:
   a. Derivatives, reverse repurchase agreements and trading related settlement balances.
   b. Non-financial assets such as intangibles, prepayments and deferred tax.
   c. Loans that are not encumbered and cannot be pre-positioned with central banks based on criteria set by the central banks, including those relating to date of origination and level of documentation.
   d. Non-recourse invoice financing balances and certain shipping loans whose terms and structure prohibit their use as collateral.
(4) In accordance with market practice, NWB Group employs securities recognised on the balance sheet, and securities received under reverse repo transactions as collateral for repos.
(5) The pre-positioned and encumbered assets held at central banks of £109.1 billion includes the encumbered residential mortgages of £16.1 billion. £72.9 billion of residential UK mortgages are included in £88.7 billion readily available loans to customers.
(6) Other financial assets under SFT, derivatives and other include £0.5 billion of debt securities under the continuing control of NWB Plc. This follows the agreement between NWB Plc and the Group Pension Fund to establish a bankruptcy remote reservoir trust to hold these assets. Refer to Note 5 for additional information.

Climate and nature risk

Definition

Climate and nature risk is the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss respectively and the political, economic and environmental responses to it.

Sources of risk

Physical risks may arise from climate events such as heatwaves, droughts, floods, storms and nature-related events such as land or air pollution. They can potentially result in financial losses, impairing asset values and the creditworthiness of borrowers. NatWest Group could be exposed to physical risks directly by the effects on its property portfolio and, indirectly, by the impacts on the wider economy as well as on the property, business interests and supply chains of its customers.

Transition risks may arise from the process of adjustment towards a low-carbon, nature-restored economy. Changes in policy, technology and sentiment could prompt reassessment of customers' financial risk and may lead to falls in the value of a large range of assets. NatWest Group could be exposed to transition risks directly through the costs of adaptation of its own operations as well as supply chain disruption leading to financial impacts. Potential indirect effects include the impact on the wider economy, including on customers, which may erode NatWest Group's competitiveness and profitability, as well as threaten reputational damage.

Liability risks may arise should stakeholders consider NatWest Group's climate and nature risk management practices and disclosures insufficient, and responsible for or attributable to, stakeholders' losses. On the other hand, liability risks may also arise where some jurisdictions believe financial institutions have taken their sustainability-related initiatives too far, with some imposing sanctions in these circumstances.

Climate risk has been included in the NatWest Group risk directory since 2021. In 2024, we broadened the definition to climate and nature risk and updated our internal risk policy to reflect this. We are in the early stages of embedding nature into our risk management processes.

As climate and nature risk is both a principal risk within NatWest Group's EWRMF, and a cross-cutting risk, which impacts other principal risks, NatWest Group periodically refreshes its assessment of the relative impact of climate-related risk factors to other principal risks, where NatWest Group's exposure to a principal risk could be taken outside of appetite due to climate-related risk factors. In identifying climate-related risks and opportunities to NatWest Group, the period in which each is likely to occur, was assessed. Risks and opportunities deemed material to the five-year financial planning cycle were viewed as short-term. Long-term was defined as beyond 15 years, while medium-term was defined as within the next five to 15 years[(1)].

The outcome of the latest assessment of the relative impact of climate-related risk factors on other principal risks is included in the following table. All principle risks in the table were identified as potentially the most impacted by climate risk, over short, medium and long term horizons, noting these risks couple amplify capital and liquidity risks themselves.

Risk type	Risks to NatWest Group	Drivers	Identification, assessment and measurement
Credit risk	From the adverse impact on future credit worthiness of customers due to climate change risk factors impacting asset valuation, income and costs. Mitigants include operational limits in the residential mortgage portfolio and inclusion of climate considerations in sector strategy within the commercial portfolio.	Physical: acute, chronic[(2)] Transition: government policy and legislation, market, technology, reputation	Scenario analysis Portfolio level assessments Transaction level assessments
Operational risk	Due to the increased likelihood and potential impact of business disruption arising from new and changing policy standards. Mitigants include resilience and disclosure controls.	Physical: acute, chronic[(2)] Transition: government policy and legislation, market, technology, reputation	Scenario analysis Transaction level assessments
Compliance risk	NatWest Group is required to comply with all applicable climate-related legal and regulatory obligations. Mitigants include relevant horizon scanning.	Physical: acute, chronic[(2)] Transition: government policy and legislation, market, technology, reputation Liability: greenwashing	Transaction level assessments
Conduct risk	Due to poor customer outcomes arising from the impacts of climate change. Mitigants include additional checks on sustainability claims and applying product flaw controls.	Transition: government policy and legislation, market, technology, reputation Liability: greenwashing	Scenario analysis Transaction level assessments
Reputational risk	Arising from NatWest Group's actual or perceived contribution to climate change, or from the adequacy of our actions in response. Mitigants include the environmental social, & ethical (ESE) risk framework[(3)].	Transition: government policy and legislation, market, technology Liability: greenwashing	Portfolio level assessments Transaction level assessments

(1) NatWest Group's climate transition planning uses different time frames than those used in financial reporting. Accordingly, the references to 'short', 'medium' and 'long-term' in climate reporting are not indicative of the meaning of similar terms used in NatWest Group's other disclosures.
(2) Acute – event-driven such as increased severity of extreme weather events (for example, storms, droughts, floods, and fires) or water, land or air pollution. Chronic – longer- term shifts in precipitation and temperature and increased variability in weather patterns (for example, sea level rise) or biodiversity loss.
(3) From 1 January 2026, the name of the ESE Risk Framework was updated to the Environmental & Social Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements.

Climate and nature risk continued

Key developments in 2025

The effective management of climate risk requires the integration of climate-related risk drivers into strategic planning, transactions and decision-making. The approach has evolved since 2021 alongside NatWest Group's ongoing, multi-year progressive pathway to mature climate risk management capabilities, and in 2025:

- NatWest Group continued to enhance its in-house climate risk modelling capabilities, supporting the ongoing integration of climate risk within its capital adequacy (ICAAP), impairment (IFRS 9) and risk management processes. Insights from risk processes have been shared with sector and front-line teams to support the financial budget and climate transition plan processes. In particular, internal physical risk modelling capabilities have been developed during 2025 albeit with further enhancements to come in 2026.
- NatWest Group continued its roll-out of climate decisioning framework (CDF) tools. These comprise climate risk scorecards and climate transition plan assessment tools. The roll-out continues on a test and learn basis. However we are now introducing initial use cases where we identify higher-risk transactions for enhanced oversight or escalated approval processes.

Governance

Risk governance for climate and nature risk is in line with the approach outlined in the Risk management framework section.

The Board is responsible for monitoring and overseeing climate-related risk within NatWest Group's overall business strategy and risk appetite.

The risk appetite statement is reviewed and approved at least annually by the Board on the Board Risk Committee's recommendation to ensure it remains appropriate and aligned to strategy.

The Chief Risk Officer shares accountability with the Chief Executive Officer under the Senior Managers Regime for identifying and managing the financial risks arising from climate change. This includes ensuring that the financial risks from climate change are adequately reflected in risk management frameworks and policies, and that NatWest Group can identify, measure, monitor, manage and report on its exposure to these risks. Reporting is provided on a regular basis, via the Chief Risk Officer Risk Report, to the Executive and Board Risk Committees, while an annual spotlight on Climate & Nature Risk is also undertaken to these committees.

The Group Executive Committee continues to supervise strategic implementation and delivery, supported by Group Sustainability, other functions and franchises.

Risk appetite

Risk appetite for climate risk is in line with the approach outlined in the Risk management framework section.

Identification, assessment and measurement

NatWest Group continues to enhance its processes to effectively measure the potential size and scope of climate-related risks, through the three approaches detailed below. Identification, assessment and measurement is undertaken at NatWest Group and business segment levels as appropriate and through an integrated governance model. The approach to nature-related risks is not as mature as the approach to climate-related risks.

Strategic analysis

NatWest Group focused on continuing to develop the capabilities to use scenario analysis to identify the most material climate risks for its customers, seeking to harness insights to inform risk management practices and support decision making.

Scenario analysis allows NatWest Group to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present. The purpose of scenario analysis is not to forecast the future but to understand and prepare to manage risks that could arise.

NatWest Group recognises a number of potential key use cases for climate scenario analysis, including, but not restricted to, the following:

- Regulatory stress testing requirements.
- Portfolio management.
- Strategic decision-making, capital adequacy and provisioning.

Specific internal-run exercises in 2025 included:

- A credit-risk focused exercise covering both physical and transition risk scenarios for both the Commercial & Institutional portfolio and the Retail Banking residential mortgage portfolio.
- A non-financial risk scenario for climate focused on external communications which could omit or contain incorrect information and mislead on NatWest Group activities.

Credit and non-financial risk scenario analysis exercises for climate were also run in 2024.

There are various challenges with quantitative climate scenario analysis, including in relation to the immaturity of modelling techniques and limitations surrounding data on climate- related risks. In addition, there is significant uncertainty as to how the climate will evolve over time, how and when governments, regulators, businesses, investors and customers respond and how those responses impact the economy, asset valuations, economic systems, policy and wider society. These risks and uncertainties, coupled with significantly long timeframes, make the outputs of climate-related risk modelling with respect to the potential use cases identified inherently more uncertain than outputs modelled for traditional financial planning cycles based on historical financial information. Recognising these challenges, qualitative work focused on the cascading and compounding consequences of climate and nature breakdown (for example, lower growth, higher inflation, societal and political uncertainty) continues to be developed and assessed under the emerging threats framework. Refer to the risk and scenario analysis section of NatWest Group plc 2025 Climate Transition Plan Report for further information.

Portfolio level assessment

NatWest Group uses a number of tools to undertake portfolio level assessments including operational limits in retail credit risk, stress analysis in market risk and heightened climate-related risk sector assessment in Non-Personal credit risk. The latter, refreshed annually, seeks to identify sectors that are likely to see increased credit risks for NatWest Group because of climate-related factors, over a ten to 15-year horizon.

Transaction level assessment

Assessments are undertaken which consider anti-greenwashing factors within NatWest Group's franchises, marketing and communications processes.

The NatWest Group Supplier Code of Best Practice encourages NatWest Group suppliers to undertake sustainability assessments to evaluate supplier sustainability performance.

Within the Non-Personal credit portfolio, NatWest Group continues to use its CDF tools to engage with its customers to understand their climate transition journeys and how they are managing the climate-related risk for their business.

Climate and nature risk continued

In 2025, NatWest Group continued to roll-out CDF on a test-and-learn basis, adding coverage of insurance and other financial institutions' customers to the existing customer segments (large corporates, mid-corporates, commercial real estate, housing associations, banks, funds, and asset managers).

Enhancements were also made to the large corporates assessment to increase the granularity of sector and country-specific questions, for example, questions which assess how much of NatWest Group's customer's business activities are EU taxonomy aligned. This phased test-and-learn approach continues to build internal capability among first and second-line colleagues, and foster a culture where climate risk is embedded into the existing credit journey.

Recognising the complexity of the energy transition, we conducted an energy system review during 2025 to ensure our strategy reflects the interconnected risks and opportunities across the energy value chain as the economy transitions toward net zero. The energy system review considered the systemic nature of the energy transition which anticipates further growth in renewables, the important yet declining role of oil and gas, significant infrastructure investment and demand-side electrification. Reflecting the outcome of our energy system review, we have established a new E&S Energy Supply Sector Risk Acceptance Criteria. Noting that the natural resources portfolio limit remains unchanged following the energy system review, we are implementing an oversight and governance framework to help ensure that our financing activity aligns with our sector and bank-wide strategy and remains within the portfolio limit and other constraints. Refer to the NatWest Group plc 2025 Climate Transition Plan Report for further details.

NatWest Group also regularly considers the potential impact of existing and emerging regulatory requirements related to climate change at NatWest Group and subsidiary level, through external horizon scanning and monitoring of emerging regulatory requirements.

Mitigation

NatWest Group manages and mitigates climate-related risk in the Non-Personal portfolio through:

- Top-down portfolio assessments, including incorporating climate factors in the overall sector strategy, updating the environmental, social and ethical risk acceptance criteria in response to potential climate-related risks and applying climate-enhanced transaction acceptance standards.
- Bottom-up customer assessments, including the use of CDF tools to provide a consistent and structured approach for understanding customer-specific exposure to climate-related risks and identify higher risk transactions for enhanced oversight or escalated approval processes.

In the residential mortgage portfolio, lending limits are applied based on climate characteristics, including:

- Exposure to EPC A and B rated properties.
- Buy-to-let properties with potential EPC between D and G.
- Flats, new builds and buy-to-let properties at high or very high risk of flood.

Additionally, NatWest Group credit policies do not allow buy-to-let mortgages to properties with an EPC rating between F and G. Limits are continually reviewed to reflect new flood risk data, risk profile and market conditions.

NatWest Group also continues to engage actively with academia to ensure that best practice and the latest thinking on climate risks is considered within NatWest Group's work. This includes attending and participating in academic events through, for example, the Centre for Greening Finance and Investment and supporting research initiatives by, for example, University College London and the Institute and Faculty of Actuaries.

Industry engagement

NatWest Group continues to participate in a number of industry forums to help shape the financial service industry's response to the challenges posed by climate risk. An example is the Climate Financial Risk Forum, established by the PRA and the FCA.

Non-traded market risk

Definition (audited)

Non-traded market risk is the risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates.

Sources of risk (audited)

Non-traded market risk exists in all balance-sheet exposure that makes reference to market risk factors, when customer behaviour could impact the size and timing of the repricing or maturity of future cash flows, or when valuation of assets and liabilities is driven by market risk factors such as interest rates or foreign exchange rates.

The key sources of NWB Group's non-traded market risk are interest rate risk, credit spread risk and foreign exchange risk.

Key developments in 2025

- In the UK, the Bank of England base rate fell to 3.75% at 31 December 2025 from 4.75% at 31 December 2024. The five-year sterling overnight index interest rate swap rate also fell to 3.66% at 31 December 2025 from 4.04% at 31 December 2024. The corresponding ten-year rate fell to 4.00% from 4.09%. The movement in swap rates reflects market expectations about the level of the UK base rate in the medium term, with expectations for the UK base rate being slightly lower at 31 December 2025.
- Overall, non-traded market risk VaR decreased in 2025, on both an average and period-end basis. It was driven by a reduction in interest rate risk reflecting reduced interest rate repricing mismatches across customer products. Credit spread VaR stayed relatively stable through 2025, supported by generally consistent bond holdings in the liquidity portfolio. The period-end decrease followed the rollout of updated VaR timeseries in December 2025. Pipeline VaR reduced on an average basis, reflecting changes in the assumptions applied to customer behaviour through the fixed-rate mortgage application process, which more closely aligned NWB Group's estimates of future customer completions to pipeline hedging activity.
- NWB Group's structural hedge notional rose to £151 billion at 31 December 2025 from £146 billion at 31 December 2024.
- Overall, the sensitivity of net interest earnings increased year on year. The main contributors to the increase in sensitivity were higher volumes of managed-margin deposits and current accounts.

Governance (audited)

Risk governance for non-traded market risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for non-traded market risk is in line with the approach outlined in the Risk management framework section.

NWB Group's qualitative appetite for non-traded market risk is set out in the non-traded market risk appetite statement. Its quantitative appetite for non-traded market risk is expressed in terms of exposure limits. At NWB Group level, these comprise value-at-risk (VaR) and earnings-at-risk limits. Stress and sensitivity limits are also incorporated.

Measurement

Non-traded internal VaR (1-day 99%)

The following table shows one-day internal banking book VaR at a 99% confidence level, split by risk type. VaR values for each year are calculated based on one-day values for each of the 12 month-end reporting dates. VaR metrics are explained on page 65. Each of the key risk types are discussed in greater detail in their individual sub-sections following this table.

	2025				2024			
	Average	**Maximum**	**Minimum**	**Period end**	Average	Maximum	Minimum	Period end
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest rate	**4.0**	**5.5**	**2.9**	**4.1**	18.5	29.7	4.3	4.3
Credit spread	**42.0**	**46.3**	**28.8**	**28.8**	43.9	47.9	39.9	43.2
Structural foreign exchange risk	**12.4**	**15.2**	**10.8**	**12.7**	16.5	22.7	11.6	11.6
Equity	**0.1**	**0.6**	**0.1**	**0.1**	2.5	4.2	0.1	0.9
Pipeline risk	**2.5**	**4.6**	**0.4**	**3.2**	7.9	15.0	3.6	4.4
Diversification (1)	**(18.3)**			**(15.5)**	(35.3)			(18.1)
Total	**42.7**	**50.4**	**33.4**	**33.4**	54.0	68.6	44.5	46.3

(1) NWB Group benefits from diversification across various financial instrument types, currencies and markets. The extent of the diversification benefit depends on the correlation between the assets and risk factors in the portfolio at a particular time. The diversification factor is the sum of the VaR on individual risk types less the total portfolio VaR.

- For VaR commentary, refer to Key developments in 2025 above.

Non-traded market risk continued

Interest rate risk

Non-traded interest rate risk (NTIRR) arises from the provision to customers of a range of banking products with differing interest rate characteristics. When aggregated, these products form portfolios of assets and liabilities with varying degrees of sensitivity to changes in market interest rates. Mismatches can give rise to volatility in net interest income as interest rates vary.

NTIRR comprises the following three primary risk types:

- **Gap risk** – arises from the timing of rate changes in non-trading book instruments. The extent of gap risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).
- **Basis risk** – captures the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices, or on the same interest rate indices but with different tenors.
- **Option risk** – arises from option derivative positions or from optional elements embedded in assets, liabilities and/or off-balance sheet items, where NWB Group or its customer can alter the level and timing of their cash flows. Option risk also includes pipeline risk. Pipeline risk is the risk of loss arising from personal customers owning an option to draw down a loan – typically a mortgage – at a committed rate, where interest rate changes may result in greater or fewer customers than anticipated taking up the committed offer.

To manage exposures within its risk appetite, NWB Group aggregates its interest rate positions and hedges its residual exposure, primarily with interest rate swaps.

Structural hedging aims to reduce gap risk and the sensitivity of earnings to interest rate shocks. It also provides some protection against prolonged periods of falling rates. Structural hedging is explained in greater detail below, followed by information on how NWB Group measures NTIRR from both an economic value-based and an earnings-based perspective.

Structural hedging

NWB Group has a significant pool of stable, non and low interest-bearing liabilities, principally comprising current accounts and savings, in addition to its equity and reserves. A proportion of these balances are hedged, either by offsetting the positions against fixed-rate assets (such as fixed-rate mortgages and UK government gilts) or by hedging positions externally using interest rate swaps, which are generally booked as cash-flow hedges of floating-rate assets, in order to reduce income volatility and provide a revenue stream in net interest income. Hence, the structural hedge is one component of a larger interest rate risk management programme.

At 31 December 2025, NWB Group's structural hedge had a notional of £151 billion (compared to £146 billion at 31 December 2024) with an average life of 2.5 to 3 years.

Interest rate risk measurement

NTIRR can be measured from either an economic value-based or earnings-based perspective, or a combination of the two. Value-based approaches measure the change in value of the balance sheet assets and liabilities including all cash flows. Earnings-based approaches measure the potential impact on the income statement of changes in interest rates over a defined horizon, generally one to three years.

NWB Group uses VaR as its value-based approach and sensitivity of net interest earnings as its earnings-based approach.

These two approaches provide complementary views of the impact of interest rate risk on the balance sheet at a point in time. The scenarios employed in the net interest earnings sensitivity approach may incorporate assumptions about how NWB Group and its customers will respond to a change in the level of interest rates. In contrast, the VaR approach measures the sensitivity of the balance sheet at a point in time. Capturing all cash flows, VaR also highlights the impact of duration and repricing risks beyond the one-to-three-year period shown in earnings sensitivity calculations.

Value-at-risk

VaR is a statistical estimate of the potential change in the market value of a portfolio (and, thus, the impact on the income statement) over a specified time horizon at a given confidence level. NWB Group's standard VaR metrics – which assume a time horizon of one trading day and a confidence level of 99% – are based on interest rate repricing gaps at the reporting date. Daily rate moves are modelled using observations from the last 500 business days. These incorporate customer products plus associated funding and hedging transactions as well as non-financial assets and liabilities. Behavioural assumptions are applied as appropriate.

The non-traded interest rate risk VaR metrics for NWB Group's retail and commercial banking activities are included in the banking book VaR table above. The VaR captures the risk resulting from mismatches in the repricing dates of assets and liabilities.

It also includes any mismatch between the maturity profile of external hedges and NWB Group's target maturity profile for the hedge.

Sensitivity of net interest earnings

Net interest earnings are sensitive to changes in the level of interest rates, mainly because maturing structural hedges are replaced at higher or lower rates and changes to coupons on managed rate customer products do not always match changes in market rates of interest or central bank policy rates.

Earnings sensitivity is derived from a market-implied forward rate curve, which will incorporate expected changes in central bank policy rates such as the Bank of England base rate. A simple scenario is shown that projects forward earnings over a 12-month period based on the 31 December 2025 balance sheet. An earnings projection is derived from the market-implied rate, which is then subjected to interest rate shocks. The difference between the market-implied projection and the shock gives an indication of underlying sensitivity to interest rate movements.

Non-traded market risk continued

The sensitivity of net interest earnings table below shows the expected impact of immediate upward or downward changes of 25 basis points and 100 basis points to all interest rates.

Reported sensitivities should not be considered a forecast of future performance in these rate scenarios. Actions that could reduce interest earnings sensitivity include changes in pricing strategies on customer loans and deposits as well as hedging. Management action may also be taken to stabilise total income also taking into account non-interest income.

	2025				2024			
Shifts in yield curve	+25 basis points £m	-25 basis points £m	+100 basis points £m	-100 basis points £m	+25 basis points £m	-25 basis points £m	+100 basis points £m	-100 basis points £m
12-month interest earnings sensitivity	123	(143)	422	(569)	117	(138)	465	(578)

- The overall sensitivity of net interest income earnings in all scenarios mainly reflects managed-margin deposits and the impact of higher or lower rates on structural hedge income.

Sensitivity of fair value through other comprehensive income (FVOCI) portfolios and cash flow hedging reserves to interest rate movements.

NWB Group holds most of the bonds in its liquidity portfolio at fair value and the bonds are generally classified as FVOCI for accounting purposes Valuation changes arising from unexpected movements in market rates are initially recognised in FVOCI reserves.

Interest rate swaps are used to implement the structural hedging programme and also hedging of some personal and commercial lending portfolios, primarily fixed-rate mortgages. Generally, these swaps are booked in cash flow hedge accounting relationships. Changes in the valuation of swaps that are in effective cash flow hedge accounting relationships are recognised in cash flow hedge reserves.

The table below shows the sensitivity of bonds initially classified as FVOCI and swaps subject to cash flow hedge accounting to a parallel shift in all rates. Valuation changes affecting interest rate swaps that hedge bonds in the liquidity portfolio are also included. Where FVOCI bonds and swaps are booked in fair value hedge accounting relationships, the valuation change affecting both instruments would be recognised in the income statement. For the purpose of this analysis, cash flow hedges are assumed to be fully effective.

The effectiveness of cash flow and fair value hedge relationships is monitored and regularly tested in accordance with IFRS requirements. Note also that valuation changes affecting the cash flow hedge reserve affect tangible net asset value, but would not be expected to affect CET1 capital. The movement in cash flow hedge reserves in 2025 is shown in the statement of changes in equity on page 94.

	2025				2024			
Parallel shifts in yield curve	+25 basis points £m	-25 basis points £m	+100 basis points £m	-100 basis points £m	+25 basis points £m	-25 basis points £m	+100 basis points £m	-100 basis points £m
FVOCI reserves	(20)	20	(80)	78	(6)	6	(26)	20
Cash flow hedge reserves	17	(16)	71	(59)	(20)	22	(68)	98
Total	(3)	4	(9)	19	(26)	28	(94)	118

Non-traded market risk continued

Credit spread risk

Credit spread risk arises from the potential adverse economic impact of a change in the spread between bond yields and swap rates, where the bond portfolios are accounted at fair value through other comprehensive income.

NWB Group's bond portfolios primarily comprise high-quality securities maintained as a liquidity buffer to ensure it can continue to meet its obligations in the event that access to wholesale funding markets is restricted. Additionally, other high-quality bond portfolios are held for collateral purposes and to support payment systems.

Credit spread risk is monitored daily through sensitivities and VaR measures. The dealing authorities in place for the bond portfolios further mitigate the risk by imposing constraints by duration, asset class and credit rating. Exposures and limit utilisations are reported to senior management on a regular basis.

Foreign exchange risk

Non-traded foreign exchange risk arises from three main sources:

- **Structural foreign exchange rate risk** – arises from the capital deployed in foreign subsidiaries, branches and joint arrangements and related currency funding where it differs from sterling.
- **Non-trading book foreign exchange rate risk** – arises from customer transactions and profits and losses that are in a currency other than the functional currency.
- **Forecast earnings or costs in foreign currencies** – NWB Group hedges forward some forecast foreign currency expenses.

Structural foreign exchange exposures arise from investments in foreign subsidiaries, branches and associates and their related currency funding. These exposures are assessed and managed to predefined risk appetite levels under delegated authority agreed by the CFO with support from the Asset & Liability Management Committee. NatWest Group seeks to limit the potential volatility impact on its CET1 ratio from exchange rate movements by maintaining a structural open currency position. Gains or losses arising from the retranslation of net investments in overseas operations are recognised in equity reserves and reduce the sensitivity of capital ratios to foreign exchange rate movements primarily arising from the retranslation of non-sterling denominated RWAs. Sensitivity is minimised where, for a given currency, the ratio of the structural open position to RWAs equals the CET1 ratio.

The sensitivity of the NatWest Group ratio to exchange rates is monitored monthly and reported to the Asset & Liability Management Committee at least quarterly. NWB Plc also monitors the sensitivity of its CET1 ratio to exchange rate movements against a risk limit monthly.

Foreign exchange exposures arising from customer transactions are sold down by businesses on a regular basis in line with NatWest Group policy.

Foreign exchange risk

The table below shows structural foreign currency exposures.

	2025			2024		
	Net investments in foreign operations	Net investment hedges	Structural foreign currency exposures	Net investments in foreign operations	Net investment hedges	Structural foreign currency exposures
	£m	£m	£m	£m	£m	£m
Euro	**725**	**(463)**	**262**	708	(444)	264
Other non-sterling	**443**	**(242)**	**201**	380	(139)	241
Total	**1,168**	**(705)**	**463**	1,088	(583)	505

- Changes in foreign currency exchange rates affect equity in proportion to structural foreign currency exposure. For example, a 5% strengthening or weakening in foreign currencies against sterling would result in a gain or loss of £0.02 billion in equity, respectively.

Pension risk

Definition

Pension risk is the inability to meet contractual obligations and other liabilities to the established employee or related company pension scheme.

Sources of risk

NWB Group has exposure to pension risk through its defined benefit schemes worldwide. The Main section of The NatWest Group Pension Fund (the Main section) is the largest source of pension risk as NatWest Bank Plc is the principal employer to the Main section. Refer to Note 5 to the financial statements, for further details on NWB Group's pension obligations, including sensitivities to the main risk factors.

Pension scheme liabilities vary with changes in long-term interest rates and inflation as well as with pensionable salaries, the longevity of scheme members and legislation.

The Trustee of NWB Group's largest scheme (the Main section of the NatWest Group Pension Fund) holds buy-in policies with third-party insurers. Under the buy-in insurance contracts, the insurer makes payments to the scheme to cover pension benefits paid to members. As a result, the insured portion of the scheme is protected against all material demographic and market risks.

These risks have been replaced with the risk that the insurer defaults on payments due to the scheme. The uninsured scheme assets continue to vary with changes in market risk drivers such as interest rates, inflation expectations and credit spreads. NWB Group is therefore still exposed to the risk that the schemes' assets, together with future returns and additional future contributions, are estimated to be insufficient to meet liabilities as they fall due. In such circumstances, NWB Group could be obliged (or might choose) to make additional contributions to the schemes or be required to hold additional capital to mitigate this risk.

Key developments in 2025

- During the year, the Trustee of the Main section of the NatWest Group Pension Fund completed partial buy-in transactions, in addition to those completed during 2024, passing demographic and market risk to third-party insurers. Over 40% (£10.3 billion) of the scheme's liabilities are now covered by buy-in policies, which is an increase from one-third at the end of 2024.

Governance

Risk governance for pension risk is in line with the approach outlined in the Risk management framework section.

Chaired by the Chief Financial Officer (CFO), the Asset & Liability Management Committee supports the CFO in considering the financial strategy and balance sheet implications relating to pension liabilities and pension strategy and other issues material to NatWest Group's pension strategy. It also supports the CFO in considering investment strategy proposals from the Trustee of the Main section. The NatWest Group Board reviews and as appropriate approves any material pension strategy proposals.

Risk appetite

Risk appetite for pension risk is in line with the approach outlined in the Risk management framework section.

Pension risk appetite is approved by the Board. NWB Group maintains an independent view of the risk inherent in its pension funds. NWB Group has a pension risk appetite statement that is reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure it remains appropriate and aligned to strategy. Policies and standards are in place to provide formal controls for pension risk reporting, modelling, governance and stress testing.

A pension risk policy, which sits within the enterprise-wide risk management framework, is also in place and is subject to associated framework controls. Performance against risk appetite is reported regularly to the Executive Risk Committee, the Board Risk Committee, and the Board. Relevant pension risk matters are escalated through the Executive Risk Committee, Asset & Liability Management Committee and Board Risk Committee as appropriate and to the Board as applicable.

Measurement and monitoring

Pension risk is monitored by the NWH Group Executive Risk Committee and the NatWest Group Board Risk Committee. Relevant pension risk matters are escalated to the Board as applicable. NatWest Group also undertakes stress tests on its material defined benefit pension schemes each year. These tests are also used to satisfy the requests of regulatory bodies such as the Bank of England.

The stress testing framework includes pension risk capital calculations for the purposes of the Internal Capital Adequacy Assessment Process as well as additional stress tests for a number of internal management purposes. The results of the stress tests and their consequential impact on NWB Group's balance sheet, income statement and capital position are incorporated into NWB Group's and the overall NatWest Group stress test results. NatWest Bank Plc (a subsidiary of NatWest Group) is the principal employer of the Main section and could be required to fund any deficit that arises.

The financial strength of third-party insurers is monitored on a periodic basis by the Trustee and NatWest Group.

Mitigation

The Main section is well protected against interest rate and inflation risks within the non-insured portfolio, reflecting risk mitigation measures taken by the Trustee such as hedging and reduced exposure to growth assets. The buy-in transactions completed to date further protect against demographic and market risks.

If, in an extreme scenario, an insurer was unable to make payments due to the scheme under the buy-in insurance contracts, NWB Group would continue to be responsible for financially supporting the scheme to meet pension benefits. However, strong mitigants are in place against this risk, including the insurance regulatory regime.

The potential impact of climate change is one of the factors considered in managing the assets of the Main section. The Trustee monitors the risk to its investments from changes in the global economy and invests, where return justifies the risk, in sectors that reduce the world's reliance on fossil fuels, or that may otherwise promote environmental benefits. The Trustee also expects third party insurers to have appropriate policies to address climate risk and to report on climate exposure attributable to the Main section.

Further details regarding the Trustee's approach to managing climate change risk can be found in its Responsible Ownership Policy, its net zero commitment and its climate disclosures produced on an annual basis, as required by The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

Operational risk

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.

Sources of risk

Operational risk may arise from a failure to manage operations, systems, processes, transactions and assets appropriately. This includes human error, an inability to deliver change adequately or on time, the non-availability of technology services, or the loss of customer data. It also includes systems failure, theft of NWB Group property, information loss, the impact of natural or man-made disasters and the threat of cyberattacks. Operational risk can also arise from a failure to account for changes in law or regulations or to take appropriate measures to protect assets.

Key developments in 2025

- The enhanced risk and control self-assessment approach was refined further with a focus on material operational risks and controls across the key end-to-end processes.
- The use of automated data-led insights was embedded to oversee the operational risk profile and manage it within appetite.
- Improvements to technology end of life risk management were implemented to mitigate associated technology and cyber risks.
- AI tools have been introduced to support the articulation and adequacy of controls including generative AI chat bots to support the embedding of frameworks and to help with horizon scanning.
- Compliance with UK and EU operational resilience regulatory requirements was achieved and maintained along with material compliance with EU Digital Operational Resilience Act.
- NatWest Group continued to embed and evolve the assessment of its operational resilience with increasingly severe, complex, and prolonged scenario tests for cyber, third-party, and significant IT failure risks.
- Threat horizon scanning and vulnerability management processes were enhanced to support risk identification, scenario testing and the prioritisation of risk mitigation activities.

Governance

The risk governance arrangements in place for operational risk are in line with the approach set out in the Risk management framework section.

Aligned to this, a strong operational risk management oversight function is vital to support NWB Group's ambitions to serve its customers better. Improved management of operational risk against defined risk appetite is vital for stability and reputational integrity.

To support ongoing oversight of the management of the operational risk profile the Operational Risk Executive Steering Committee ensures all material operational risks are monitored and managed within appetite.

Risk appetite

Risk appetite for operational risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for operational risk are in line with the approach outlined in the Risk management framework section.

Mitigation

Mitigation for operational risk is in line with the approach outlined in the Risk management framework section.

Operational risks are mitigated by applying preventative and detective controls which are assessed on adequacy and effectiveness through the risk and control self-assessment process on a regular basis to determine risk exposure. Mitigation is prioritized using risk-based approach considering risk appetite.

Operational resilience and cybersecurity

NWB Group maintains a robust approach to operational resilience through comprehensive, NatWest Group-wide processes. These include regular scenario tests that simulate increasingly severe and sophisticated disruption events. In 2025, as part of NatWest Group's operational resilience strategy, severe but plausible disruption scenario tests were undertaken and encompassed cyber threats, third-party risks, and significant IT failures. confirming the preparedness and effectiveness of NWB Group's operational resilience strategies, and plans, including third party and supplier arrangements in the event of severe but plausible disruptions.

This rigorous approach was underpinned with the enhancement, ongoing monitoring, and transparent reporting of key risk indicators and performance metrics for Important Business Services.

In Q1 2025, NWB Group, through the NatWest Group operational resilience self-assessment, confirmed full compliance with the operational resilience requirements set by the Financial Conduct Authority and the Prudential Regulation Authority.

By meeting the 2025 compliance deadlines for these critical regulatory frameworks, NWB Group demonstrated the strength and reliability of its systems and controls. This enables effective risk management, minimises potential disruptions, and safeguards both customers and the wider financial system. These efforts reinforce NWB Group's commitment to building trust and stability within financial services.

Operational resilience remains a key priority, achieved through the effective management of a broad spectrum of interconnected operational risks. NWB Group consistently meets regulatory expectations and actively participates in multiple industry-wide operational resilience forums.

This engagement provides a valuable cross-sector perspective on the evolving operational resilience risk landscape and supports NWB Group's ability to adapt to ongoing innovation and change, both internally and across the financial services sector.

NatWest Group operates layered security controls and its architecture is designed to provide inherent protection against threats. This approach avoids reliance on any one type or method of security control. Minimum security control requirements are set out in key risk policies, standards, processes and procedures.

Throughout 2025, NatWest Group continued to monitor and manage the threat landscape focusing on:

- Initial access brokers (cyber criminals who specialise in breaching organisations then selling the access to other threat actors), ransomware gangs and, in light of ongoing geopolitical tensions, nation states.
- Innovations in technology, assessing the inherent risk and developing appropriate responses to manage any associated risks. Artificial Intelligence, Quantum Computing and Cloud Adoption have been areas of focus in 2025.

Operational risk continued

As cyberattacks evolve, NatWest Group continues to invest in additional capability designed to defend against emerging risks.

Event and loss data management

The operational risk event and loss data management process ensures NWB Group captures and records operational risk events with financial and non-financial impacts that meet defined criteria. Loss data is used for internal, regulatory and industry reporting and is included in capital modelling when calculating economic capital for operational risk. The most serious events are escalated in a simple, standardised process to all senior management, by way of an early event escalation process. NWB Group has not experienced a material cybersecurity breach or associated material loss in the last three years.

All financial impacts and recoveries associated with an operational risk event are reported against the date they were recorded in NatWest Group's financial accounts. A single event can result in multiple losses (or recoveries) that may take time to crystallise. Losses and recoveries with a financial accounting date in 2025 may relate to events that occurred, or were identified in, prior years. NatWest Group purchases insurance, against specific losses, including cyberattacks, and to comply with statutory or contractual requirements.

Compliance and conduct risk

Definition

Compliance risk is the risk that NWB Group fails to observe the letter and spirit of all relevant laws, codes, rules, regulations and standards of good market practice.

Conduct risk is the risk of inappropriate behaviour towards customers, or in the markets in which NWB Group operates, which leads to poor or inappropriate customer outcomes, and/or undermines market integrity.

The consequences of failing to meet compliance and/or conduct responsibilities can be significant and could result, for example, in legal action, regulatory enforcement, material financial loss and/or reputational damage.

Sources of risk

Compliance and conduct risk exist across all stages of NWB Group's relationships with its customers and arise from a variety of activities including product design, marketing and sales, complaint handling, staff training, and handling of confidential inside information.

As set out in Note 26 to the financial statements, members of NatWest Group are party to legal proceedings and are subject to investigation and other regulatory action in the UK, the US and other jurisdictions.

Key developments in 2025

- As part of the Non-Financial Risk Enhancement Programme, NatWest Group reviewed its compliance and conduct framework against the Operational Riskdata eXchange Association (ORX) regulatory compliance and conduct risk taxonomy. ORX is the largest operational risk management association in the financial services sector and this industry-standard taxonomy informed proposals for the annual risk directory refresh, including new level 2 risks and a consolidation of conduct and regulatory compliance risks into a single 'compliance and conduct level 1 risk from 2026. These changes will enhance risk coverage, strengthen integration with the EWRMF, and align more closely with industry practice.
- NatWest Group are also evaluating alternative rules mapping approaches, including a regulatory traceability model supported by an integrated AI-enabled platform. This will simplify governance, reduce complexity, and improve consistency, while ensuring NatWest Group's framework remains resilient and future-ready.
- The Judicial Review challenging the Financial Ombudsman Service's (FOS) interpretation of 'unfair relationships' under Section 140 of the Consumer Credit Act (CCA) remains ongoing. NatWest Group and peer banks have raised concerns over the reopening of closed complaints, with the FCA intervening in support of NatWest Group's position. Separately, proposed CCA reforms aim to modernise regulation via a flexible, outcome-based regime.
- Following the Supreme Court's August 2025 ruling regarding 'unfair relationships' when arranging motor finance, the FCA's October consultation outlined a redress scheme expected to launch in 2026.
- A review of mortgage rules was launched by the FCA to simplify regulatory requirements and improve consumer flexibility. The proposals seek to simplify rules, enhance access to advice and execution-only options, and streamline affordability assessments under Consumer Duty. NatWest Group continues to monitor developments to ensure its proposition remains compliant and responsive.
- The FCA's March review of the treatment of vulnerable customers recognised progress but highlighted areas for improvement. NatWest Group remains committed to delivering fair outcomes and maintaining regulatory compliance.
- The PRA and FCA are consulting across the financial services industry on the Senior Managers and Certification Regime that could reduce the number of roles within scope by up to 40%, with His Majesty's Treasury (HMT) supporting swift implementation.
- HMT has launched a consultation to review the FOS's remit and propose to modernise the framework. The FCA and FOS have published next steps, signalling coordinated reform of consumer compensation mechanisms.

Governance

Risk governance for compliance and conduct risk is in line with the approach outlined in the Risk management framework section. To support ongoing oversight of the management of the compliance and conduct risk profile a number of committees are in place, the most senior of which is the "One Bank Good Customer Outcomes Leadership Committee".

Risk appetite

Risk appetite for compliance and conduct risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for compliance and conduct risk are in line with the approach outlined in the Risk management framework section.

Mitigation

Mitigation for compliance and conduct risk is in line with the approach outlined in the Risk management framework section. Activity to mitigate the most material compliance and conduct risk is carried out across NWB Group with specific areas of focus in the customer-facing businesses and legal entities. Examples of mitigation include consideration of customer needs in business and product planning, targeted training, conflicts of interest management, market conduct surveillance, complaints management, mapping of priority regulatory requirements and independent monitoring activity. Internal policies help support a strong customer focus across NWB Group.

Financial crime risk

Definition

Financial crime risk is the risk that NWB Group's products, services, employees and/or third parties are intentionally or unintentionally used to facilitate financial crime in the form of money laundering, terrorist financing, bribery and corruption, sanctions and tax evasion, as well as external or internal fraud.

Sources of risk

Financial crime risk may be present if NWB Group's customers, employees or third parties undertake or facilitate financial crime, or if NWB Group's products or services are used intentionally or unintentionally to facilitate such crime. Financial crime risk is an inherent risk across all lines of business.

Key developments in 2025

- Significant investment continued to be made to support the delivery of a multi-year transformation plan across financial crime risk management.
- Enhancements were made to technology, data quality, and data analytics to improve the effectiveness of systems used to monitor customers and transactions.
- Financial crime events were held throughout the year to further embed financial crime risk management culture and behaviours.
- There was active participation in public/private partnerships including the Joint Money Laundering Intelligence Taskforce and Data Fusion. Following the success of the pilot, Data Fusion has become a permanent operational capability, able to deliver benefits across the public-private economic crime system. This includes the implementation of a permanent public-private Joint Analytical Team, housed within the National Crime Agency.

Governance

Risk governance for financial crime risk is in line with the approach outlined in the Risk management framework section.

The Financial Crime Oversight Committee, which is jointly chaired by the Group Money Laundering Reporting Officer and the Director of Financial Crime is the core governance committee for financial crime risk (excluding fraud). It oversees financial crime risk management, operational performance, and transformation matters including decision-making.

Financial crime matters are escalated through the Executive Risk Committee and to the Board where applicable.

The Fraud Executive Steering Group, which is chaired by the Chief Customer and Operations Officer, is the core governance committee for fraud. It oversees fraud risk management, operational performance, and investment matters including decision-making and escalations to relevant senior committees.

Risk appetite

Risk appetite for financial crime risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for financial crime risk are in line with the approach outlined in the Risk management framework section.

Financial crime risks are identified and reported through continuous risk management and regular reporting to the Financial Crime Oversight Committee and other risk governance committees (including the Board Risk Committee). Quantitative and qualitative data is reviewed and assessed to measure whether financial crime risk is within appetite.

Mitigation

Mitigation for financial crime risk is in line with the approach outlined in the Risk management framework section.

Through the financial crime framework, relevant policies, systems, processes and controls are used to mitigate and manage financial crime risk. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions and behaviours that may require further investigation or other actions. Centralised expertise is available to detect and disrupt threats to NWB Group and its customers.

Intelligence is shared with law enforcement, regulators and government bodies to strengthen national and international defences against those who would misuse the financial system for criminal motives.

Model risk

Definition

Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial, accounting, mathematical or data science theories, techniques and assumptions to process input data into estimates.

Sources of risk

NWB Group uses a variety of models in the course of its business activities. Examples include the use of model outputs to support customer decisioning, measuring and assessing risk exposures (including credit, market, and climate risk), calculating regulatory capital and liquidity requirements and automation of operational processes.

Model applications may give rise to different risks depending on the business in which they are used. Model risk is therefore assessed separately for each business segment in addition to the overall assessment made for NWB Group.

Key developments in 2025

- Continued with a programme of work to implement model risk management (MRM) framework changes that were introduced in 2024 in response to PRA's Supervisory Statement 1/23 across the model landscape.
- Introduced further updates to the MRM framework to address feedback received from the PRA following their industry-wide thematic review of MRM and further improve model risk management practices.
- Deterministic quantitative methods, which are complex and material calculators that although not technically models still present similar risks, were brought in scope of the MRM framework.
- Enhanced the framework for the independent validation of models.
- Delivered model inventory design changes to support implementation of MRM framework enhancements, including a focus on recording of model use, which has enabled better oversight and risk management of models.
- Continued focus on improving the completeness and accuracy of model risk data contained within the inventory through enhanced oversight metrics and targeted remediation work.

Model risk continued

Governance

Risk governance for model risk is in line with the approach outlined in the Risk management framework section. A governance framework is in place to ensure policies and processes relating to models are appropriate and effective. Two roles are key to this – model risk owners and model validation leads. Model risk owners are responsible for model approval and ongoing performance monitoring. Model validation leads, in the second line of defence, are responsible for oversight, including ensuring that models are independently validated prior to use and on an ongoing basis aligned to the model's tier.

Business and function model management committees are used to govern key model risk management matters and escalate to senior management where required.

Risk appetite

Risk appetite for model risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Model risk is measured and managed through continuous assessment and regular reporting to NatWest Group's senior risk committees and at NatWest Board level. Policies, toolkits and model standards related to the development, validation, approval, implementation, use and ongoing monitoring of models are in place to ensure adequate control across the lifecycle of an individual model.

All models developed for use are assigned a model tier, based on the model's materiality and complexity. Risk based model tiering is used to prioritise risk management activities throughout the model lifecycle, and to identify and classify those models which pose the highest risk to NWB Group's business activities, safety and/or soundness.

Validation of material models is conducted by an independent risk function comprising of skilled, well-informed subject matter experts. This is completed for new models or material amendments to existing models and as part of an ongoing periodic programme to assess model performance. The frequency of periodic revalidation is aligned to the tier of the model. The independent validation focuses on a variety of model features, including model inputs, model processing, model outputs, the implementation of the model and the quality of the ongoing performance monitoring. Independent validation also focuses on the quality and accuracy of the development documentation and the model's compliance with regulation.

The model materiality combined with the validation rating provides the basis for model risk appetite measures and enables model risk to be robustly monitored and managed across NWB Group.

Ongoing performance monitoring is conducted by model owners and overseen by the model validators to ensure parameter estimates and model constructs remain fit for purpose, model assumptions remain valid and that models are being used consistently with their intended purpose. This allows timely action to be taken to remediate poor model performance and/or any control gaps or weaknesses.

Mitigation

By their nature – as approximations of reality – model risk is inherent in the use of models. It is managed by refining or redeveloping models where appropriate – due to changes in market conditions, business assumptions or processes – and by applying adjustments to model outputs (either quantitative or based on expert opinion). Enhancements may also be made to the process within which the model output is used in order to further limit risk levels.

Reputational risk

Definition

Reputational risk is the risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events.

Sources of risk

The three primary drivers of reputational risk are: failure in internal risk management systems, processes or culture; NWB Group's actions materially conflicting with stakeholder expectations; and contagion (when NWB Group's reputation is damaged by failures in key sectors including NWB Group's supply chain or other partnerships).

Key developments in 2025

- Enhancements were made to expand the requirements of the reputational risk policy to suppliers and third parties.
- The environmental, social and ethical (ESE)(1) animal welfare, mining and metals and forestry, fisheries and agribusiness risk acceptance criteria were reviewed and updated in line with strategic objectives.

Governance

Risk governance for reputational risk is in line with the approach outlined in the Risk management framework section.

A reputational risk policy supports reputational risk management across NWB Group. Reputational risk registers are used to manage reputational risks identified within relevant business areas. These are reported to the relevant business risk committee. Material reputational risks to NWB Group are escalated via the NatWest Group reputational risk register which is reported at every meeting of the Group Reputational Risk Committee. The Group Reputational Risk Committee also opines on matters that represent material reputational risks. The Executive and Board Risk Committees oversee the identification and reporting of reputational risk.

Risk appetite

Risk appetite for reputational risk is in line with the approach outlined in the Risk management framework section. Reputational risk appetite is approved by the Board. NWB Group manages and articulates its appetite for reputational risk through a qualitative reputational risk appetite statement and associated quantitative measures.

The risk appetite statements and associated measures for reputational risk are reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure they remain appropriate and aligned to strategy. NWB Group seeks to identify, measure and manage risk aligned to stakeholder trust. However, reputational risk is inherent in NWB Group's operating environment and public trust is a specific factor in setting reputational risk appetite.

Measurement and monitoring

Relevant internal and external factors are monitored through regular reporting via reputational risk registers at business or legal entity level. They are escalated, where appropriate, to the relevant business risk committee and where material, to the Group Reputational Risk Committee. Additional principal risk indicators for material risks being monitored are also reported to the Group Reputational Risk Committee and to the Executive and Board Risk Committees.

Mitigation

Standards of conduct are in place across NWB Group requiring strict adherence to policies, procedures and ways of working to ensure business is transacted in a way that meets – or exceeds – stakeholder expectations. External events that could cause reputational damage are identified and mitigated through NWB Group's top and emerging risks process (where sufficiently material) as well as through the NatWest Group and business level reputational risk registers.

(1) From 1 January 2026, the name of the ESE Risk Framework was updated to the Environmental & Social Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements.

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2025.

Other information incorporated into this report by reference can be found at:

NWB Group structure

National Westminster Bank Plc (NWB Plc or 'we') is a wholly owned subsidiary of NatWest Holdings Limited (NWH Ltd or the intermediate holding company). The term 'NWB Group' or 'we' refers to NWB Plc and its subsidiary and associated undertakings. The term 'NWH Group' refers to NWH Ltd and its subsidiary and associated undertakings. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiaries. NatWest Group plc is incorporated in the United Kingdom and has its registered office at 36 St Andrew Square, Edinburgh, EH2 2YB.

Details of NWB Plc's principal subsidiary undertakings and their activities are shown in Note 14 to the financial statements. A full list of NWB Plc's related undertakings is shown in Note 36 to the financial statements.

The financial statements of NatWest Group plc can be obtained from Corporate Governance, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at natwestgroup.com.

Activities

NWB Group is engaged principally in providing a wide range of banking and other financial services.

Results and dividends

The profit attributable to the ordinary shareholders of NWB Plc for the year ended 31 December 2025 was £3,965 million compared with a profit of £3,237 million for the year ended 31 December 2024, as set out in the consolidated income statement on page 92.

No ordinary shares were issued during 2025 or 2024.

In 2025, NWB Plc paid an ordinary dividend of £3.0 billion to NWH Ltd (2024 – £2.5 billion).

Employees

At 31 December 2025, NWB Group employed 54,200 people (excluding temporary staff). Details of related costs are included in Note 3 on the consolidated financial statements. NWB Plc employs the majority of NWB Group UK customer-facing staff, with costs recharged. NWB Plc also provides the majority of shared services (including technology) and operational processes under Intra-Group Agreements.

References to 'colleagues' in this report mean all permanent employees and, in some instances, members of the wider workforce e.g. temporary employees and agency workers.

Corporate governance statement

For the financial year ended 31 December 2025 NWB Plc has again chosen to report against the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles), published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website.

The disclosures below explain how NWB Plc has applied the Wates Principles in the context of its corporate governance arrangements.

1. Purpose and leadership

Purpose

In conjunction with the NatWest Group plc Board, the NWB Plc Board approved NatWest Group's purpose statement – 'The bank that turns possibilities into progress' in September 2024.

Strategy

The Board reviews and sets the strategic direction of the NWH Group and, as appropriate, the strategies for each of its businesses, within the parameters set by the NatWest Group plc Board. The Board also oversees the execution of NWH Group strategy and holds executive management to account for its delivery.

Following a series of dedicated strategy sessions in 2024 the NatWest Group plc Board formally approved the strategy in February 2025, including three strategic priorities of disciplined growth, bank-wide simplification and active balance sheet and risk management.

In March 2025 the Board confirmed its support for a bank-wide performance management framework to underpin delivery of the purpose and strategy, including the adoption of Key Performance Indicators (KPIs) and Key Results (KRs) to help measure strategic progress. Changes made to re-balance Board and Board committee agendas helped to ensure sufficient time on the Board agenda for broader considerations, with dedicated sessions on the Private Banking & Wealth Management segment and NatWest India strategy.

Further information on NatWest Group's strategy can be found in the NatWest Group plc 2025 Annual Report and Accounts.

Culture

The board assesses and monitors culture and measures how culture is being embedded in several ways, as described below.

- New core behavioural framework: In February the Board approved the new core behavioural framework. The new framework consolidated previous colleague frameworks into a single set of action-oriented behaviours under the "Winning Together" banner. Directors welcomed that the new simplified approach 'started with customers' and was relatable to all colleagues across the bank.
- "Tone from the top": At the March Board dinner, as part of a broader conversation on strategic priorities, the directors discussed the "tone from the top" culture and behaviours they wished to demonstrate as a Board and in their interactions with executive management.
- Colleague Advisory Panel reports: Feedback on discussions from Colleague Advisory Panel (CAP) meetings held in March and September were provided to the Board by the CAP Chair. Topics included executive remuneration and the wider workforce, the new core behavioural framework, financial crime strategy and the launch of NatWest Group's new global recognition platform "Recognise".
- Performance management framework: In March, the Board reviewed how the performance management framework supports the delivery of NatWest Group's purpose, strategy, and financial plan. This included the introduction of Key Results for segments and functions to align with agreed KPIs, enabling the tracking of strategic implementation and fostering the desired cultural change.
- Performance culture and operating systems: In June directors received an update on initial work underway to explore how the bank's customer-focused performance culture could be enhanced by being more customer focused, empowering those closest to the customer, speeding up decision making and putting decisions closer to those serving customers; alongside accelerating the journey to have a simpler operating system, powered by technology, AI and data; all in service of customers.
- Consumer Duty assessment: In July the Board approved the Consumer Duty assessment, noting the role culture played in further embedding. Offering products such as a family-backed mortgage proposition and focus on the bereavement journey demonstrated the bank's dedication to prioritising good customer outcomes.

- Colleague survey results: In June and December, the Board received reports on the results of our 2025 colleague survey, Our View (which had been conducted in April and September). Colleagues had responded to questions across the whole colleague experience including purposeful leadership, performance culture, building a simpler bank, wellbeing and ways of working, and risk, conduct and ethics.
- Culture assessment report: In July 2025, the Board received a Culture assessment report on progress across metrics linked to performance culture, ethics, conduct, and compliance. In December, it noted that from 2026, an enterprise-wide culture plan focused on customer performance would be reflected in the future approach for assessing culture.

2. Board composition

As at the date of publication of this report, the Board has 14 directors comprising the Chair, two executive directors and 11 independent non-executive directors, one of whom is the Senior Independent Director.

The names of the current directors and secretary are shown on page 3. Their biographies are available at natwestgroup.com (NatWest Holdings Limited section).

Chair, CEO and Senior Independent Director

The role of the Chair is to lead the Board and ensure its overall effectiveness. This is distinct and separate from that of the CEO who manages the business day-to-day. The Senior Independent Director acts as a sounding board for the Chair and as an intermediary for other directors when necessary.

Balance and diversity

The Board is structured to ensure that the directors provide NWB Plc with the appropriate balance of skills, experience, knowledge and diversity, as well as independence. Board committees also comprise directors with a variety of skills and experience so that no undue reliance is placed on any one individual.

The Nominations Committee is responsible for considering and making recommendations to the Board in respect of Board appointments and membership and chairing of Board committees.

The Nominations Committee reviews the structure, size and composition of the Board, and makes recommendations to the Board in relation to any necessary changes, having regard to the overall balance of skills, knowledge, experience and diversity on the Board, the length of service of the Board as a whole; and the requirement to keep membership regularly refreshed. The Nominations Committee considers Board composition and succession planning periodically. The NatWest Group plc Group Nominations and Governance Committee (Group N&G) also approves all appointments to the Board, reflecting NWB Plc's position as a subsidiary within NatWest Group.

Board recruitment continued to be a principal area of focus in 2025. During 2025 the Nominations Committee's membership supported comprehensive candidate searches with diversity and inclusion considerations factored into all search criteria. During the search processes, the Nominations Committee held several discussions on potential candidates, assessing the credentials of each candidate against the qualities and capabilities set out in the role specifications agreed by the Nominations Committee. Following rigorous processes, the Nominations Committee, in conjunction with Group N&G, recommended and the Board approved the appointments of Karin Cook and Josh Critchley as non-executive directors of NWB Plc. Gill Whitehead also joined as a non-executive director in January and Mark Seligman and Ian Cormack stepped down from the Board of NWB Plc in March and May, respectively. In addition, Francesca Barnes replaced Ian Cormack as Senior Independent Director in March.

The Nominations Committee, in conjunction with Group N&G, continues to oversee further recruitment activity in respect of the Board of NWB Plc.

The Board recognises the value and importance of a comprehensive Board skills matrix to support effective governance and strategic oversight. In December 2025, the Board skills assessment was refreshed following a review of 6 critical skills and 10 general skills identified in 2024 as priorities for the Board over a 3 to 5 year period.

Using the Board Outlook technology platform, all directors participated in an online process which involved both self-assessment and peer calibration elements. The 2025 Board skills assessment outputs confirmed the Board's view of the collective expertise and capabilities of the Board against the organisation's strategic priorities and governance needs, as reflected in the Board skills matrix. The detailed data and analysis offered through the Board skills assessment has underpinned Board composition and succession planning, as well as supporting NED induction and professional development.

The Board operates a boardroom inclusion policy which reflects NatWest Group's inclusion guidelines and is aligned to NatWest Group's behaviours and relevant legal or voluntary code requirements.

The boardroom inclusion policy ensures that the Board, and any committee to which it delegates nomination responsibilities, follows an inclusive process when making nomination decisions. That includes ensuring that the nomination process is based on the principles of fairness, respect and inclusion; that all nominations and appointments are based on individual competence, skills and expertise measured against identified objective criteria without bias, prejudice or discrimination; and that searches for Board candidates are conducted with due regard to the benefits of diversity and inclusion.

The policy includes targets which aspire to meet those set out in the UK Listing Rules along with the recommendations of the FTSE Women Leaders Review and the Parker Review.

Diversity and inclusion have been considered in all of the recruitment overseen by the NWH Nominations Committee and in its review of executive succession planning in 2025, and accordingly, as of 31 December 2025:

- NWB Plc met the FTSE Women Leaders Review voluntary target of 40% women's representation on boards by the end of 2025, with 57% of the Board being women;
- with the positions of CFO and Senior Independent Directors held by women, NWB Plc met the FTSE Women Leaders Review recommendation that companies should have at least one woman in the Chair or Senior Independent Director roles on the board and/or one woman in the Chief Executive Officer or Finance Director role by the end of 2025; and
- the company met the recommendation of the Parker Review to have at least one member of the Board being from an ethnic minority background with two such directors meeting this criterion.

Size and structure

NWH Ltd is the holding company for NatWest Group's ring-fenced operations, which include the Retail Banking and Private Banking & Wealth Management segments and certain aspects of the Commercial & Institutional segment. A common board structure is operated such that directors of NWH Ltd are also directors of RBS plc and NWB Plc. Known collectively as the NWH Sub Group, the boards of these three entities meet concurrently.

An integral part of NatWest Group's governance arrangements is the appointment of three double independent non-executive directors (DINEDs) to the Boards and Board committees, of the NWH Sub Group. They are Francesca Barnes, Karin Cook and Mark Rennison.

The DINEDs are independent in two respects: (i) independent of management as non-executives; and (ii) independent of the rest of NatWest Group by virtue of their NWH Sub Group only directorships. They attend NatWest Group plc Board and relevant Board committee meetings as observers. DINEDs play a critical role in NatWest Group's ring-fencing governance structure and are responsible for exercising appropriate oversight of the independence and effectiveness of the NWH Sub Group's governance arrangements, including the ability of each board to take decisions independently.

The DINEDs also have an enhanced role in managing any material conflicts which may arise between the interests of the NWH Sub Group and other members of NatWest Group.

Independence

The independent non-executive directors combine broad business and commercial experience with independent and objective judgement. They provide constructive challenge, strategic guidance, and specialist advice to the executive directors and the executive management team and hold management to account.

The balance between non-executive and executive directors enables the Board to provide clear and effective leadership across NWH Group's business activities and ensures no one individual or small group of individuals dominates the Board's decision-making.

The Chair and non-executive directors meet without the executive directors present at the end of each Board meeting. The performance of the non-executive directors is evaluated annually as part of the Board effectiveness review and further details of the process undertaken can be found on page 76.

Non-executive director independence and individual directors' continuing contribution to the company are considered by the Board, with support from the Nominations Committee, at least annually and when new non-executive directors are appointed. The Board considers that the Chair, Rick Haythornthwaite, was independent on appointment and that all current non-executive directors are independent.

Enhancing directors' skills and knowledge

The Chief Governance Officer and Company Secretary supports directors in their training and development by curating an annual schedule of training sessions and deep dives into areas of interest and relevance. In 2025, this annual schedule was supplemented by a suite of online learning resources and optional reading materials made available through a dedicated Teams channel for directors, which was refreshed periodically throughout the year.

These are designed to support directors' professional development, deepen their knowledge of the business or specific areas of interest or offer specialised training on relevant matters.

During 2025 directors had the opportunity to enhance their skills and knowledge on a range of relevant topics, including operational resilience, recovery and resolution; digital assets; climate; financial crime; client assets (CASS) and model risk management.

Each new non-executive director receives a formal induction programme on joining the Board, which is co-ordinated by the Chief Governance Officer and Company Secretary and tailored to suit the requirements of the individual concerned. This includes visits to NWH Group's major businesses and functions and meetings with directors and senior management.

Meetings with external auditors, counsel and stakeholders are also arranged as appropriate. New NEDs also receive a copy of our non-executive director handbook which contains information on our corporate structure, governance framework and Board policies and processes.

An important element of the Board's ongoing development is the regional visits undertaken each year. In 2025, directors visited Birmingham and the West Midlands where they met clients, colleagues and local stakeholders.

Through direct conversations with commercial customers, the Board gained valuable insights into banking relationships, the challenges and opportunities presented by the macro-environment, and how the bank can best support customers in the future. These perspectives inform broader strategic discussions and help ensure the Board maintains a strong customer focus.

The visit included a tour of a local branch to observe how retail customers are served and to hear from colleagues about their experiences.

The Board also met a diverse group of colleagues during the visit, including graduates, apprentices, and teams from Retail Banking, Commercial & Institutional, and Digital X. These conversations provided valuable two-way dialogue, enabling the Board to deepen its understanding of the issues that matter most to colleagues, and also provided a valuable opportunity for two-way dialogue.

The Board also explored digital innovations across the business, recognising the importance of leveraging new technologies, including AI, to enhance services for both colleagues and customers.

External appointments and time commitment

The Board monitors the commitments of the Chair and directors and is satisfied that they are able to allocate sufficient time to discharge their duties and responsibilities effectively. Any additional external appointments require prior Board approval.

The Wates Principles emphasise the importance of ensuring directors have sufficient time to meet their board responsibilities. Before any appointment, significant commitments are disclosed with an indication of the time involved. After appointment to the Board, any new external appointments require prior Board approval. Time commitment is also considered during non-executive directors' year-end review meetings with the Chair, in the context of directors' performance and contribution to the Board.

Board papers relating to new director appointments or proposed additional external appointments for existing directors include details of the individual's full portfolio and anticipated time commitment for the external role(s) under consideration. They also include a reminder of applicable limits on the number of directorships which may be held, and relevant proxy adviser and investor guidance.

During 2025 the Board approved the appointments of Karin Cook and Josh Critchley to the Board and additional external appointments taken on by Geeta Gopalan, Rick Haythornthwaite and Gill Whitehead were also approved. In each case, the Board noted there would be no material impact on the time commitment required for their respective NWH Group roles and authorised any situational conflicts of interest which had been notified, under the process described below.

Board effectiveness review

In 2025, the Board and committee effectiveness review was conducted internally using the BoardOutlook technology platform. Key findings, recommendations and actions were aligned across NatWest Group plc and the NWH Sub Group and a summary of the outcomes and actions arising from the 2025 effectiveness review can be found on pages 119 to 121 of the NatWest Group plc 2025 Annual Report and Accounts. In December 2025, the Board agreed an action plan in response to the review recommendations and implementation of the actions will be overseen by the Nominations Committee during 2026. The Chair met each non-executive director individually to discuss their own performance and continuing professional development and contribution to the company's long term sustainable success.

Separately, the Senior Independent Director, together with the NatWest Group plc Senior Independent Director, sought feedback on the Chair's performance from the non-executive directors, executive directors and other key internal and external stakeholders and discussed it with the Chair.

3. Director responsibilities

Board policies and processes are set out in the non-executive director handbook, which operates as a consolidated governance support manual for non-executive directors of NatWest Group plc and the NWH Sub Group.

Accountability

All directors receive guidance on their statutory duties under the Companies Act 2006 and are supported in the discharge of their duties by the Chief Governance Officer and Company Secretary.

Each director has a role profile which clearly articulates their responsibilities and accountabilities, and any additional regulatory responsibilities and accountabilities are set out in their statement of responsibilities.

Conflicts of interest
The directors' conflicts of interest policy ensures that directors understand their fiduciary duties in respect of conflicts of interest and sets out the procedures for the effective identification, management and disclosure of actual or potential conflicts of interest. It also sets out the process for authorising certain conflicts.

Directors are required to notify the Board of any situational or transactional conflict of interest and to update the Board with any changes to the facts and circumstances surrounding such conflicts.

Situational conflicts can be authorised by the Board in accordance with the Companies Act 2006 and the company's Articles of Association. The Board considers each request for authorisation on a case-by-case basis and has the power to impose conditions or limitations on any authorisation granted as part of the process.

Details of all directors' conflicts of interest are recorded in a register which is maintained by the Chief Governance Officer and Company Secretary and reviewed annually by the Board.

The Board
The Board is the main decision-making forum for NWB Plc. The Board is collectively responsible for the long-term success of NWB Plc and the delivery of sustainable value to its shareholders. The Board's role is to provide leadership of NWB Plc and NWH Group, with particular focus on customers and employees. It sets and oversees the strategic direction of the NWH Group. It reviews and approves the NWB Plc risk management framework (including the risk appetite framework as a component thereof ('Risk Appetite Framework')) and risk appetite for principal risks in accordance with the Risk Appetite Framework; and it monitors performance against risk appetite for NWB Plc. It considers any material risks and approves, as appropriate, recommended actions escalated by the NatWest Holdings Board Risk Committee. It approves NWB Plc's key financial objectives and keeps the capital and liquidity positions of NWB Plc under review.

The Board's terms of reference include a formal schedule of matters specifically reserved for the Board's decision and are reviewed at least annually.
An internal review confirmed the Board had fulfilled its remit as set out in its terms of reference during 2025.

There were eight scheduled Board meetings during 2025. Additional ad hoc meetings of the Board and some of its committees were held throughout the year to receive updates and deal with time-critical matters. There was one additional Board meeting held in 2025. There were also two strategy sessions with executive management in 2025. When directors are unable to attend meetings convened at short notice, they receive the papers and have the opportunity to provide their feedback in advance.

At each scheduled Board meeting the directors received reports from the Chair, Board committee Chairs, CEO, CFO, Chief Risk Officer and other members of the executive management team, as appropriate. Business reviews from the CEOs of the Retail Banking, Private Banking & Wealth Management and Commercial & Institutional businesses included updates on progress against strategy and spotlights on current topics such as customer trends and trading outlook. In addition to business CEOs, a number of other senior executives attended Board meetings throughout the year to present reports to the Board. This provided the Board with an opportunity to engage directly with management on key issues and supported succession planning. The Board also welcomed external presenters and advisers to Board meetings, providing useful insights and perspectives.

Having non-executive directors on multiple Board committees supports effective governance by strengthening co-ordination and alignment on shared areas of focus, particularly in relation to audit, risk and remuneration matters.

Board committee members also work together to enhance their knowledge and understanding of the business through business visits and teach-ins. In 2025 these included joint Audit and Risk Committee visits to the Risk, Internal Audit and Finance functions.

In 2025 a board evolution action plan led to a range of enhancements to the way the Board and Board committees operated, including a rebalance of Board and committee responsibilities. Further details are set out in the NatWest Group plc 2025 Annual Report and Accounts.

Board committees
The Board has established a number of Board committees with particular responsibilities. The Audit, Risk, Performance & Remuneration, and Nominations Committees of NWH Ltd operate as committees of each of NWH Ltd, NWB Plc and RBS plc, with meetings running concurrently.

As at the date of this report:

The Audit Committee comprises five independent non-executive director members, one of whom is the Board Risk Committee Chair and two of whom are DINEDs. The committee assists the Board in discharging its responsibilities in relation to accounting policies, internal control, and financial reporting functions, including consideration of any relevant non-financial disclosures or related controls which may impact the financial statements It also reviews accounting reporting and regulatory standards of internal controls, and monitors processes for internal audit and external audit.

The Board Risk Committee comprises seven independent non-executive director members, one of whom is the Chair of the Audit Committee and two of whom are DINEDs. It provides oversight and advice to the Board in relation to current and potential future risk exposures, future risk profile, and the approval and effectiveness of NWB Plc's Risk Management Framework and (in conjunction with the Audit Committee) internal controls required to manage risk.

The Performance and Remuneration Committee (RemCo) comprises six independent non-executive directors, two of whom are DINEDs.

It assists the NatWest Group plc Performance and Remuneration Committee with the oversight and implementation of NatWest Group's remuneration policy and also considers and makes recommendations on remuneration arrangements for senior executives of NWB Plc.

The Nominations Committee comprises the Chair, Senior Independent Director and three further independent non-executive director members. It is responsible for assisting the Board in the formal selection and appointment of directors. It reviews the structure, size and composition of the Board, and membership and chairing of Board Committees.

The Sustainable Banking Committee transitioned to become the Group Technology, Innovation and Simplification Committee, a new NatWest Group plc Board level committee on 1 June 2025. As a result of this new Committee providing strategic oversight and advice on NatWest Group's use of technology, data, and innovation to support delivery of its strategic ambitions it was agreed to establish this at NatWest Group plc Board level only.

Executive Committee
The Executive Committee (ExCo) comprises NWB Plc's most senior executives and supports the CEO in managing NWH Group's business.

Decisions at all executive level committees, including the Executive Committee, are made under individual accountability where decision making authority lies with an individual (who usually chairs committee meetings) and committee members support the relevant individual in discharging their accountabilities. These committees provide a forum for debate and challenge of the key issues set out in their terms of reference with the role of members being to provide input, support and challenge the decision maker including whether to recommend matters to Board committees and the Board.

ExCo considers the delivery of strategy, financials, risk and customer, colleague and operational issues affecting NWH Group.

Members of the executive management team also have individual accountabilities for their respective areas of responsibility and have committees to support them in discharging these accountabilities.

Integrity of information

All directors receive accurate, timely and clear information on all relevant matters and have access to the advice and services of the Chief Governance Officer and Company Secretary. External advice is provided to the Board as required. In addition, all directors are able, if necessary, to obtain independent professional advice at NWB Plc's expense.

4. Opportunity and risk

The role of the Board is to promote the long-term sustainable success of NWB Plc.

The Board held two dedicated strategy sessions with the executive management team in 2025, and additional strategy updates to the Board during 2025. Within the context of a wider discussion at NatWest Group level, this provided an opportunity for the Board to assess opportunities and risks to the future success of the business, the sustainability of the business model and how its governance contributes to the delivery of its strategy. The Board reviews and approves risk appetite for NWB Plc's principal risks in accordance with the NatWest Group risk appetite framework; monitors performance against risk appetite for NWB Plc; and considers any material risks and approves, as appropriate, recommended actions escalated by the Board Risk Committee.

NWB Plc's risk strategy is informed and shaped by an understanding of the risk landscape including the principal risks it takes in carrying out business activities as well as the risks and uncertainties arising from the external economic, political and regulatory environments.

NWB Plc operates within NatWest Group's integrated enterprise-wide risk management framework. This is centred around the embedding of a strong risk culture and is designed to ensure the tools and capability are in place to facilitate sound risk management and decision-making. As part of the enterprise-wide risk management framework NWB Plc complies with NatWest Group's risk appetite framework, which is approved annually by the NatWest Group plc Board. NatWest Group's risk appetite is set in line with overall strategy.

Further information on NatWest Group's integrated enterprise-wide risk management framework including risk culture, risk appetite, risk identification, risk measurement and risk mitigation, as well as NWB Plc risk governance, can be found in the risk and capital management section of this report (pages 9 to 17).

5. Remuneration

The NatWest Group reward policy provides a consistent policy across all NatWest Group companies and ensures compliance with regulatory requirements. The reward policy is aligned with the Group's purpose and business strategy, as well as the desired culture and behaviours and long-term interests of NWH Ltd. The policy supports a culture where employees are rewarded for delivering sustainable long term organisational success and effective risk management.

The Group RemCo reviews remuneration for executives of NWB Plc and considers reports on the wider workforce including annual pay outcomes and diversity information. The Group RemCo helps to ensure that the remuneration policies, procedures and practices being applied are appropriate for NWB Plc. Executive remuneration structures incentivise individuals to deliver sustainable performance based on strategic objectives for NatWest Group and the relevant business area. Performance is assessed against a balanced scorecard of financial and non-financial measures and variable pay is subject to retention and holding periods as appropriate, as well as malus and clawback provisions to ensure rewards are justified in the long-term.

NatWest Group continued to embed Beyond – our performance management philosophy launched in 2024 – across the bank. Colleague goals remain set against a balanced scorecard of measures to support business strategy and strategic purpose. NatWest Group continues to pay colleagues fairly for the work they do, supported by simple and transparent pay structures in line with industry best practices. NatWest Group keeps policies and processes under review to ensure it does so.

NatWest Group are proud to be an accredited Living Wage Employer, demonstrating our commitment to setting pay levels above the real living wage rates. In 2025, we furthered our commitment to fair pay by achieving re-certification as a Global Living Wage Employer, recognising that our rates of pay for colleagues outside the UK are at or above the living wage threshold as defined by the Fair Wage Network.

NatWest Group helps colleagues to have an awareness of the financial and economic factors affecting its performance through quarterly 'Results Explained' communications and events with the Group CEO and Group CFO.

Further information on the remuneration policy, pay ratios and employee share plans can be found in the director's remuneration report of the NatWest Group plc 2025 Annual Report and Accounts. Gender and ethnicity pay gap information can be found in the Strategic report section of the NatWest Group plc 2025 Annual Report and Accounts and at natwestgroup.com, along with the steps being taken to build a skilled, engaged and inclusive workforce.

6. Stakeholder relationships and engagement

In February 2025 the Board confirmed the Board's key stakeholder groups - investors, customers. colleagues, communities, regulators and suppliers. The Board's agenda and engagement plans were structured to enhance the Board's understanding of these stakeholders' views and interests. This in turn has informed Board discussions and decision-making.

For further information on stakeholder engagement activities undertaken within NatWest Group which impacted NWH Group, refer to pages 36 to 37 and pages 117 to 118 of the NatWest Group plc 2025 Annual Report and Accounts, and below under Additional colleague-related disclosures (workforce engagement including the Colleague Advisory Panel).

Engagement with colleagues, suppliers, customers and others

For further details on the Board's engagement with colleagues, customers, suppliers and others, and how these stakeholders' interests have influenced Board discussions and principal decisions, refer to page 36 of the Strategic report which includes a section 172(1) statement and signposts to further information contained in the NatWest Group plc 2025 Annual Report and Accounts.

Additional colleague-related disclosures

Informing and consulting colleagues

NatWest Group listens to our colleagues and uses this insight to attract, engage and retain the best talent for the future. In 2025, our colleague listening strategy included: regular colleague opinion surveys; a Colleague Advisory Panel (CAP) connected directly with our Board; the Colleague Experience Squad, which provided feedback on colleague products and services; and Engage, our social media platform. We also track metrics and key performance indicators, which we can benchmark with sector and high-performing comparisons.

Over 50,000 colleagues (83% participant rate) across all countries and levels participated in our September 2025 Our View colleague survey. (1) The results showed continued strong performance, particularly when compared to the Global Financial Services (GFS) and Global High Performance (GHP) norms. Marginal gains were achieved across most categories, demonstrating systemic improvements. Specifically, eight out of 14 categories improved, two remained static, and four declined compared with September 2024.

Regular interactions with employee representatives such as trade unions, elected employee bodies and work councils are a vital means of transparency and engagement for NatWest Group. These sessions are frequently used to discuss developments and updates on the progress of strategic priorities. NatWest Group is also committed to respecting employees' rights of freedom of association across all its business. In addition, the CAP remains a vital part of NatWest Group's governance and listening strategy, ensuring that the voice of colleagues is heard and considered at Board level. Chaired by non-executive director Roisin Donnelly, CAP met twice in 2025 – March and September – with strong cross-functional representation and active engagement from Board members. CAP membership is refreshed regularly and currently comprises 31 self-nominated colleagues, representing a cross-section of the bank by grade, business area, location and working pattern. Topics are either chosen by CAP or are requested by Board, and in 2025 have included our new core behavioural framework, our new global recognition approach Recognise, and our standing annual item: executive and wider workforce remuneration.

(1) NatWest Group Our View results exclude Ulster Bank RoI.

Employment of disabled colleagues and colleagues with long-term conditions

NatWest Group makes reasonable workplace adjustments to support colleagues with disabilities and long-term conditions to succeed. If a colleague develops a disability or long-term condition, NatWest Group will, wherever possible, make reasonable adjustments to support them in their existing job or re-deploy them to a more suitable alternative job. The NatWest Group Careers site gives comprehensive insights into NatWest Group jobs, culture, locations, and application processes. It also hosts a variety of blog content to portray stories of what it is like to work at NatWest Group. The company also makes sure that candidates can easily request reasonable adjustments to support at any stage of the recruitment process.

Internal control over financial reporting

The internal controls over financial reporting for NWH Group are managed at NatWest Group level. Any deficiencies identified are reported to Group Audit Committee along with management's remediation plans.

NatWest Group's auditors have audited the effectiveness of NatWest Group's internal control over financial reporting and have given an unqualified opinion.

Directors' interests

Where directors of NWB Plc are also directors of NatWest Group plc, their interests in the shares of the ultimate holding company at 31 December 2025 are shown in the Corporate Governance, Annual report on remuneration section of the NatWest Group plc 2025 Annual Report and Accounts. None of the directors held an interest in the loan capital of the ultimate holding company or in the shares or loan capital of NWB Plc or any of its subsidiaries, during the period from 1 January 2025 to 12 February 2026.

Directors' indemnities

In terms of section 236 of the Companies Act 2006 (the 'Companies Act'), Qualifying Third Party Indemnity Provisions have been issued by the ultimate holding company to its directors, members of NWB Plc's Executive Committee, individuals authorised by the PRA/FCA and certain directors and/or officers of NatWest Group's subsidiaries and trustees of NatWest Group's pension scheme.

The indemnities referenced above were in force throughout the financial year, including for individuals who resigned during the year, and remain in force as at the date of this report.

The ultimate holding company also maintains Directors' and Officers' Liability Insurance to provide appropriate protection to directors and/or officers from liabilities that may arise against them in connection with their role.

Going concern

NWB Group's business activities and financial position, the factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed, and its capital are discussed in the Business review. NWH Group's regulatory capital resources and significant developments in 2025, and anticipated future developments are detailed in the Capital, liquidity and funding section on pages 53 to 60. This section also describes NWH Group's funding and liquidity profile, including changes in key metrics and the build-up of liquidity reserves.

The directors have prepared the financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date the financial statements are approved.

Political donations

During 2025, no political donations were made in the UK or EU, nor any political expenditure incurred in the UK or EU.

Directors' disclosure to auditors

Each of the directors at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which NWB Plc's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that NWB Plc's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act.

Auditors

Ernst & Young LLP (EY) are the current auditors of the company. Following a tender undertaken in 2022, overseen by the Group Audit Committee, NatWest Group plc announced its intention to appoint PricewaterhouseCoopers (PwC) as auditors for the financial period ending 31 December 2026. This will be the last period of audit by EY as they will not be proposed for re-appointment as auditors by NatWest Group. A resolution to appoint PwC as the NatWest Group auditors will be proposed at the forthcoming AGM of NatWest Group.

By order of the Board

Gary Moore
Chief Governance Officer and Company Secretary
12 February 2026
National Westminster Bank Plc
Is registered in England No. 929027

Statement of directors’ responsibilities

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on pages 81 to 91.

The directors are responsible for the preparation of the Annual Report and Accounts. The directors are required to prepare Group financial statements, and as permitted by the Companies Act 2006 have elected to prepare company financial statements, for each financial year in accordance with UK adopted International Accounting Standards. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows of NWB Group and NWB Plc. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of NWB Group and to enable them to ensure that the Annual Report and Accounts complies with the Companies Act 2006. They are also responsible for safeguarding the assets of NWB Plc and NWB Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors’ report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors’ report (incorporating the Financial review) includes a fair review of the development and performance of the business and the position of the Bank and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Richard Haythornthwaite
Chair

John-Paul Thwaite
Chief Executive Officer

Katie Murray
Chief Financial Officer

12 February 2026

Board of directors

Chair
Richard Haythornthwaite

Executive directors
John-Paul Thwaite
Katie Murray

Non-executive directors
Francesca Barnes
Karin Cook
Joshua Critchley
Roisin Donnelly
Patrick Flynn
Geeta Gopalan
Yasmin Jetha
Stuart Lewis
Mark Rennison
Gillian Whitehead
Lena Wilson

Financial statements

Independent auditors' report to the members of National Westminster Bank Plc

Opinion

In our opinion:

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

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

Group	Bank
• Consolidated balance sheet as at 31 December 2025; • Consolidated income statement for the year then ended; • Consolidated statement of comprehensive income for the year then ended; • Consolidated statement of changes in equity for the year then ended; • Consolidated cash flow statement for the year then ended; • Accounting policies; • Related Notes 1 to 36 to the financial statements; and • Risk and capital management section of the Strategic report identified as 'audited'.	• Balance sheet as at 31 December 2025; • Statement of changes in equity for the year then ended; • Cash flow statement for the year then ended; • Accounting policies; and • Related Notes 5, 7-22 and 24-36 to the financial statements.

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

Basis for opinion

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

Independence

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

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

Conclusions relating to going concern

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

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

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

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

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further two components. • We performed central procedures for certain audit areas and balances as outlined in the Tailoring the scope section of our report.	
Key audit matters	• Expected credit loss provisions • Pension valuation and net pension balance • IT access management • Valuation of investments in group undertakings in the Bank's accounts	(Consistent with prior year) (Consistent with prior year) (Consistent with prior year) (Consistent with prior year)
Materiality	• Overall Group materiality of £282 million (2024 - £237 million) which represents 5% of profit before tax of the Group of £5,726 million (2024 - £4,663 million) adjusted for non-recurring items. • Bank materiality of £227 million (2024 - £216 million), which is 1% (2024 - 1%) of equity of the Bank.	

An overview of the scope of the Bank and Group audits

Tailoring the scope

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

The scoping for the current year is as follows:

Component	Scope	Key locations where work was performed
Retail Banking	Full	United Kingdom
Commercial & Institutional	Full	United Kingdom
Private Banking & Wealth Management	Specific	United Kingdom
Digital X	Specific	United Kingdom

We determined that centralised audit procedures can be performed across the identified components in the following audit areas: financial control and reporting; modelled expected credit loss provisions; pensions, valuation of investment in subsidiaries, information technology; provisions for customer redress, litigation and other regulatory matters; and taxation.

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

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

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

Having identified the components for which work will be performed, we determined the scope to assign to each component. Our scoping to address the risk of material misstatement for each key audit matter is included in the Key audit matters section of our report.

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

	Full scope (1)	Specific scope (2)
Total assets	85%	15%
Total equity	98%	0%
Total income	89%	8%

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

Involvement with component audit teams

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

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

Climate change

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

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

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

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

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

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact within the key audit matter for expected credit loss provisions and valuation of investments in group undertakings in the Bank's financial statements. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

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

Risk	Our response to the risk
Expected credit loss (ECL) provisions	
At 31 December 2025 the Group reported total gross loans – amortised cost and fair value through other comprehensive income (FVOCI) of £360.4 billion (2024 - £341.7 billion) and £3.0 billion of expected credit losses (ECL) (2024 - £2.8 billion). Management's judgements and estimates are especially subjective due to significant uncertainty associated with the assumptions used. Aspects with increased complexity and judgements in respect of the timing and measurement of ECL include: • **Economic scenarios** - Macroeconomic forecasts, scenarios and weightings adequately consider the volatility in geopolitical and economic environment, and impacts of global and UK policy decisions on wholesale sectors and UK consumers. We considered whether the quantitative approach to probability weightings of scenarios adequately captured the economic outlook. • **Models and model assumptions** - Appropriateness of modelling assumptions, model build and methodology, and data used to calculate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). • **Post-model adjustments (PMAs)** - Completeness and valuation of post-model adjustments which represent approximately 9% of total ECL (2024 - 10%), including adjustments required to address the limitation of models to adequately incorporate affordability, inflation, liquidity challenges from ongoing geopolitical and economic uncertainties. • **Individual provisions** - Measurement of individual provisions including the assessment of multiple scenarios and probability weights, the impact of the current uncertain geopolitical and economic outlook on exit or recovery strategies, collateral valuations, and time to collect; and • **Staging** - Completeness and accuracy of allocation of assets into stage 1, 2 and 3 using criteria in accordance with IFRS 9.	**Controls testing** - Controls testing - We evaluated the design and operating effectiveness of controls over the ECL process, including those over management's judgements and estimates, as well as the associated controls over relevant information technology systems. These controls, among others, included: • the staging of assets per management's criteria, and their monitoring of stage effectiveness; • model governance including development, monitoring and independent validation; • data accuracy and completeness; • credit monitoring; • multiple economic scenarios; • the governance and management review of post-model adjustments; and • individual provisions. **Economic scenarios** - We involved EY economic specialists to assist us in evaluating the base case and alternative economic scenarios, including evaluating probability weights. We assessed the most significant variables such as GDP, unemployment rate, UK Stock Price Index, House Price Index, comparing the forecasts across all scenarios with multiple benchmarks against the backdrop of persistent inflation, restrictive trade policies, geopolitical events as well as climate risks. With the support of our credit modelling specialists, we evaluated the correlation and translation of the macroeconomic factors, including the impacts of alternative paths or weights to ECL. **Models and model assumptions** - We selected a sample of models based on both quantitative and qualitative factors such as portfolio size and risks, model complexities, and external factors. We involved EY modelling specialists to test the assumptions, inputs, methodology and model build through a combination of assessing model design and formulae, alternative modelling techniques, recalculations and independent implementation of new models during the year. We considered the key portfolio movements during the year including growth of the retail unsecured portfolio, both organic and through acquisitions, alongside changes in recovery strategies, to challenge model performance. To evaluate data quality, we agreed a sample of key data points to source systems, and tested ECL data reconciliations from the calculation engine through to the general ledger and disclosures. **Post-Model Adjustments (PMAs)** - We, along with our modelling and economic specialists, tested the appropriateness, adequacy and completeness of the PMAs held at year end in response to model and data limitations. This included challenging management's identification of high-risk retail customers and commercial sub-sectors that were considered most at risk from the current economic and geopolitical headwinds. This included those that were susceptible to affordability challenges, inflation risks, supply chain and liquidity challenges. We also challenged the continued recognition of PMAs from previous years, by checking the latest default trends in specific cohorts. We assessed PMAs against the risk of double counting of either certain portfolios/customers or identified risks. **Individual provisions** – We recalculated and challenged the scenarios, assumptions, and cash flows for a sample of individual provisions including the alternative scenarios and probability weights assigned, involving EY valuation specialists where appropriate. The samples considered higher risk sectors, such as telecommunications, health, power utilities, oil and gas, retail and leisure. We considered the impact of the current geopolitical and economic outlook and climate change had on collateral valuations and time to collect as well as whether planned exit strategies remained viable.

Risk	Our response to the risk
Expected credit loss (ECL) provisions continued	
	Staging - We evaluated the staging criteria used by management by performing independent tests to assess staging effectiveness and stability, as well as recalculating the staging of the complete population of assets. We performed sensitivity analyses of different staging criteria, and collective staging downgrades to industries, geographic regions and high-risk populations that are exposed to recent economic, geopolitical or climate change stresses. On the non-personal portfolio, we recalculated the risk ratings for a sample of performing loans and focused our testing on certain risk characteristics such as loans in management's Problem Debt Management framework, high-risk industries - commercial real estate, telecommunications, private markets, automotive, retail and leisure. **Standback assessment** - We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable by performing analytical reviews, trend analysis, peer benchmarking and sensitivity analysis, which included assessing the impact of changing selected variables, and their impacts on the ECL coverage levels.

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

We performed centralised procedures and full scope audit procedures over this risk, which covered 100% of the ECL balance.

Key observations communicated to the NatWest Holdings (NWH) Group Audit Committee[(1)]

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

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

Relevant references in the Annual Report and Accounts

Credit Risk section of the Risk and capital management section identified as 'audited'
Accounting policies
Note 13 to the financial statements

(1) The NWH Group Audit Committee covers the ring-fenced bank legal entities of NatWest Group plc, including National Westminster Bank Plc.

Risk	Our response to the risk
Pension valuation and net pension balance	
The Group operates several defined benefit schemes which, in aggregate, are significant given the size of gross pension assets and liabilities in the context of the financial statement disclosures. At 31 December 2025, the Group reported a net pension asset from schemes in surplus of £5 million (2024 - £4 million) and a net pension liability from schemes in deficit of £50 million (2024 - £41 million). The fair value of plan assets of £29.6 billion (2024 - £30.4 billion) and present value of defined benefit obligation of £24.8 billion (2024 - £25.2 billion) are sensitive to changes in the key judgements and assumptions, alongside the effects of the uncertain geopolitical and economic outlook, which include: • **Assumptions** - Actuarial assumptions and inputs including discount rate, inflation and longevity to determine the valuation of retirement benefit liabilities; • **Valuations** - Pricing inputs and calibrations for illiquid or complex model-dependent valuations of certain investments held by the schemes; and • **Augmentation cap** - Quantification of trustees' rights to unilaterally augment benefits (Augmentation cap) to determine the recognition of surplus.	**Controls testing** - We evaluated the design and operating effectiveness of controls over the defined benefit obligation process including the setting of actuarial assumptions, the data inputs used in the actuarial calculation and the measurement of the fair value of the schemes' assets. **Assumptions** - We involved our actuarial specialists to evaluate the actuarial assumptions used to calculate the defined benefit obligation by comparing them to ranges independently developed from third party sources and market practice. We assessed the impact on pension liabilities due to changes in financial, demographic and longevity assumptions over the year, and whether these were supported by objective external evidence and rationales, including the effects of the uncertain geopolitical and economic outlook. **Valuations** - We tested the fair value of scheme assets by independently calculating the fair value for a sample of the assets held. Our sample included cash, equity and debt instruments, derivative financial instruments, and illiquid assets. We involved our valuation specialists to assess the appropriateness of management's valuation methodology used in the valuation of the complex, illiquid and buy-in insurance assets including the judgements made in the determining significant assumptions used. We independently re-priced illiquid and complex assets that had been valued using unobservable market inputs, using alternative pricing sources where available, to evaluate management's valuations. **Augmentation cap and equalisation adjustments** - We involved our actuarial specialists to assess the estimation of the Augmentation cap including the inputs used in the calculation. We also assessed the methodology and judgements made in calculating these estimates and the associated accounting treatment in accordance with IAS 19 and IFRIC 14. **Disclosure** - We assessed the adequacy of the disclosures made in the financial statements, including the appropriateness of the assumptions, sensitivities and disclosures over investment strategy and risk management.

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

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

Key observations communicated to the NWH Group Audit Committee

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

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

Relevant references in the Annual Report and Accounts

Accounting policies
Note 5 to the financial statements

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

Risk	Our response to the risk
Valuation of investments in group undertakings in the Bank's accounts.	
At 31 December 2025 the Bank reported investments in group undertakings of £2.5 billion (2024 - £2.5 billion). Management assessed investments in subsidiaries of the Bank, as at 31 December 2025, for indicators of impairment or whether impairment charges recognised in prior periods should be reversed in accordance with IAS 36. Where indicators have been identified, management assess any asset impairment based upon value in use. As a result of the assessment management concluded that in the Bank's accounts the carrying amount investments in group undertakings is recoverable. These estimates are based on the five-year revenue and cost forecasts and the output of a subsequent value in use computation, within which we identify the following key judgements / estimates: • Profitability estimates • Macroeconomic assumptions; • Capital forecasts; and • Modelling assumptions and inputs (including discount rate and long-term growth rate).	**Controls testing** - We evaluated the design and operating effectiveness of controls over the key judgemental inputs (macroeconomic assumptions including interest rates, business forecasts and capital). In addition, we have assessed the controls over the methodology, models and methods utilised in the Value in Use (VIU) calculation. **Assumption and model testing:** • Tested the mathematical accuracy of the models and calculations utilised in the VIU computation. • Challenged the reasonableness and achievability of management forecasts from a combination of historical performance, benchmarking with external data and evaluating underlying business strategies. • Evaluated the appropriateness of significant assumptions (macroeconomic, modelling assumptions and inputs) with the input of our specialist teams. • Challenged and evaluated the appropriateness of the Discount Rate applied to individual subsidiary legal entities. • Assessed the sensitivity of the VIU to reasonable variations in significant assumptions, both individually and in aggregate. **Disclosure** - We challenged and verified the adequacy of the information disclosed in the Bank's annual accounts in accordance with applicable standards and regulations.

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

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

Key observations communicated to the NWH Group Audit Committee

We are satisfied that the carrying value of investments in group undertakings in the Bank's accounts were reasonable and recognised in accordance with IFRS. We highlighted the following matters to the NWH Group Audit Committee that contributed to our overall conclusion:

- Effectiveness of the overall control environment, including management's identification of compensating controls where deficiencies were identified;
- Reasonableness of the methodologies, judgements and assumptions used by management to conclude upon the recognition of the related balances;
- Management's approach to estimating the recoverable amounts for the subsidiaries of the Group is reasonable.

Relevant references in the Annual Report and Accounts

Accounting policies
Note 14 to the financial statements

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be £282 million (2024 - £237 million), which is 5% (2024 - 5%) of profit before tax of the Group of £5,726 million (2024 - £4,663 million) adjusted for non-recurring items. We believe removing these non-recurring items reflects the most useful measure for users of the financial statements and is consistent with the prior year. The 5% basis used for Group materiality is consistent with the wider industry and is the standard for listed and regulated entities.

We determined materiality for the Bank to be £227 million (2024 - £216 million), which is 1% (2024 - 1%) of equity of the Bank. We believe this reflects the most useful measure for users of the financial statements as the Bank's primary purpose is to act as a holding company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure is not relevant.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024 - 75%) of our planning materiality, namely £212 million (2024 - £178 million). We have set performance materiality at this percentage based on our experience of misstatements and consistent effectiveness of the control environment.

Audit work was undertaken at component teams for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £79 million to £169 million (2024 - £68 million to £159 million).

Reporting threshold

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

We agreed with the NWH Audit Committee that we would report to them all uncorrected audit differences in excess of £14 million (2024 - £12 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report and Accounts, including the Strategic report, Report of the directors, Statement of directors' responsibilities, Risk factors, and Forward-looking statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Report of the directors.

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

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

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

Use of our report

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

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

Consolidated income statement

for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Interest receivable		**19,148**	18,100
Interest payable		**(9,497)**	(9,892)
Net interest income	1	**9,651**	8,208
Fees and commissions receivable		**2,419**	2,276
Fees and commissions payable		**(597)**	(542)
Other operating income		**2,147**	2,031
Non-interest income	2	**3,969**	3,765
Total income		**13,620**	11,973
Staff costs		**(3,392)**	(3,301)
Premises and equipment		**(1,183)**	(1,099)
Other administrative expenses		**(1,588)**	(1,576)
Depreciation and amortisation		**(1,078)**	(987)
Operating expenses	3	**(7,241)**	(6,963)
Profit before impairment losses		**6,379**	5,010
Impairment losses	13	**(653)**	(347)
Operating profit before tax		**5,726**	4,663
Tax charge	7	**(1,528)**	(1,238)
Profit for the year		**4,198**	3,425
Attributable to:			
Ordinary shareholders		**3,965**	3,237
Paid-in equity holders		**233**	194
Non-controlling interests		**-**	(6)
		4,198	3,425

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	2025 £m	2024 £m
Profit for the year	**4,198**	3,425
Items that do not qualify for reclassification		
Remeasurement of retirement benefit schemes	**1**	(150)
Tax	**(1)**	39
	-	(111)
Items that do qualify for reclassification		
FVOCI financial assets	**115**	(28)
Cash flow hedges (1)	**73**	405
Currency translation	**6**	(18)
Tax	**(54)**	(107)
	140	252
Other comprehensive income after tax	**140**	141
Total comprehensive income for the year	**4,338**	3,566
Attributable to:		
Ordinary shareholders	**4,105**	3,377
Paid-in equity holders	**233**	194
Non-controlling interests	**-**	(5)
	4,338	3,566

(1) Refer to footnotes 1 and 2 of the Statement in changes in equity.

Balance sheet
as at 31 December 2025

	Note	NWB Group 2025 £m	NWB Group 2024 £m	NWB Plc 2025 £m	NWB Plc 2024 £m
Assets					
Cash and balances at central banks	9	**29,939**	35,095	**29,911**	35,083
Derivatives	12	**1,093**	2,874	**1,106**	2,892
Loans to banks - amortised cost	9	**4,515**	3,426	**4,261**	3,148
Loans to customers - amortised cost	9	**345,643**	332,013	**310,121**	297,548
Amounts due from holding companies and fellow subsidiaries	9	**7,186**	3,736	**38,965**	36,383
Securities subject to repurchase agreements		**15,004**	8,984	**15,004**	8,984
Other financial assets excluding securities subject to repurchase agreements		**38,120**	30,587	**37,152**	29,814
Other financial assets	15	**53,124**	39,571	**52,156**	38,798
Investment in group undertakings	14	**-**	-	**2,477**	2,520
Other assets	16	**8,039**	7,594	**5,652**	5,503
Total assets		**449,539**	424,309	**444,649**	421,875
Liabilities					
Bank deposits	9	**33,020**	24,780	**33,016**	24,778
Customer deposits	9	**325,069**	318,290	**282,427**	275,972
Amounts due to holding companies and fellow subsidiaries	9	**57,106**	47,724	**98,661**	90,925
Derivatives	12	**764**	1,177	**780**	1,323
Other financial liabilities	19	**5,333**	4,999	**3,670**	3,824
Subordinated liabilities	20	**122**	122	**119**	119
Notes in circulation		**1,049**	935	**1,049**	935
Other liabilities	21	**2,947**	3,164	**2,242**	2,390
Total liabilities		**425,410**	401,191	**421,964**	400,266
Owners' equity	22	**24,121**	23,093	**22,685**	21,609
Non-controlling interests		**8**	25	**-**	-
Total equity		**24,129**	23,118	**22,685**	21,609
Total liabilities and equity		**449,539**	424,309	**444,649**	421,875

Owners' equity of NWB Plc as at 31 December 2025 includes the profit for the year of £4,227 million (2024 - £3,613 million).

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

Richard Haythornthwaite
Chair

John-Paul Thwaite
Chief Executive Officer

Katie Murray
Chief Financial Officer

National Westminster Bank Plc
Registration No. 929027

Statement of changes in equity

for the year ended 31 December 2025

		NWB Group		NWB Plc	
		2025	2024	**2025**	2024
	Note	**£m**	£m	**£m**	£m
Called-up share capital - at 1 January and 31 December	22	**1,678**	1,678	**1,678**	1,678
Paid-in equity - at 1 January		**3,317**	2,518	**3,317**	2,518
Redeemed		**(1,877)**	-	**(1,877)**	-
Issued		**1,741**	799	**1,741**	799
At 31 December	22	**3,181**	3,317	**3,181**	3,317
Share premium account - at 1 January and 31 December		**2,225**	2,225	**2,225**	2,225
Merger reserve - at 1 January		**10**	28	**-**	-
Amortisation		**(8)**	(18)	**-**	-
At 31 December		**2**	10	**-**	-
FVOCI reserve - at 1 January		**(63)**	(41)	**(66)**	(52)
Unrealised gains/(losses)		**108**	(46)	**111**	(52)
Realised losses		**7**	18	**7**	32
Tax		**(34)**	6	**(34)**	6
At 31 December		**18**	(63)	**18**	(66)
Cash flow hedging reserve - at 1 January		**(308)**	(600)	**(307)**	(601)
Amounts recognised in equity (1)		**(33)**	119	**(33)**	125
Reclassification of OCI to P&L (2)		**106**	286	**105**	283
Tax		**(20)**	(113)	**(20)**	(114)
At 31 December		**(255)**	(308)	**(255)**	(307)
Foreign exchange reserve - at 1 January		**(123)**	(104)	**(30)**	(18)
Retranslation of net assets		**37**	(44)	**30**	(28)
Foreign currency (losses)/gains on hedges of net assets		**(29)**	25	**(17)**	16
Recycled to profit or loss on disposal of businesses		**(2)**	-	**(2)**	-
At 31 December		**(117)**	(123)	**(19)**	(30)
Capital redemption reserve - at 1 January and 31 December		**820**	820	**820**	820
Retained earnings - at 1 January		**15,537**	14,871	**13,972**	13,131
Profit attributable to ordinary shareholders and other equity owners		**4,198**	3,431	**4,227**	3,613
Paid-in equity dividends paid		**(233)**	(194)	**(233)**	(194)
Ordinary dividends paid		**(2,988)**	(2,516)	**(2,988)**	(2,516)
Redemption/reclassification of paid-in equity		**(34)**	-	**(34)**	-
Remeasurement of the retirement benefit schemes					
- gross		**1**	(150)	**3**	(139)
- tax		**(1)**	39	**(1)**	39
Employee share schemes					
- gross		**19**	16	**19**	16
- tax		**-**	6	**-**	6
Share-based remuneration					
- gross		**4**	(5)	**4**	(5)
- tax		**19**	21	**19**	21
Sharing in success		**49**	-	**49**	-
Amortisation of merger reserve		**8**	18	**-**	-
Purchase of non-controlling interest		**(10)**	-	**-**	-
At 31 December		**16,569**	15,537	**15,037**	13,972

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

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

	NWB Group		NWB Plc	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Owners' equity at 31 December	**24,121**	23,093	**22,685**	21,609
Non-controlling interests - at 1 January	**25**	35	**-**	-
Currency translation adjustments and other movements	**-**	1	**-**	-
Loss attributable to non-controlling interests	**-**	(6)	**-**	-
Dividends paid	**(6)**	(5)	**-**	-
Purchase of non-controlling interest	**(11)**	-	**-**	-
At 31 December	**8**	25	**-**	-
Total equity at 31 December	**24,129**	23,118	**22,685**	21,609
Attributable to:				
Ordinary shareholders	**20,940**	19,776	**19,504**	18,292
Paid-in equity holders	**3,181**	3,317	**3,181**	3,317
Non-controlling interests	**8**	25	**-**	-
	24,129	23,118	**22,685**	21,609

(1) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and a decrease in swap rates in the year. The portfolio of hedging instruments are predominantly pay fixed swaps.

(2) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised costs, balances at central banks, bank deposits and customer deposits. Refer to Note 12.

Cash flow statement

for the year ended 31 December 2025

		NWB Group		NWB Plc	
		2025	2024	2025	2024
	Note	£m	£m	£m	£m
Cash flows from operating activities					
Operating profit before tax		**5,726**	4,663	**5,591**	4,680
Adjustments for:					
Non-cash and other items	28	**540**	2,174	**(62)**	1,424
Changes in operating assets and liabilities	28	**10,111**	(5,981)	**9,514**	(7,007)
Income taxes paid		**(1,756)**	(1,186)	**(1,515)**	(993)
Net cash flows from operating activities (1,2)		**14,621**	(330)	**13,528**	(1,896)
Cash flows from investing activities					
Sale and maturity of other financial assets		**32,655**	34,959	**31,898**	33,860
Purchase of other financial assets		**(45,399)**	(42,561)	**(44,449)**	(41,551)
Income received on other financial assets		**1,436**	798	**1,404**	768
Net movement in business interests and intangible assets	27	**(352)**	(2,883)	**(401)**	(2,861)
Dividends received from subsidiaries		**-**	-	**487**	553
Sale of property, plant and equipment		**52**	183	**36**	101
Purchase of property, plant and equipment		**(659)**	(452)	**(237)**	(252)
Net cash flows from investing activities		**(12,267)**	(9,956)	**(11,262)**	(9,382)
Cash flows from financing activities					
Issue of paid-in equity		**1,741**	799	**1,741**	799
Redemption of paid-in equity		**(1,911)**	-	**(1,911)**	-
Issue of subordinated liabilities		**830**	600	**830**	600
Redemption of subordinated liabilities		**(500)**	(579)	**(500)**	(579)
Interest paid on subordinated liabilities		**(175)**	(184)	**(174)**	(159)
Issue of MRELs		**1,544**	1,187	**1,544**	927
Maturity and redemption of MRELs		**-**	(1,190)	**-**	(930)
Interest paid on MRELs		**(251)**	(247)	**(227)**	(215)
Dividends paid		**(3,227)**	(2,715)	**(3,221)**	(2,710)
Purchase of minority interest		**(21)**	-	**-**	-
Net cash flows from financing activities		**(1,970)**	(2,329)	**(1,918)**	(2,267)
Effects of exchange rate changes on cash and cash equivalents		**131**	(256)	**141**	(259)
Net increase/(decrease) in cash and cash equivalents		**515**	(12,871)	**489**	(13,804)
Cash and cash equivalents at 1 January		**39,130**	52,001	**38,678**	52,482
Cash and cash equivalents at 31 December (3)	30	**39,645**	39,130	**39,167**	38,678

(1) NWB Group includes interest received of £18,825 million (2024 - £17,968 million) and interest paid of £9,675 million (2024 - £9,807 million), and NWB Plc includes interest received of £18,036 million (2024 – £17,094 million) and interest paid of £9,722 million (2024 - £9,581 million).

(2) The total cash outflow for leases for NWB Group was £75 million (2024 - £78 million) and for NWB Plc £63 million (2024 - £66 million). This included payment of principal for NWB Group of £61 million (2024 - £63 million) and NWB Plc of £55 million (2024 - £58 million). These amounts are included in operating activities in the cash flow statement.

(3) Cash and cash equivalents comprise loans and advances due from the holding company and fellow subsidiaries with an original maturity of less than three months for 2025 and 2024.

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Accounting policies

1. Presentation of financial statements

National Westminster Bank Plc (NWB Plc) is incorporated in the UK and registered in England and Wales. The financial statements are presented in the functional currency, pounds sterling.

The audited financial statements include these accounting policies, the accompanying notes to the financial statements on pages 104 to 167 and the audited sections of the Risk and capital management section on pages 9 to 72 which together from an integral part of the primary financial statements. The directors have prepared the financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date the financial statements are approved (refer to the Report of the directors) and in accordance with UK adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The critical and material accounting policies and related judgements are set out below.

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

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

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

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

On the acquisition of a business from a NatWest Group company, the assets, liabilities and IFRS reserves, such as the cash flow hedging reserve, are recognised at their inherited values taken from the consolidated financial statements of NatWest Group plc and include the accounting history since initial recognition. The acquirer recognises, in merger reserve, any difference between the consideration paid and the net items recognised at inherited values.

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

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

How Climate risk affects our accounting judgements and estimates

Business planning

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

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

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

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

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

Information used in other accounting estimates

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

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

Effect of climate change in the estimation of ECL

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

Future cashflows are discounted, so long-dated cashflows are less likely to affect current expectations on credit loss. Our assessment of sector-specific risks, and whether additional adjustments are required, includes expectations of the ability of those sectors to meet their financing needs in the market.

Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

2. Critical accounting policies

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

Information used for significant estimate

Policy	Judgement	Estimate	Further information
Fair value – financial instruments	Classification of a fair value instrument as level 3, where the valuation is driven by unobservable inputs.	Estimation of the fair value, where it is reasonably possible to have alternative assumptions in determining the FV.	Note 10
Loan impairment provisions	Definition of default against which to apply PD, LGD and EAD models. Selection of multiple economic scenarios. Criteria for a significant increase in credit risk. Identification of risks not captured by the models.	ECL estimates contain a number of measurement uncertainties (such as the weighting of multiple economic scenarios) and disclosures include sensitivities to show the impact on other reasonably possible scenarios.	Note 13
Investment in Group undertakings (parent company only)		Our estimates are based on the five-year revenue and cost forecasts (which include inherent uncertainties). Long term growth rate and discount rate are subject to uncertain factors.	Note 14

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

2.1. Fair value – financial instruments

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

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

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

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

2.2. Loan impairment provisions: ECL

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

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

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

The measurement of ECL considers the ability of borrowers to make payments as they fall due. Future cashflows are discounted, so long dated cashflows are less likely to affect current expectations on credit loss. Our assessment of sector specific risks, and whether additional adjustments are required, include expectations of the ability of those sectors to meet their financing needs in the market.

Changes in credit stewardship and credit risk appetite that stem from climate transition policies may directly affect our positions.

Judgement is exercised as follows:

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

2. Critical accounting policies continued

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

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

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

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

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

2.3. Investment in Group undertakings

Our investments in Group undertakings (subsidiaries) are stated at cost less any impairment.

3. Material accounting polices

3.1. Revenue recognition

Interest receivable and payable are recognised in the income statement using the effective interest rate method for all financial instruments measured at amortised cost; debt instruments measured at fair value through other comprehensive income; and the effective part of any related accounting hedging instruments. Finance lease income is recognised at a constant periodic rate of return before tax on the net investment on the lease.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value and is reported in other operating income. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

3.2. Staff costs

Employee costs, such as salaries, paid absences, and other benefits are recognised over the period in which the employees provide the related services to us. Employees may receive variable compensation in cash, in deferred cash or debt instruments of NatWest Group or in ordinary shares of NatWest Group plc subject to deferral, clawback and forfeiture criteria. We operate a number of share-based compensation schemes under which we grant awards of NatWest Group plc shares and share options to our employees. Such awards are subject to vesting conditions.

Variable compensation that is settled in cash or debt instruments is charged to the income statement on a straight-line basis over the period during which services are provided, taking account of forfeiture and clawback criteria. The value of employee services received in exchange for NatWest Group plc shares and share options is recognised as an expense over the vesting period, subject to deferral, clawback, cancelation and forfeiture criteria with a corresponding increase in equity.

The fair value of shares granted is the market price adjusted for the expected effect of dividends as employees are not entitled to dividends until shares are vested.

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

Defined contribution pension scheme

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

Defined benefit pension scheme

A scheme that defines the benefit an employee will receive on retirement and is dependent on one or more factors such as age, salary, and years of service. The net of the recognisable scheme assets and obligations is reported on the balance sheet in other assets or other liabilities. The defined benefit obligation is measured on an actuarial basis. The charge to the income statement for pension costs (mainly the service cost and the net interest on the net defined benefit asset or liability) is recognised in operating expenses.

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

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

We will recognise a liability where a minimum funding requirement exists for any of our defined benefit pension schemes. This reflects agreed minimum funding and the availability of a net surplus as described above. When estimating the liability for minimum funding requirements we only include contributions that are substantively or contractually agreed and do not include contingent and discretionary features, including dividend-linked contributions or contributions subject to contingent events requiring future verification.

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

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

3. Material accounting polices continued

3.3. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance acquired or developed by us, and are stated at cost less accumulated amortisation and impairment losses. Amortisation is a method to spread the cost of such assets over time in the income statement. This is charged to the income statement over the assets' estimated useful economic lives using methods that best reflect the pattern of economic benefits. The estimated useful economic lives are:

Computer software	3 to 10 years
Other acquired intangibles	3 to 5 years

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

During and after development, accumulated costs are reviewed for impairment against the benefits that the software is expected to generate.

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

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

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

3.4. Impairment of non-financial assets

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

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

The recoverable amount of an asset that does not generate cash flows that are independent from those of other assets or groups of assets, is determined as part of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units expected to benefit from the combination. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell or its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been considered in estimating future cash flows.

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

3.5. Property, plant and equipment & investment property

Items of property, plant and equipment, except investment property, are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, these are accounted for separately.

Depreciation is charged to profit or loss on a straight-line basis so as to write-off the depreciable amount of property, plant and equipment (including assets owned and let on operating leases) over their estimated useful lives. The depreciable amount is the cost of an asset less its residual value. Freehold land is not depreciated.

3. Material accounting polices continued

The estimated useful lives of our property, plant and equipment are:

Freehold buildings	50 years
Long leasehold property (leases with more than 50 years to run)	50 years
Short leaseholds unexpired period of lease	
Property adaptation costs	10 to 15 years
Computer equipment	up to 5 years
Other equipment	4 to 15 years

The residual value and useful life of property, plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

Investment property comprises freehold and leasehold properties that are held to earn rentals or for capital appreciation or both. Investment property is not depreciated but is stated at fair value. Fair value is based on current prices for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is recognised on a straight-line basis over the term of the lease in Other operating income. Lease incentives granted are recognised as an integral part of the total rental income.

3.6. Foreign currencies

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

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

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

3.7. Tax

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

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

3.8. Financial instruments

Financial instruments are measured at fair value on initial recognition on the balance sheet. Monetary financial assets are classified into one of the following subsequent measurement categories (subject to business model assessment and review of contractual cash flow for the purposes of sole payments of principal and interest where applicable):

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

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

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

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

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

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

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

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

3. Material accounting polices continued

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

Financial liabilities are classified into one of following measurement categories:

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

3.9. Netting

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

3.10. Capital instruments

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

3.11. Derivatives and hedging

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

Gains and losses arising from changes in the fair value of derivatives that are not in hedge relationships and derivatives that are managed together with financial instruments designated at fair value are included in Other operating income.

Hedge accounting

Hedge accounting relationships are designated and documented at inception in line with the requirements of IAS 39 Financial instruments – Recognition and Measurement. The documentation identifies the hedged item, the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. When designating a hedging relationship, we consider: the economic relationship between the hedged item (including the risk being hedged) and the hedging instrument; the nature of the risk; the risk management objective and strategy for undertaking the hedge; and the appropriateness of the method that will be used to assess hedge effectiveness.

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

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

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

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

Discontinuation of hedge accounting

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

For fair value hedging any cumulative adjustment is amortised to the income statement over the life of the hedged item. Where the hedge item is no longer on the balance sheet the adjustment to the hedged item is reported in the income statement.

For cash flow hedging the cumulative unrealised gain or loss is reclassified from equity to the income statement when the hedged cash flows occur or, if the forecast transaction results in the recognition of a financial asset or financial liability, when the hedged forecast cash flows affect the income statement. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

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

3. Material accounting polices continued

3.12. Provisions for liabilities and charges

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

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

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

3.13. Financial guarantee contracts

Under a financial guarantee contract, we, in return for a fee, undertake to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so. A financial guarantee not designated as fair value through profit or loss is recognised as a liability; initially at fair value and subsequently at the higher of its initial value less cumulative amortisation and any provision under the contract measured in accordance with our ECL accounting policy. Amortisation is calculated to recognise fees receivable in the income statement over the period of the guarantee. A separate asset is recognised in respect of fees receivable for provision of the financial guarantee.

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

3.14. Deferred tax

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

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

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

4. Future accounting developments

International Financial Reporting Standards

Effective 1 January 2026

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

Effective 1 January 2027

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

We are assessing the effect of adopting the accounting developments effective from 1 January 2027 on our financial statements and have largely completed a similar assessment for the Amendments to IFRS 9 and IFRS 7 effective from 1 January 2026. We do not expect any to have a material impact on our financial performance or position, although IFRS 18 may have impact on presentation and disclosure.

1 Net interest income

	2025 £m	2024 £m
Balances at central banks and loans to banks - amortised cost	**1,396**	1,709
Loans to customers - amortised cost	**15,682**	14,620
Amounts due from holding companies and fellow subsidiaries	**119**	97
Other financial assets	**1,951**	1,674
Interest receivable	**19,148**	18,100
Bank deposits	**1,401**	1,254
Customer deposits	**5,477**	5,612
Amounts due to holding companies and fellow subsidiaries	**2,223**	2,481
Other financial liabilities	**385**	534
Subordinated liabilities	**11**	11
Interest payable	**9,497**	9,892
Net interest income	**9,651**	8,208

Interest income on financial instruments measured at amortised cost, debt instruments classified as FVOCI and the interest element of the effective portion of any designated hedging relationships are measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Interest income on financial assets is presented in interest receivable, interest expense on financial liabilities is presented in interest payable. Negative interest on financial assets is presented in interest payable and negative interest on financial liabilities is presented in interest receivable. Included in interest receivable (Loans to customers - amortised cost) is finance lease income of £585 million (2024 - £545 million) which is recognised at a constant periodic rate of return before tax on the net investment.

For accounting policy information refer to Accounting policy 3.1.

2 Non-interest income

	2025 £m	2024 £m
Net fees and commissions (1)	**1,822**	1,734
Other operating income		
Operating leases and other rental income	**221**	231
Changes in fair value of other financial assets at FVTPL (2)	**22**	15
Hedge ineffectiveness	**(23)**	(21)
Net income from economic hedging (3)	**302**	284
Profit on disposal of amortised cost assets and liabilities	**8**	7
Loss on disposal of fair value through other comprehensive income assets	**(7)**	(18)
Profit on sale of property, plant and equipment	**7**	26
Service charges (4)	**1,552**	1,478
Other income	**65**	29
	2,147	2,031
Non-interest income	**3,969**	3,765

(1) Refer to Note 4 for further analysis.
(2) Includes instruments that have failed solely payment of principal and interest testing under IFRS 9.
(3) Includes fair value changes on derivatives not designated in a hedge accounting relationship, and gains and losses from structural hedges.
(4) Service charges represent the recovery of shared service costs incurred by NWB Group and recharged to other NatWest Group subsidiaries.

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

3 Operating expenses

	2025 £m	2024 £m
Wages, salaries and other staff costs	**2,624**	2,598
Temporary and contract costs	**124**	125
Social security costs	**347**	306
Pension costs	**297**	272
- defined benefit schemes (Note 5)	**89**	80
- defined contribution schemes	**208**	192
Staff costs	**3,392**	3,301
Premises and equipment	**1,183**	1,099
Depreciation and amortisation (1)	**1,078**	987
Other administrative expenses (2)	**1,588**	1,576
Administrative expenses	**3,849**	3,662
	7,241	6,963

(1) Includes depreciation on right of use assets of £77 million (2024 - £84 million).
(2) Includes redress and litigation costs. Further details are provided in Note 21.

For accounting policy information refer to Accounting policies 3.2, 3.3, 3.4 and 3.5.

The average number of persons employed during the year, excluding temporary staff and rounded to the nearest hundred, was 54,500 (2024 – 55,700). The number of persons employed at 31 December 2025, excluding temporary staff and rounded to the nearest hundred, was as follows:

	2025	2024
Retail Banking	**11,400**	12,200
Private Banking & Wealth Management	**2,100**	2,200
Commercial & Institutional	**8,700**	8,800
Central items & other	**32,000**	31,600
Total	**54,200**	54,800
UK	**35,000**	36,000
India	**18,800**	17,600
Poland	**100**	800
Rest of the World	**300**	400
Total	**54,200**	54,800

3 Operating expenses continued

Share-based payments

NWB Group grants share-based awards to employees principally on the following bases:

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

(1) All awards are subject to the discretion of Remuneration Committee.
(2) Long-term incentives include buy-out awards offered to compensate certain new hires for the loss of forfeited awards from their previous employment. Existing long-term incentives vest over 3 to 7 years.

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

The exercise price of options and the fair value on granting awards of fully paid shares is the average market price over the five trading days (three trading days for Sharesave) preceding grant date. When estimating the fair value of the award, the number of shares granted, and the prevailing share price (as defined in the NatWest Group plc 2025 Annual Report and Accounts on page 155) are used. The fair value of the award is recognised as services are provided over the vesting period.

Bonus awards

	2025 £m	2024 £m	Change
Deferred cash awards (1)	**325**	282	15%
Deferred share awards	**30**	29	3%
Total bonus awards (2)	**355**	311	14%

Reconciliation of bonus awards to income statement charge

	2025 £m	2024 £m
Bonus awarded	**355**	311
Less: deferral of charge for amounts awarded in current year	**(106)**	(93)
Income statement charge for amounts awarded in current year	**249**	218
Add: current year charge for amounts deferred from prior years	**88**	70
Less: forfeiture of amounts deferred from prior years	**(3)**	(2)
Income statement charge for amounts deferred from prior years	**85**	68
Income statement charge for bonus awards (2)	**334**	286

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

4 Segmental analysis

Reportable operating segments

NWB Plc is organised into the following reportable segments: Retail Banking, Private Banking & wealth Management, Commercial & Institutional and Central items & other.

Retail Banking serves personal customers in the UK.

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

Commercial & Institutional consists of customer businesses reported under Business Banking, Commercial Mid-market and Corporate & Institutions, supporting our customers across the full non-personal customer lifecycle, both domestically and internationally.

Central items & other includes corporate functions such as treasury, finance, risk management, compliance, legal, communications and human resources. NWB Plc is the main service provider of shared services and treasury activities for NatWest Group. The services are mainly provided to NWH Group, however, in certain instances where permitted, services are also provided to the wider NatWest Group including the non ring-fenced business.

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Net interest income	**5,100**	**720**	**3,817**	**14**	**9,651**
Net fees and commissions	**336**	**334**	**1,147**	**5**	**1,822**
Other operating income	**87**	**35**	**274**	**1,751**	**2,147**
Total income	**5,523**	**1,089**	**5,238**	**1,770**	**13,620**
Depreciation and amortisation	**(1)**	**(1)**	**(106)**	**(970)**	**(1,078)**
Other operating expenses	**(2,465)**	**(726)**	**(2,416)**	**(556)**	**(6,163)**
Impairment (losses)/releases	**(403)**	**(10)**	**(241)**	**1**	**(653)**
Operating profit	**2,654**	**352**	**2,475**	**245**	**5,726**
2024					
Net interest income	4,472	619	3,342	(225)	8,208
Net fees and commissions	313	285	1,132	4	1,734
Other operating income	99	34	314	1,584	2,031
Total income	4,884	938	4,788	1,363	11,973
Depreciation and amortisation	(1)	(1)	(117)	(868)	(987)
Other operating expenses	(2,444)	(699)	(2,229)	(604)	(5,976)
Impairment (losses)/releases	(250)	11	(117)	9	(347)
Operating profit	2,189	249	2,325	(100)	4,663

Total revenue (1)

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
External	**9,385**	**1,266**	**6,793**	**6,270**	**23,714**
Inter-segment (2)	**203**	**1,561**	**(1,309)**	**(455)**	**-**
Total	**9,588**	**2,827**	**5,484**	**5,815**	**23,714**
2024					
External	8,215	1,256	7,037	5,899	22,407
Inter-segment (2)	100	1,529	(1,369)	(260)	-
Total	8,315	2,785	5,668	5,639	22,407

Total income

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
External	**6,249**	**131**	**4,348**	**2,892**	**13,620**
Inter-segment (2)	**(726)**	**958**	**890**	**(1,122)**	**-**
Total	**5,523**	**1,089**	**5,238**	**1,770**	**13,620**
2024					
External	4,725	6	4,477	2,765	11,973
Inter-segment (2)	159	932	311	(1,402)	-
Total	4,884	938	4,788	1,363	11,973

For the notes to these tables refer to page 109.

4 Segmental analysis continued

Analysis of net fees and commissions

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Fees and commissions receivable					
- Payment services	286	38	569	-	893
- Credit and debit card fees	348	30	206	-	584
- Lending and financing	15	9	511	-	535
- Brokerage	27	10	-	-	37
- Investment management, trustee and fiduciary services	2	260	1	-	263
- Underwriting fees	-	-	2	-	2
- Other	5	7	89	4	105
Total	683	354	1,378	4	2,419
Fees and commissions payable	(347)	(20)	(231)	1	(597)
Net fees and commissions	336	334	1,147	5	1,822
2024					
Fees and commissions receivable					
- Payment services	261	37	538	-	836
- Credit and debit card fees	327	13	199	4	543
- Lending and financing	16	5	512	-	533
- Brokerage	27	9	-	-	36
- Investment management, trustee and fiduciary services	2	230	1	-	233
- Underwriting fees	-	-	-	-	-
- Other	8	11	70	6	95
Total	641	305	1,320	10	2,276
Fees and commissions payable	(328)	(20)	(188)	(6)	(542)
Net fees and commissions	313	285	1,132	4	1,734

2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Assets	208,851	19,564	99,203	121,921	449,539
Liabilities	167,353	42,895	128,269	86,893	425,410
2024					
Assets	199,579	18,916	92,653	113,161	424,309
Liabilities	159,989	42,603	127,878	70,721	401,191

4 Segmental analysis continued

Geographical segments

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

2025	UK £m	RoW £m	Total £m
Total revenue (1)	**22,897**	**817**	**23,714**
Interest receivable	**19,117**	**31**	**19,148**
Interest payable	**(9,466)**	**(31)**	**(9,497)**
Net fees and commissions	**1,822**	**-**	**1,822**
Other operating income	**1,362**	**785**	**2,147**
Total income	**12,835**	**785**	**13,620**
Operating profit before tax	**5,563**	**163**	**5,726**
Total assets	**440,819**	**8,720**	**449,539**
Total liabilities	**423,863**	**1,547**	**425,410**
Contingent liabilities and commitments (3)	**104,540**	**618**	**105,158**
Cost to acquire property, plant and equipment and intangible assets	**994**	**426**	**1,420**
2024			
Total revenue (1)	21,582	825	22,407
Interest receivable	18,060	40	18,100
Interest payable	(9,864)	(28)	(9,892)
Net fees and commissions	1,733	1	1,734
Other operating income	1,247	784	2,031
Total income	11,176	797	11,973
Operating profit before tax	4,557	106	4,663
Total assets	416,005	8,304	424,309
Total liabilities	399,996	1,195	401,191
Contingent liabilities and commitments (3)	96,204	444	96,648
Cost to acquire property, plant and equipment and intangible assets	1,015	126	1,141

(1) Total revenue comprises interest receivable, fees and commissions receivable and other operating income.
(2) Revenue and income arising from transactions between the group's segments are reported as inter-segment and include net inter-segment funding income/(expense).
(3) Refer to Note 26 Memorandum items – Contingent liabilities and commitments.

5 Pensions

Defined contribution schemes

NWB Group sponsors a number of defined contribution pension schemes in different territories, which new employees are offered the opportunity to join.

Defined benefit schemes

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

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

The schemes generally provide a pension of one-sixtieth of final pensionable salary for each year of service prior to retirement up to a maximum of 40 years and are contributory for current members. The Group Pension Fund has been closed to new entrants since 2006, although active members continue to build up additional pension benefits, currently subject to 2% maximum annual pensionable salary inflation, while they remain employed by NWB Group.

The Main section corporate trustee is NatWest Pension Trustee Limited (the Trustee), a wholly owned subsidiary of NWB Plc, Principal Employer of the Main section. The Board of the Trustee includes member trustee directors selected from eligible active staff, deferred and pensioner members who apply and trustee directors appointed by NatWest Group. Under UK legislation, a defined benefit pension scheme is required to meet the statutory funding objective of having sufficient and appropriate assets to cover its liabilities (the pensions that have been promised to members). Similar governance principles apply to NWB Group's other pension schemes.

For accounting policy information refer to Accounting policy 3.2.

Investment strategy

The assets of the Main section represent 97% of all plan assets at 31 December 2025 (2024 - 97%) and are invested as shown below. The profile of the non-insured assets is typical of the non-insured assets held by other group schemes.

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

The Main section now includes buy-in insurance policies, following transactions over 2024 and 2025. Each insurance transaction saw a premium paid to an insurer in exchange for a buy-in insurance contract. The contracts provide a stream of cashflows to the Trustee replicating payments due to members, thereby passing material demographic and market risk to the insurer.

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

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

5 Pensions continued

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

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

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

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

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

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

5 Pensions continued

	NWB Group				NWB Plc			
Changes in value of net pension asset/(liability)	Fair value of plan assets £m	Present value of defined benefit obligation (1) £m	Asset ceiling / minimum funding (2) £m	Net pension asset/ (liability) £m	Fair value of plan assets £m	Present value of defined benefit obligation (1) £m	Asset ceiling/ minimum funding (2) £m	Net pension asset/ (liability) £m
At 1 January 2024	34,541	(27,374)	(7,199)	(32)	34,390	(27,200)	(7,199)	(9)
Currency translation and other adjustments	(5)	6	-	1	-	-	-	-
Income statement - operating expenses	1,631	(1,365)	(346)	(80)	1,625	(1,338)	(346)	(59)
Recognised in other comprehensive income	(4,709)	2,168	2,391	(150)	(4,709)	2,179	2,391	(139)
Contributions by employer	224	-	-	224	199	-	-	199
Contributions by plan participants and other scheme members	17	(17)	-	-	25	(25)	-	-
Benefits paid	(1,346)	1,346	-	-	(1,314)	1,314	-	-
At 1 January 2025	**30,353**	**(25,236)**	**(5,154)**	**(37)**	**30,216**	**(25,070)**	**(5,154)**	**(8)**
Currency translation and other adjustments	**(2)**	**6**	**-**	**4**	**-**	**-**	**-**	**-**
Income statement - other expenses								
Net interest expense	**1,648**	**(1,362)**	**(285)**	**1**	**1,642**	**(1,356)**	**(285)**	**1**
Current service cost	**-**	**(76)**	**-**	**(76)**	**-**	**(63)**	**-**	**(63)**
Gain on curtailments or settlements	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**-**
Past service cost	**-**	**(15)**	**-**	**(15)**	**-**	**(1)**	**-**	**(1)**
	1,648	**(1,452)**	**(285)**	**(89)**	**1,642**	**(1,420)**	**(285)**	**(63)**
Other comprehensive income								
Return on plan assets excluding recognised interest income (3)	**(1,132)**	**-**	**-**	**(1,132)**	**(1,131)**	**-**	**-**	**(1,131)**
Experience gains and losses	**-**	**(170)**	**-**	**(170)**	**-**	**(169)**	**-**	**(169)**
Effect of changes in actuarial financial assumptions	**-**	**848**	**-**	**848**	**-**	**846**	**-**	**846**
Effect of changes in actuarial demographic assumptions	**-**	**(90)**	**-**	**-** **(90)**	**-**	**(88)**	**-**	**(88)**
Asset ceiling adjustments (3)	**-**	**-**	**545**	**545**	**-**		**545**	**545**
	(1,132)	**588**	**545**	**1**	**(1,131)**	**589**	**545**	**3**
Contributions by employer (4)	**75**	**-**	**-**	**75**	**60**	**-**	**-**	**60**
Contributions by plan participants and other scheme members	**10**	**(10)**	**-**	**-**	**7**	**(7)**	**-**	**-**
Benefits paid	**(1,338)**	**1,339**	**-**	**1**	**(1,327)**	**1,327**	**-**	**-**
At 31 December 2025	**29,614**	**(24,765)**	**(4,894)**	**(45)**	**29,467**	**(24,581)**	**(4,894)**	**(8)**

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

5 Pensions continued

Amounts recognised on the balance sheet	All schemes 2025 £m	All schemes 2024 £m
Fund asset at fair value	**29,614**	30,353
Present value of fund liabilities	**(24,765)**	(25,236)
Funded status	**4,849**	5,117
Assets ceiling/minimum funding	**(4,894)**	(5,154)
	(45)	(37)

Net pension asset/(liability) comprises	NWB Group 2025 £m	NWB Group 2024 £m	NWB Plc 2025 £m	NWB Plc 2024 £m
Net assets of schemes in surplus (Note 16)	**5**	4	**-**	-
Net liabilities of schemes in deficit (Note 21)	**(50)**	(41)	**(8)**	(8)
	(45)	(37)	**(8)**	(8)

Funding and contributions by NWB Group

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

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

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

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

Accounting assumptions

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

5 Pensions continued

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

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

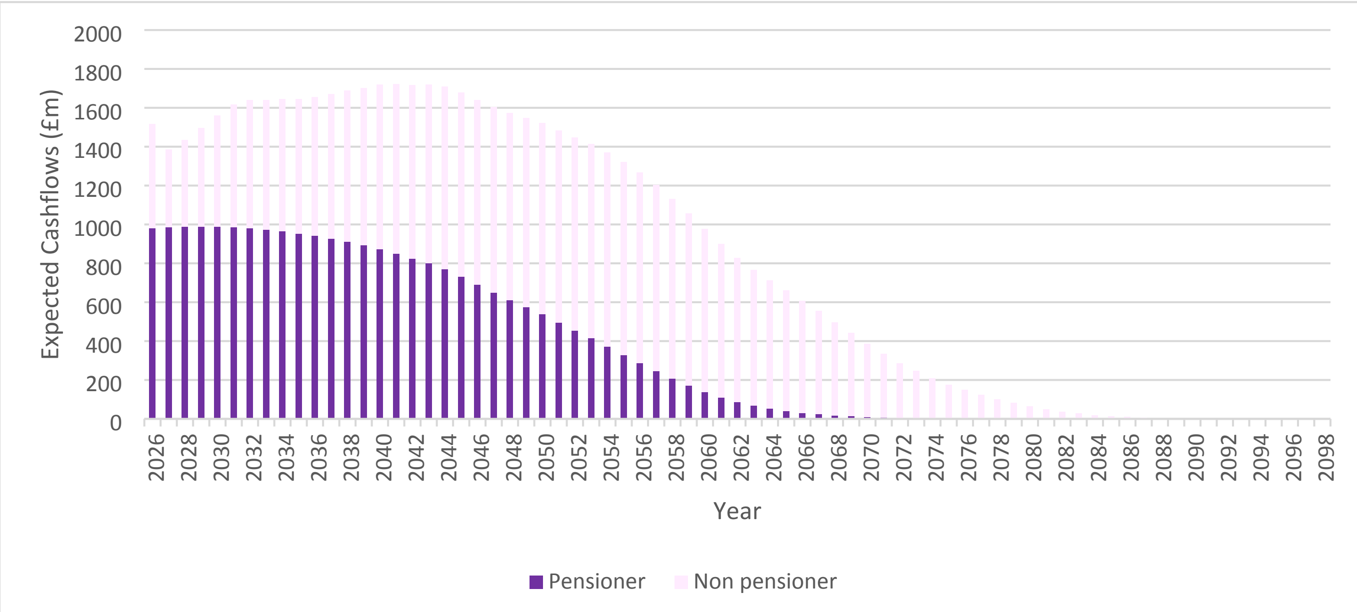
(1) The above financial assumptions are long-term assumptions set with reference to the period over which the obligations are expected to be settled.

Discount rate

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

The weighted average duration of the Main section's defined benefit obligation at 31 December 2025 is 13 years (2024 – 13 years).

The chart below shows the projected benefit payment pattern for the Main section in nominal terms. These cashflows are based on the most recent formal actuarial valuation, effective 31 December 2023.



5 Pensions continued

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

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

(1) Sensitivities shown for 2025 are derived using benchmark information, so will be more approximate than those shown for 2024.

(2) Includes both quoted and private equity.

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

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

		Change in life expectancies				
2024		- 2 years £bn	- 1 year £bn	No change £bn	+ 1 year £bn	+ 2 years £bn
Change in credit spreads	+50 bps	(3.1)	(2.3)	(1.5)	(0.7)	-
	No change	(1.7)	(0.9)	-	0.8	1.7
	-50 bps	(0.2)	0.7	1.7	2.5	3.4

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

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

The experience history of NWB Group schemes is shown below:

	NWB Group					NWB Plc				
History of defined benefit schemes	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Fair value of plan assets	**29,614**	30,353	34,541	34,957	53,531	**29,467**	30,216	34,390	34,815	53,381
Present value of defined benefit obligations	**(24,765)**	(25,236)	(27,374)	(25,518)	(43,326)	**(24,581)**	(25,070)	(27,200)	(25,357)	(43,147)
Net surplus	**4,849**	5,117	7,167	9,439	10,205	**4,886**	5,146	7,190	9,458	10,234
						-				
Experience gains/(losses) on plan liabilities	**(170)**	8	(1,563)	(2,042)	244	**(169)**	12	(1,559)	(2,041)	245
Experience (losses)/gains on plan assets	**(1,132)**	(4,709)	(1,111)	(18,757)	857	**(1,131)**	(4,709)	(1,107)	(18,736)	852
Actual return on plan assets	**516**	(3,078)	610	(17,797)	1,592	**511**	(3,084)	609	(17,780)	1,579
Actual return on plan assets %	**1.7%**	(8.9%)	1.7%	(33.2%)	3.0%	**1.7%**	(9.0%)	1.7%	(33.3%)	3.1%

6 Auditor's remuneration

Amounts payable to NWB Group's auditor for statutory audit and other services are set out below:

	2025 £m	2024 £m
Fees payable for:		
- the audit of NWB Group's annual accounts	**11.9**	11.0
- the audit of NWB Plc's subsidiaries	**3.0**	2.7
- audit-related assurance services	**0.8**	0.9
Total audit and audit-related assurance service fees	**15.7**	14.6
Corporate finance services	**-**	0.1

Fees payable to the auditor for non-audit services are disclosed in the consolidated financial statements of NatWest Group plc.

7 Tax

	2025 £m	2024 £m
Current tax		
Charge for the year	**(1,253)**	(1,078)
Over/(under) provision in respect of prior years	**53**	(117)
	(1,200)	(1,195)
Deferred tax		
Charge for the year	**(310)**	(255)
Increase in the carrying value of deferred tax assets in respect of losses	**21**	203
(Under)/over provision in respect of prior years	**(39)**	9
Tax charge for the year	**(1,528)**	(1,238)

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

The actual tax charge differs from the expected tax charge, computed by applying the standard rate of UK corporation tax of 25% (2024 – 25%), as follows:

	2025 £m	2024 £m
Expected tax charge	**(1,432)**	(1,166)
Losses and temporary differences in period where no deferred tax asset recognised	**-**	(2)
Foreign profits and losses taxed at other rates	**(8)**	(5)
Items not allowed for tax:		
- losses on disposals and write-downs	**-**	(2)
- UK bank levy	**(20)**	(20)
- regulatory and legal actions	**2**	(16)
- other disallowable items	**(17)**	(36)
Non-taxable items	**11**	3
Unrecognised losses brought forward and utilised	**1**	-
Increase in the carrying value of deferred tax assets in respect of:		
- UK losses	**19**	203
- Overseas losses	**2**	-
Banking surcharge	**(158)**	(131)
Tax on paid-in equity dividends	**58**	42
Adjustments in respect of prior years (1)	**14**	(108)
Actual tax charge	**(1,528)**	(1,238)

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

7 Tax continued

Judgement: Tax contingencies

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

For accounting policy information refer to Accounting policies 3.7 and 3.14.

Deferred tax

	NWB Group		NWB Plc	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Deferred tax liability	**(63)**	(83)	**-**	-
Deferred tax asset	**415**	808	**399**	792
Net deferred tax asset	**352**	725	**399**	792

Net deferred tax asset comprised:

NWB Group	Pension	Accelerated capital allowances	Expense provisions	Financial instruments (1)	Tax losses carried forward	Other	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2024	38	117	49	294	362	32	892
Credit/(charge) to income statement	2	30	13	(14)	(29)	(45)	(43)
(Charge)/credit to other comprehensive income	(29)	-	-	(108)	-	13	(124)
At 31 December 2024	11	147	62	172	333	-	725
(Charge)/credit to income statement	**(4)**	**(31)**	**(16)**	**(9)**	**(278)**	**10**	**(328)**
(Charge)/credit to other comprehensive income	**(1)**	**-**	**-**	**(53)**	**-**	**12**	**(42)**
Currency translation and other adjustments	**-**	**(4)**	**-**	**-**	**-**	**1**	**(3)**
At 31 December 2025	**6**	**112**	**46**	**110**	**55**	**23**	**352**

NWB Plc	Pension	Accelerated capital allowances	Expense provisions	Financial instruments (1)	Tax losses carried forward	Other	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2024	34	197	47	294	362	32	966
Credit/(charge) to income statement	-	24	12	(10)	(29)	(43)	(46)
(Charge)/credit to other comprehensive income	(32)	-	-	(108)	-	13	(127)
Currency translation and other adjustments	-	-	(1)	-	-	-	(1)
At 31 December 2024	2	221	58	176	333	2	792
(Charge)/credit to income statement	**-**	**(50)**	**(16)**	**(10)**	**(278)**	**2**	**(352)**
(Charge)/credit to other comprehensive income	**-**	**-**	**-**	**(53)**	**-**	**12**	**(41)**
At 31 December 2025	**2**	**171**	**42**	**113**	**55**	**16**	**399**

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

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

	2025	2024
	£m	£m
UK tax losses carried forward		
- NWB Plc	**55**	333
	55	333

7 Tax continued

UK tax losses

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

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

Unrecognised deferred tax - Deferred tax assets of £292 million (2024 - £237 million) have not been recognised in respect of tax losses and other deductible temporary differences carried forward of £1,132 million (2024 - £941 million) in jurisdictions where doubt exists over the availability of future taxable profits. The tax losses and other deductible temporary differences carried forward have no expiry date.

Deferred tax liabilities of £106 million (2024 - £107 million) on aggregate underlying temporary differences of £480 million (2024 - £486 million) have not been recognised in respect of retained earnings of overseas subsidiaries and held-over gains on the incorporation of certain overseas branches. These retained earnings are expected to be reinvested indefinitely or remitted to the UK free from further taxation. No taxation is expected to arise in the foreseeable future in respect of held-over gains on which deferred tax is not recognised. UK tax legislation largely exempts from UK tax overseas dividends received.

8 Profit/(loss) dealt with in the accounts of NWB Plc

As permitted by section 408(3) of the Companies Act 2006, NWB Plc has not presented an income statement or a statement of comprehensive income as a primary financial statement.

9 Financial instruments – classification

Judgement: classification of financial assets

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

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

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

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

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

	NWB Group				
Assets	MFVTPL £m	FVOCI £m	Amortised cost £m	Other assets £m	Total £m
Cash and balances at central banks			**29,939**		**29,939**
Derivatives (1)	**1,093**				**1,093**
Loans to banks - amortised cost (2)			**4,515**		**4,515**
Loans to customers - amortised cost (3)			**345,643**		**345,643**
Amounts due from holding companies and fellow subsidiaries	**8**		**6,969**	**209**	**7,186**
Other financial assets	**639**	**30,167**	**22,318**		**53,124**
Other assets				**8,039**	**8,039**
31 December 2025	**1,740**	**30,167**	**409,384**	**8,248**	**449,539**
Cash and balances at central banks			35,095		35,095
Derivatives (1)	2,874				2,874
Loans to banks - amortised cost (2)			3,426		3,426
Loans to customers - amortised cost (3)			332,013		332,013
Amounts due from holding companies and fellow subsidiaries	78		3,128	530	3,736
Other financial assets	534	29,335	9,702		39,571
Other assets				7,594	7,594
31 December 2024	3,486	29,335	383,364	8,124	424,309

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

9 Financial instruments – classification continued

Liabilities	Held-for-trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Bank deposits			**33,020**		**33,020**
Customer deposits			**325,069**		**325,069**
Amounts due to holding companies and fellow subsidiaries	**28**		**57,010**	**68**	**57,106**
Derivatives (1)	**764**				**764**
Other financial liabilities	**175**	**-**	**5,158**		**5,333**
Subordinated liabilities			**122**		**122**
Notes in circulation			**1,049**		**1,049**
Other liabilities (4)			**465**	**2,482**	**2,947**
31 December 2025	**967**	**-**	**421,893**	**2,550**	**425,410**
Bank deposits			24,780		24,780
Customer deposits			318,290		318,290
Amounts due to holding companies and fellow subsidiaries	27		47,555	142	47,724
Derivatives (1)	1,177				1,177
Other financial liabilities	202	250	4,547		4,999
Subordinated liabilities			122		122
Notes in circulation			935		935
Other liabilities (4)			528	2,636	3,164
31 December 2024	1,406	250	396,757	2,778	401,191

(1) Includes net hedging derivative assets of £343 million (2024 – £360 million) and net hedging derivative liabilities of £200 million (2024 - £255 million).
(2) Includes items in the course of collection from other banks of £7 million (2024 - £2 million).
(3) Includes finance lease receivables of £8,937 million (2024 - £8,939 million).
(4) Includes lease liabilities of £419 million (2024 - £490 million), held at amortised cost.

Additional information on finance lease receivables

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

	NWB Group		NWB Plc	
	2025	2024	2025	2024
Amount receivable under finance leases	£m	£m	£m	£m
Within 1 year	**3,663**	3,490	**5**	-
1 to 2 years	**2,406**	2,491	**5**	5
2 to 3 years	**1,472**	1,604	**4**	4
3 to 4 years	**945**	834	**4**	4
4 to 5 years	**455**	457	**4**	4
After 5 years	**837**	1,005	**30**	38
Total lease payments	**9,778**	9,881	**52**	55
Unguaranteed residual values	**151**	150	**-**	-
Future drawdowns	**(12)**	(12)	**-**	-
Unearned income	**(894)**	(988)	**(5)**	(6)
Present value of lease payments	**9,023**	9,031	**47**	49
Impairments	**(86)**	(92)	**(1)**	(1)
Net investment in finance leases	**8,937**	8,939	**46**	48

9 Financial instruments - classification continued

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

	NWB Plc				
Assets	MFVTPL £m	FVOCI £m	Amortised cost £m	Other assets £m	Total £m
Cash and balances at central banks			**29,911**		**29,911**
Derivatives (1)	**1,106**				**1,106**
Loans to banks - amortised cost (2)			**4,261**		**4,261**
Loans to customers - amortised cost (3)			**310,121**		**310,121**
Amounts due from holding companies and fellow subsidiaries	**578**		**37,793**	**594**	**38,965**
Other financial assets	**639**	**29,643**	**21,874**		**52,156**
Investment in group undertakings				**2,477**	**2,477**
Other assets				**5,652**	**5,652**
31 December 2025	**2,323**	**29,643**	**403,960**	**8,723**	**444,649**
Cash and balances at central banks			35,083		35,083
Derivatives (1)	2,892				2,892
Loans to banks - amortised cost (2)			3,148		3,148
Loans to customers - amortised cost (3)			297,548		297,548
Amounts due from holding companies and fellow subsidiaries	632		34,903	848	36,383
Other financial assets	534	28,836	9,428		38,798
Investment in group undertakings				2,520	2,520
Other assets				5,503	5,503
31 December 2024	4,058	28,836	380,110	8,871	421,875

Liabilities	Held-for- trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Bank deposits			**33,016**		**33,016**
Customer deposits			**282,427**		**282,427**
Amounts due to holding companies and fellow subsidiaries	**28**	**289**	**98,171**	**173**	**98,661**
Derivatives (1)	**780**				**780**
Other financial liabilities	**175**	**-**	**3,495**		**3,670**
Subordinated liabilities			**119**		**119**
Notes in circulation			**1,049**		**1,049**
Other liabilities (4)			**347**	**1,895**	**2,242**
31 December 2025	**983**	**289**	**418,624**	**2,068**	**421,964**
Bank deposits			24,778		24,778
Customer deposits			275,972		275,972
Amounts due to holding companies and fellow subsidiaries	27	270	90,401	227	90,925
Derivatives (1)	1,323				1,323
Other financial liabilities	202	250	3,372		3,824
Subordinated liabilities			119		119
Notes in circulation			935		935
Other liabilities (4)			403	1,987	2,390
31 December 2024	1,552	520	395,980	2,214	400,266

(1) Includes net hedging derivative assets of £342 million (2024 - £358 million) and net hedging derivative liabilities of £197 million (2024 - £250 million).
(2) Includes items in the course of collection from other banks of £7 million (2024 - £2 million).
(3) Includes finance lease receivables of £46 million (2024 - £48 million).
(4) Includes lease liabilities of £302 million (2024 - £366 million), held at amortised cost.

9 Financial instruments - classification continued

Financial instruments – financial assets and liabilities that can be offset

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

NWB Group

	Instruments which can be offset			Potential for offset not recognised by IFRS					
	Gross	IFRS offset	Balance sheet	Effect of master netting and similar agreements	Cash collateral	Securities collateral	Net amount after effect of netting agreements and related collateral	Instruments outside netting agreements	Balance sheet total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Derivative assets	**15,557**	**(14,470)**	**1,087**	**(544)**	**(199)**	**(114)**	**230**	**6**	**1,093**
Derivative liabilities	**16,166**	**(15,414)**	**752**	**(544)**	**(48)**	**-**	**160**	**12**	**764**
Net position (1)	**(609)**	**944**	**335**	**-**	**(151)**	**(114)**	**70**	**(6)**	**329**
Non trading reverse repos	**46,242**	**(13,619)**	**32,623**	**-**	**-**	**(32,623)**	**-**	**-**	**32,623**
Non trading repos	**35,981**	**(13,619)**	**22,362**	**-**	**-**	**(22,362)**	**-**	**-**	**22,362**
Net position	**10,261**	**-**	**10,261**	**-**	**-**	**(10,261)**	**-**	**-**	**10,261**
2024									
Derivative assets	18,889	(16,019)	2,870	(881)	(217)	(676)	1,096	4	2,874
Derivative liabilities	19,455	(18,300)	1,155	(881)	(80)	-	194	22	1,177
Net position (1)	(566)	2,281	1,715	-	(137)	(676)	902	(18)	1,697
Non trading reverse repos	40,845	(7,466)	33,379	-	-	(33,379)	-	-	33,379
Non trading repos	18,038	(7,466)	10,572	-	-	(10,572)	-	-	10,572
Net position	22,807	-	22,807	-	-	(22,807)	-	-	22,807

NWB Plc

	Instruments which can be offset			Potential for offset not recognised by IFRS					
	Gross	IFRS offset	Balance sheet	Effect of master netting and similar agreements	Cash collateral	Securities collateral	Net amount after effect of netting agreements and related collateral	Instruments outside netting agreements	Balance sheet total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Derivative assets	**15,562**	**(14,470)**	**1,092**	**(544)**	**(199)**	**(114)**	**235**	**14**	**1,106**
Derivative liabilities	**16,177**	**(15,414)**	**763**	**(544)**	**(48)**	**-**	**171**	**17**	**780**
Net position (1)	**(615)**	**944**	**329**	**-**	**(151)**	**(114)**	**64**	**(3)**	**326**
Non trading reverse repos	**46,242**	**(13,619)**	**32,623**	**-**	**-**	**(32,623)**	**-**	**-**	**32,623**
Non trading repos	**35,981**	**(13,619)**	**22,362**	**-**	**-**	**(22,362)**	**-**	**-**	**22,362**
Net position	**10,261**	**-**	**10,261**	**-**	**-**	**(10,261)**	**-**	**-**	**10,261**
2024									
Derivative assets	18,896	(16,019)	2,877	(882)	(217)	(676)	1,102	15	2,892
Derivative liabilities	19,471	(18,300)	1,171	(882)	(80)	-	209	152	1,323
Net position (1)	(575)	2,281	1,706	-	(137)	(676)	893	(137)	1,569
Non trading reverse repos	40,845	(7,466)	33,379	-	-	(33,379)	-	-	33,379
Non trading repos	18,038	(7,466)	10,572	-	-	(10,572)	-	-	10,572
Net position	22,807	-	22,807	-	-	(22,807)	-	-	22,807

(1) Within NWB Group and NWB Plc, the net IFRS offset balance of £944 million (2024 - £2,281 million) relates to variation margin netting reflected on other balance sheet lines.

10 Financial instruments – valuation

(D) = Descriptive; (T) = Table

Critical accounting policy: Fair value - financial instruments

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

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

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

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

For accounting policy information refer to Accounting policies 2.1, 3.8 and 3.11.

Valuation

Fair value hierarchy

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

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

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

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

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

Valuation techniques

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

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

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

10 Financial instruments – valuation continued

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

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

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

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

Inputs to valuation models

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

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

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

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

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

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

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

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

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

Valuation control

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

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

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

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

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

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

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

10 Financial instruments – valuation continued

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

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

Key areas of judgement

Over the years the business has simplified, with most products classified as level 1 or 2 of the fair value hierarchy.

However, the diverse range of products traded by NWB Group means some products remain classified as level 3. Level 3 indicates a significant level of pricing uncertainty, where expert judgement is used. As such, extra disclosures are required in respect of level 3 instruments. In general, the degree of expert judgement used and hence valuation uncertainty depends on the degree of liquidity of an instrument or input.

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

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

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

	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Assets								
Derivatives								
Interest rate	**-**	**850**	**3**	**853**	-	2,539	7	2,546
Foreign exchange	**-**	**240**	**-**	**240**	-	328	-	328
Amounts due from holding companies and				**-**				
fellow subsidiaries	**-**	**8**	**-**	**8**	-	78	-	78
Other financial assets				**-**				
Loans	**-**	**66**	**634**	**700**	-	286	261	547
Securities	**17,426**	**12,677**	**3**	**30,106**	18,012	11,307	3	29,322
Total financial assets held at fair value	**17,426**	**13,841**	**640**	**31,907**	18,012	14,538	271	32,821
As % of total fair value assets	**55%**	**43%**	**2%**		55%	44%	1%	
Liabilities								
Derivatives								
Interest rate	**-**	**686**	**5**	**691**	-	1,033	10	1,043
Foreign exchange	**-**	**70**	**-**	**70**	-	124	-	124
Other	**-**	**3**	**-**	**3**	-	10	-	10
Amounts due from holding companies and				**-**				
fellow subsidiaries	**-**	**28**	**-**	**28**	-	27	-	27
Other financial liabilities				**-**				
Deposits	**-**	**175**	**-**	**175**	-	452	-	452
Total financial liabilities held at fair value	**-**	**962**	**5**	**967**	-	1,646	10	1,656
As % of total fair value liabilities	**-**	**99%**	**1%**		-	99%	1%	

(1) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instrument was transferred.

10 Financial instruments – valuation continued

Valuation adjustments

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

Adjustment	2025 £m	2024 £m
Funding valuation adjustments	-	126
Credit valuation adjustments	1	1
Bid-offer	17	25
Product and deal specific	-	1
Total	18	153

Funding valuation adjustments and bid-offer decreased during the year, primarily driven by unwinding of a major portfolio.

Funding valuation adjustments (FVA)

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

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

Credit valuation adjustments (CVA)

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

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

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

Bid-offer

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

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

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

Product and deal specific

On initial recognition of financial assets and liabilities valued using valuation techniques which have a significant dependence on information other than observable market data, any difference between the transaction price and that derived from the valuation technique is deferred. Such amounts are recognised in the income statement over the life of the transaction, when market data becomes observable, or when the transaction matures or is closed out as appropriate.

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

Level 3 additional information

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

Level 3 ranges of unobservable inputs

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

				2025		2024	
Financial instrument	Valuation technique	Unobservable inputs	Units	Low	High	Low	High
Other financial assets							
Loans	Price-based	Price	%	91	100	84	100
Derivative assets and liabilities							
Interest rate & FX derivatives	Discount cash flow	Conditional prepayment risk	%	7	9	4	5

(1) NWB Group does not have any material liabilities measured at fair value that are issued with an inseparable third party credit enhancement.

10 Financial instruments: valuation continued

Level 3 sensitivities

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

Alternative assumptions

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

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

Other considerations

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

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

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

	2025			2024		
	Level 3	**Favourable**	**Unfavourable**	Level 3	Favourable	Unfavourable
	£m	**£m**	**£m**	£m	£m	£m
Assets						
Derivatives						
Interest rate	**3**	**-**	**-**	7	-	-
Other financial assets						
Loans	**634**	**-**	**(10)**	261	-	(10)
Securities	**3**	**-**	**-**	3	-	-
Total	**640**	**-**	**(10)**	271	-	(10)
Liabilities						
Derivatives						
Interest rate	**5**	**-**	**-**	10	-	-
Total	**5**	**-**	**-**	10	-	-

10 Financial instruments: valuation continued

Movement in level 3 assets and liabilities over the reporting period

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

2025	Derivatives assets £m	Other trading assets (2) £m	Other financial assets (3) £m	Total assets £m	Derivatives liabilities £m	Other trading liabilities (2) £m	Other financial liabilities £m	Total liabilities £m
At 1 January	7	-	264	271	10	-	-	10
Amounts recorded in the income statement (1)	-	-	7	7	(4)	-	-	(4)
Amount recorded in the statement of				-				
comprehensive income	-	-	(2)	(2)	-	-	-	-
Purchases/originations	-	-	368	368	-	-	-	-
Settlements/other decreases	(4)	-	-	(4)	(1)	-	-	(1)
At 31 December	3	-	637	640	5	-	-	5
Amounts recorded in the income statement in respect of balances held at period end - unrealised	(5)	-	8	3	(5)	-	-	(5)

2024	Derivatives assets £m	Other trading assets (2) £m	Other financial assets (3) £m	Total assets £m	Derivatives liabilities £m	Other trading liabilities (2) £m	Other financial liabilities £m	Total liabilities £m
At 1 January	3	-	176	179	9	-	-	9
Amounts recorded in the income statement (1)	11	-	5	16	3	-	-	3
Level 3 transfers in	-	-	45	45	-	-	-	-
Purchases/originations	-	-	37	37	-	-	-	-
Settlements/other decreases	(7)	-	-	(7)	(2)	-	-	(2)
Foreign exchange and other	-	-	1	1	-	-	-	-
At 31 December	7	-	264	271	10	-	-	10
Amounts recorded in the income statement in respect of balances held at period end - unrealised	4	-	5	9	1	-	-	1

(1) Net gain on trading assets and liabilities of £4 million (2024 – net gains £8 million) were recorded in income from trading activities.
(2) Other trading assets and other trading liabilities comprise assets and liabilities held at fair value in trading portfolios.
(3) Other financial assets comprise fair value through other comprehensive income, designated as at fair value through profit or loss and other fair value through profit or loss.

10 Financial instruments: valuation continued

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

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

	NWB Group					
	Carrying value	Fair value	Fair value hierarchy level			Items where fair value approximates carrying value
			Level 1	Level 2	Level 3	
2025	£bn	£bn	£bn	£bn	£bn	£bn
Financial assets						
Cash and balances at central banks	**29.9**	**29.9**	**-**	**-**	**-**	**29.9**
Loans to banks	**4.5**	**4.5**	**-**	**3.3**	**0.4**	**0.8**
Loans to customers	**345.6**	**341.5**	**-**	**29.5**	**312.0**	**-**
Amounts due from holding companies and fellow subsidiaries	**7.0**	**7.0**	**-**	**5.2**	**1.7**	**0.1**
Other financial assets						
Securities	**22.3**	**22.4**	**14.0**	**8.0**	**0.4**	**-**
2024						
Financial assets						
Cash and balances at central banks	35.1	35.1	-	-	-	35.1
Loans to banks	3.4	3.4	-	1.4	0.5	1.5
Loans to customers	332.0	327.9	-	31.8	296.1	-
Amounts due from holding companies and fellow subsidiaries	3.1	3.2	-	2.0	1.2	-
Other financial assets						
Securities	9.7	9.7	2.7	6.7	0.3	-
2025						
Financial liabilities						
Bank deposits	**33.0**	**33.0**	**-**	**30.0**	**-**	**3.0**
Customer deposits	**325.1**	**306.5**	**-**	**24.4**	**5.8**	**276.3**
Amounts due to holding companies and fellow subsidiaries	**57.0**	**56.9**	**-**	**48.8**	**3.2**	**4.9**
Other financial liabilities						
Debt securities in issue	**5.2**	**5.2**	**-**	**0.8**	**4.4**	**-**
Subordinated liabilities	**0.1**	**0.2**	**-**	**0.2**	**-**	**-**
Notes in circulation	**1.0**	**1.0**	**-**	**-**	**-**	**1.0**
2024						
Financial liabilities						
Bank deposits	24.8	24.6	-	21.5	-	3.1
Customer deposits	318.3	318.1	-	19.9	26.6	271.6
Amounts due to holding companies		-				
and fellow subsidiaries	47.6	47.8	-	39.8	3.3	4.7
Other financial liabilities						
Debt securities in issue	4.5	4.5	-	0.7	3.8	-
Subordinated liabilities	0.1	0.2	-	0.2	-	-
Notes in circulation	0.9	0.9	-	-	-	0.9

10 Financial instruments: valuation continued

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

	NWB Plc					
	Carrying	Fair	Fair value hierarchy level			Items where fair value approximates
	value	value	Level 1	Level 2	Level 3	carrying value
2025	£bn	£bn	£bn	£bn	£bn	£bn
Financial assets						
Cash and balances at central banks	**29.9**	**29.9**	**-**	**-**	**-**	**29.9**
Loans to banks	**4.3**	**4.3**	**-**	**3.3**	**0.2**	**0.8**
Loans to customers	**310.1**	**306.1**	**-**	**29.5**	**276.6**	**-**
Amounts due from holding companies and fellow subsidiaries	**37.8**	**37.7**	**-**	**36.1**	**1.6**	**-**
Other financial assets						
Securities	**21.9**	**22.0**	**14.0**	**8.0**	**-**	**-**
2024						
Financial assets						
Cash and balances at central banks	35.1	35.1	-	-	-	35.1
Loans to banks	3.1	3.1	-	1.4	0.2	1.5
Loans to customers	297.5	294.9	-	31.8	263.1	-
Amounts due from holding companies and fellow subsidiaries	34.9	34.5	-	33.3	1.2	-
Other financial assets						
Securities	9.4	9.4	2.7	6.7	-	-
2025						
Financial liabilities						
Bank deposits	**33.0**	**33.0**	**-**	**30.0**	**-**	**3.0**
Customer deposits	**282.4**	**282.4**	**-**	**24.4**	**15.1**	**242.9**
Amounts due to holding companies and fellow subsidiaries	**98.2**	**97.9**	**-**	**91.0**	**5.3**	**1.6**
Other financial liabilities						
Debt securities in issue	**3.5**	**3.5**	**-**	**0.8**	**2.7**	**-**
Subordinated liabilities	**0.1**	**0.2**	**-**	**0.2**	**-**	**-**
Notes in circulation	**1.0**	**1.0**	**-**	**-**	**-**	**1.0**
2024						
Financial liabilities						
Bank deposits	24.8	24.6	-	21.5	-	3.1
Customer deposits	276.0	275.8	-	19.9	16.0	239.9
Amounts due to holding companies and fellow subsidiaries	90.4	90.3	-	83.6	5.4	1.3
Other financial liabilities						
Debt securities in issue	3.4	3.4	-	0.8	2.6	-
Subordinated liabilities	0.1	0.2	-	0.2	-	-
Notes in circulation	0.9	0.9	-	-	-	0.9

10 Financial instruments: valuation continued

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

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

Short-term financial instruments

For certain short-term financial instruments: cash and balances at central banks, items in the course of collection from other banks, settlement balances, items in the course of transmission to other banks, customer demand deposits and notes in circulation, carrying value is deemed a reasonable approximation of fair value.

Loans to banks and customers

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

(a) Contractual cash flows are discounted using a market discount rate that incorporates the current spread for the borrower or where this is not observable, the spread for borrowers of a similar credit standing. This method is used for portfolios where counterparties have external ratings.
(b) Expected cash flows (unadjusted for credit losses) are discounted at the current offer rate for the same or similar products. The current methodology caps all loan values at par rather than modelling clients' option to repay loans early. This approach is adopted for lending portfolios in Retail Banking, Commercial & Institutional (SME loans) and Private Banking & Wealth Management in order to reflect the homogeneous nature of these portfolios.

Debt securities and subordinated liabilities

Most debt securities are valued using quoted prices in active markets or from quoted prices of similar financial instruments in active markets. Fair values of the remaining population are determined using market standard valuation techniques, such as discounted cash flows, adjusting for own credit spreads where appropriate.

Bank and customer deposits

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

11 Financial instruments - maturity analysis

Remaining maturity

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

	NWB Group					
	2025			2024		
	Less than 12 months £m	More than 12 months £m	Total £m	Less than 12 months £m	More than 12 months £m	Total £m
Assets						
Cash and balances at central banks	29,939	-	29,939	35,095	-	35,095
Derivatives	518	575	1,093	679	2,195	2,874
Loans to banks - amortised cost	3,870	645	4,515	2,774	652	3,426
Loans to customers - amortised cost	72,781	272,862	345,643	72,174	259,839	332,013
Amounts due from holding companies and fellow subsidiaries (1)	6,886	90	6,976	1,882	1,324	3,206
Other financial assets	8,284	44,840	53,124	10,806	28,765	39,571
Liabilities						
Bank deposits	24,820	8,200	33,020	16,580	8,200	24,780
Customer deposits	318,533	6,536	325,069	316,262	2,028	318,290
Derivatives	61	703	764	91	1,086	1,177
Amounts due to holding companies and fellow subsidiaries (2)	42,264	14,775	57,039	37,943	9,639	47,582
Other financial liabilities	2,921	2,412	5,333	3,370	1,629	4,999
Subordinated liabilities	2	120	122	2	120	122
Notes in circulation	1,049	-	1,049	935	-	935
Lease liabilities	68	351	419	72	418	490

	NWB Plc					
	2025			2024		
	Less than 12 months £m	More than 12 months £m	Total £m	Less than 12 months £m	More than 12 months £m	Total £m
Assets						
Cash and balances at central banks	29,911	-	29,911	35,083	-	35,083
Derivatives	517	589	1,106	680	2,212	2,892
Loans to banks - amortised cost	3,617	644	4,261	2,506	642	3,148
Loans to customers - amortised cost	59,369	250,752	310,121	59,456	238,092	297,548
Amounts due from holding companies and fellow subsidiaries (1)	14,665	23,707	38,372	8,027	27,508	35,535
Other financial assets	8,285	43,871	52,156	10,040	28,758	38,798
Liabilities						
Bank deposits	24,816	8,200	33,016	16,578	8,200	24,778
Customer deposits	275,959	6,468	282,427	274,044	1,928	275,972
Amounts due to holding companies and fellow subsidiaries (2)	66,377	32,110	98,487	62,483	28,215	90,698
Derivatives	71	709	780	95	1,228	1,323
Other financial liabilities	2,921	749	3,670	3,075	749	3,824
Subordinated liabilities	2	117	119	2	117	119
Notes in circulation	1,049	-	1,049	935	-	935
Lease liabilities	55	247	302	61	305	366

(1) Amounts due from holding companies and fellow subsidiaries relating to non-financial instruments of £210 million (2024 - £530 million) for NWB Group and £593 million (2024 – £848 million) for NWB Plc have been excluded from the tables.

(2) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of £67 million (2024 - £142 million) for NWB Group and £174 million (2024 – £227 million) for NWB Plc have been excluded from the tables.

11 Financial instruments - maturity analysis continued

Liabilities by contractual cash flows up to 20 years

The tables below show the timing of cash outflows to settle financial liabilities, prepared on the following basis:

Financial liabilities are included at the earliest date on which the counterparty can require repayment regardless of whether or not such early repayment results in a penalty. If repayment is triggered by, or is subject to, specific criteria such as market price hurdles being reached, the liability is included at the earliest possible date that conditions could be fulfilled without considering the probability of the conditions being met. For example, if a structured note automatically prepays then an equity index exceeds a certain level, the cash outflow will be included in the less than three months period whatever the level of the index at year end.

The settlement date of debt securities issued by certain securitisation vehicles consolidated by the NWB Group depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of cash outflow relating to securities assumes that each asset will be prepaid at the earliest possible date.

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

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

Held-for-trading liabilities amounting to £0.8 billion (2024 - £1.2 billion) for the NWB Group and £0.8 billion (2024 - £1.3 billion) for the NWB Plc have been excluded from the tables.

	NWB Group					
	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	10-20 years
2025	£m	£m	£m	£m	£m	£m
Liabilities by contractual maturity up to 20 years						
Bank deposits	**24,928**	**232**	**5,473**	**225**	**3,028**	**-**
Customer deposits	**294,335**	**24,742**	**6,867**	**14**	**-**	**-**
Amounts due to holding companies and fellow subsidiaries (1)	**31,186**	**11,708**	**5,346**	**8,374**	**3,497**	**-**
Derivatives held for hedging	**33**	**49**	**159**	**59**	**20**	**1**
Other financial liabilities	**1,669**	**1,133**	**66**	**758**	**755**	**904**
Subordinated liabilities	**-**	**10**	**21**	**21**	**52**	**104**
Notes in circulation	**1,049**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**19**	**55**	**120**	**57**	**133**	**20**
	353,219	**37,929**	**18,052**	**9,508**	**7,485**	**1,029**
Guarantees and commitments notional amount (2)						
Guarantees (3)	**1,580**	**-**	**-**	**-**	**-**	**-**
Commitments (4)	**98,964**	**-**	**-**	**-**	**-**	**-**
	100,544	**-**	**-**	**-**	**-**	**-**
2024						
Liabilities by contractual maturity up to 20 years						
Bank deposits	12,930	4,198	8,686	-	-	-
Customer deposits	290,411	26,052	2,016	15	-	-
Amounts due to holding companies and fellow subsidiaries (1)	29,489	8,883	4,485	5,523	1,507	-
Derivatives held for hedging	40	128	115	156	63	2
Other financial liabilities	1,651	1,594	84	798	202	670
Subordinated liabilities	-	10	21	21	56	104
Notes in circulation	935	-	-	-	-	-
Lease liabilities	18	51	141	71	125	85
	335,474	40,916	15,548	6,584	1,953	861
Guarantees and commitments notional amount (2)						
Guarantees (3)	1,748	-	-	-	-	-
Commitments (4)	92,515	-	-	-	-	-
	94,263	-	-	-	-	-

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

11 Financial instruments - maturity analysis continued

	NWB Plc					
2025	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Liabilities by contractual maturity up to 20 years						
Bank deposits	**24,924**	**232**	**5,473**	**225**	**3,028**	**-**
Customer deposits	**255,457**	**20,983**	**6,803**	**11**	**-**	**-**
Amounts due to holding companies and fellow subsidiaries (1)	**50,345**	**17,125**	**13,514**	**17,566**	**4,404**	**-**
Derivatives held for hedging	**33**	**48**	**159**	**58**	**19**	**1**
Other financial liabilities	**1,669**	**1,133**	**62**	**758**	**-**	**-**
Subordinated liabilities	**-**	**10**	**21**	**21**	**52**	**104**
Notes in circulation	**1,049**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**17**	**47**	**98**	**45**	**109**	**4**
	333,494	**39,578**	**26,130**	**18,684**	**7,612**	**109**
Guarantees and commitments notional amount (2)						
Guarantees (3)	**1,570**	**-**	**-**	**-**	**-**	**-**
Commitments (4)	**88,250**	**-**	**-**	**-**	**-**	**-**
	89,820	**-**	**-**	**-**	**-**	**-**

2024	0-3 months £m	3-12 months £m	1-3 years £m	3-5 years £m	5-10 years £m	10-20 years £m
Liabilities by contractual maturity up to 20 years						
Bank deposits	12,927	4,198	8,686	-	-	-
Customer deposits	252,407	21,747	1,920	5	-	-
Amounts due to holding companies and fellow subsidiaries (1)	48,197	15,225	12,526	14,850	3,552	90
Derivatives held for hedging	39	125	115	155	62	2
Other financial liabilities	1,650	1,299	77	798	-	-
Subordinated liabilities	-	10	21	21	52	104
Notes in circulation	935	-	-	-	-	-
Lease liabilities	17	48	131	54	104	48
	316,172	42,652	23,476	15,883	3,770	244
Guarantees and commitments notional amount (2)						
Guarantees (3)	1,729	-	-	-	-	-
Commitments (4)	81,738	-	-	-	-	-
	83,467	-	-	-	-	-

(1) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.
(2) Refer to Note 26 Memorandum items – Contingent liabilities and commitments.
(3) NWB Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. NWB Group expects most guarantees it provides to expire unused.
(4) NWB Group has given commitments to provide funds to customers under undrawn formal facilities, credit lines and other commitments to lend subject to certain conditions being met by the counterparty. NWB does not expect all facilities to be drawn, and some may lapse before drawdown.

12 Derivatives

NWB Group uses derivatives to manage its own risk such as interest rate, foreign exchange, or credit risk or in certain customer transactions.

	NWB Group					
	2025			2024		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	19.4	240	70	25.9	328	124
Interest rate contracts	629.9	853	691	654.1	2,546	1,043
Credit derivatives	0.1	-	3	0.4	-	10
Equity and commodity contracts	1.5	-	-	1.5	-	-
Total	650.9	1,093	764	681.9	2,874	1,177

	NWB Plc					
	2025			2024		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	19.5	239	70	26.0	329	124
Interest rate contracts	640.9	867	697	666.3	2,563	1,189
Credit derivatives	0.1	-	13	0.4	-	10
Equity and commodity contracts	1.5	-	-	1.5	-	-
Total	662.0	1,106	780	694.2	2,892	1,323

Hedge accounting using derivatives

For accounting policy information refer to Accounting policies 2.1 and 3.11.

Refer to Note 33 for amounts due from/to fellow NatWest Group subsidiaries.

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

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

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

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

Fair value hedges of interest rate risk involve interest rate swaps transforming the fixed interest rate risk in financial assets and financial liabilities to floating. The hedged risk is the risk of changes in the hedged item's fair value attributable to changes in the interest rate risk component of the hedged item.

The significant interest rates identified as risk components are SOFR, EURIBOR, ESTR and SONIA. These risk components are identified using the risk management systems of NWB Group and encompass the majority of the hedged item's fair value risk. NWB Group hedges the exchange rate risk of its net investment in foreign currency denominated operations with currency borrowings and forward foreign exchange contracts.

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

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

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

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

12 Derivatives continued

Derivatives in hedge accounting relationships

Included in the tables above are derivatives held for hedging purposes as follows.

NWB Group	2025				2024			
	Notional £bn	Assets £m	Liabilities £m	Changes in fair value used for hedge ineffectiveness (1) £m	Notional £bn	Assets £m	Liabilities £m	Changes in fair value used for hedge ineffectiveness (1) £m
Fair value hedging								
Interest rate contracts (2)	45.6	364	588	222	43.7	537	776	456
Cash flow hedging								
Interest rate contracts	103.1	855	968	(125)	107.0	1,417	1,835	349
Exchange rate contracts	7.3	188	17	(5)	2.0	1	2	-
Net investment hedging								
Exchange rate contracts (3)	0.2	1	1	(11)	0.2	2	-	9
	156.2	1,408	1,574	81	152.9	1,957	2,613	814
IFRS netting and clearing house settlements		(1,065)	(1,374)			(1,597)	(2,358)	
		343	200			360	255	

NWB Plc	2025				2024			
	Notional £bn	Assets £m	Liabilities £m	Changes in fair value used for hedge ineffectiveness (1) £m	Notional £bn	Assets £m	Liabilities £m	Changes in fair value used for hedge ineffectiveness (1) £m
Fair value hedging								
Interest rate contracts (2)	45.5	364	565	204	43.5	538	746	458
Cash flow hedging								
Interest rate contracts	103.1	855	968	(124)	107.0	1,417	1,835	348
Exchange rate contracts	7.3	188	17	(5)	2.0	1	1	3
Net investment hedging								
Exchange rate contracts (4)	-	-	-	1	-	-	-	-
	155.9	1,407	1,550	76	152.5	1,956	2,582	809
IFRS netting and clearing house settlements		(1,065)	(1,353)			(1,598)	(2,332)	
		342	197			358	250	

(1) The change in fair value used for hedge ineffectiveness includes instruments that were derecognised in the year.
(2) The hedged risk includes inflation risk.
(3) In addition to the derivative hedging instruments above, £463 million notional (2024 - £444 million) of non-derivative hedging instruments with a carrying value of £496 million (2024 - £444 million) were used in net investment hedges. The non-derivative instruments are other financial liabilities, specifically debt securities in issue.
(4) In addition to the derivative hedging instruments above, £366 million notional (2024 - £348 million) of non-derivative hedging instruments with a carrying value of £392 million (2024 - £348 million) were used in net investment hedges. The non-derivative instruments are other financial liabilities, specifically debt securities in issue.

12 Derivatives continued

Hedge ineffectiveness

Hedge ineffectiveness recognised in other operating income comprised.

	NWB Group	
	2025	2024
	£m	£m
Fair value hedging		
Loss on hedged items attributable to the hedged risk	**(235)**	(461)
Gain on the hedging instruments	**222**	456
Fair value hedging ineffectiveness	**(13)**	(5)
Cash flow hedging		
Interest rate risk	**(10)**	(16)
Cash flow hedging ineffectiveness	**(10)**	(16)
Total	**(23)**	(21)

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

- The effect of the counterparty credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- Upfront present values on the hedging derivatives where hedge accounting relationships have been designated after the trade date.

Maturity of notional hedging contracts

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

	NWB Group						
	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	Over 10 years	Total
2025	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Fair value hedging							
Interest rate risk (1)							
Hedging assets	**0.8**	**3.5**	**15.2**	**6.1**	**6.3**	**1.5**	**33.4**
Hedging liabilities	**-**	**2.1**	**4.2**	**3.4**	**2.5**	**-**	**12.2**
2024							
Fair value hedging							
Interest rate risk (1)							
Hedging assets	3.9	4.8	9.3	8.3	4.9	1.9	33.1
Hedging liabilities	-	0.5	3.8	5.1	1.2	-	10.6
2025							
Cash flow hedging							
Interest rate risk							
Hedging assets	**1.5**	**5.2**	**10.7**	**18.4**	**0.9**	**-**	**36.7**
Hedging liabilities	**0.4**	**14.8**	**47.1**	**3.5**	**0.6**	**-**	**66.4**
Exchange rate risk							
Hedging assets	**3.5**	**3.6**	**-**	**-**	**-**	**-**	**7.1**
Hedging liabilities	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
2024							
Cash flow hedging							
Interest rate risk							
Hedging assets	1.8	7.1	11.1	15.8	7.1	-	42.9
Hedging liabilities	1.8	12.5	36.2	12.7	0.9	-	64.1
Exchange rate risk							
Hedging assets	0.6	0.7	0.5	-	-	-	1.8
Hedging liabilities	-	0.2	-	-	-	-	0.2

(1) The hedged risk includes inflation risk.

12 Derivatives continued

Maturity of notional hedging contracts continued

	NWB Plc						
2025	0-3 months £bn	3-12 months £bn	1-3 years £bn	3-5 years £bn	5-10 years £bn	Over 10 years £bn	Total £bn
Fair value hedging							
Interest rate risk (1)							
Hedging assets	**0.8**	**3.5**	**15.2**	**6.1**	**6.2**	**1.7**	**33.5**
Hedging liabilities	**-**	**2.1**	**4.2**	**3.2**	**2.5**	**-**	**12.0**
2024							
Fair value hedging							
Interest rate risk (1)							
Hedging assets	3.9	4.8	9.4	8.2	4.9	2.0	33.2
Hedging liabilities	-	0.5	3.8	4.8	1.2	-	10.3
2025							
Cash flow hedging							
Interest rate risk							
Hedging assets	**1.5**	**5.2**	**10.7**	**18.4**	**0.9**	**-**	**36.7**
Hedging liabilities	**0.4**	**14.8**	**47.1**	**3.5**	**0.6**	**-**	**66.4**
Exchange rate risk							
Hedging assets	**3.5**	**3.6**	**-**	**-**	**-**	**-**	**7.1**
Hedging liabilities	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
2024							
Cash flow hedging							
Interest rate risk							
Hedging assets	1.8	7.1	11.1	15.7	7.1	-	42.8
Hedging liabilities	1.8	12.5	36.2	12.7	1.0	-	64.2
Exchange rate risk							
Hedging assets	0.6	0.8	0.5	-	-	-	1.9
Hedging liabilities	-	0.1	-	-	-	-	0.1

(1) The hedged risk includes inflation risk.

Average fixed interest rates

Average fixed rate for cash flow hedges, interest rate risk, for NWB Group and NWB Plc.

2025	0-3 months %	3-12 months %	1-3 years %	3-5 years %	5-10 years %	Over 10 years %	Total %
Average fixed interest rate							
Hedging assets	**1.29**	**3.00**	**3.88**	**3.25**	**1.92**	**-**	**3.28**
Hedging liabilities	**2.73**	**3.43**	**3.62**	**3.26**	**3.21**	**-**	**3.55**
2024							
Average fixed interest rate							
Hedging assets	0.58	1.04	3.28	3.47	2.30	-	2.70
Hedging liabilities	4.20	4.13	3.63	3.36	2.55	-	3.67

Average foreign exchange rates

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

	2025	2024
INR/GBP	**119.17**	109.07
JPY/GBP	**195.35**	179.88
EUR/GBP	**1.14**	**-**

12 Derivatives continued

Analysis of hedged items and related hedging instruments

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

	NWB Group		
2025	Carrying value of hedged assets and liabilities £m	Impact on hedged items included in carrying value £m	Changes in fair value used as a basis to determine ineffectiveness (1) £m
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	**2,908**	**(316)**	**46**
Other financial assets - securities	**30,961**	**8**	**(62)**
Total (3)	**33,869**	**(308)**	**(16)**
Other financial liabilities - debt securities in issue (5)	**8,143**	**(177)**	**(157)**
Subordinated liabilities	**4,150**	**(14)**	**(62)**
Total	**12,293**	**(191)**	**(219)**
2024			
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	2,577	(430)	(95)
Other financial assets - securities	30,476	103	(257)
Total (3)	33,053	(327)	(352)
Other financial liabilities - debt securities in issue (5)	6,636	(343)	(53)
Subordinated liabilities	3,648	(77)	(56)
Total	10,284	(420)	(109)
2025			
Cash flow hedging - interest rate			
Loans to banks and customers - amortised cost (4)	**36,159**		**(745)**
Other financial assets - securities	**377**		**(7)**
Total	**36,536**		**(752)**
Bank and customer deposits	**66,518**		**867**
Total	**66,518**		**867**
Cash flow hedging - exchange rate			
Loans to banks and customers - amortised cost (4)	**4,455**		**-**
Other financial assets - securities	**2,586**		**-**
Total	**7,041**		**-**
Other	**210**		**5**
2024			
Cash flow hedging - interest rate			
Loans to banks and customers - amortised cost (4)	42,169		(64)
Other financial assets - securities	619		(1)
Total	42,788		(65)
Bank and customer deposits	64,217		(300)
Total	64,217		(300)
Cash flow hedging - exchange rate			
Loans to banks and customer - amortised cost	223		-
Other financial assets - securities	1,598		-
Total	1,821		-
Other	195		-

(1) The change in fair value used for ineffectiveness includes instruments that were derecognised in the year.
(2) The hedged risk includes inflation risk.
(3) Carrying values include £17 million (2024 - £21 million) adjustment for discontinued fair value hedges.
(4) Includes cash and balances at central banks.
(5) The carrying value include £3,549 million (2024 - £3,974 million) of debt securities held at amortised cost.

12 Derivatives continued

Analysis of hedged items and related hedging instruments - continued

	NWB Plc		
2025	Carrying value of hedged assets and liabilities £m	Impact on hedged items included in carrying value £m	Changes in fair value used as a basis to determine ineffectiveness (1) £m
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	**2,839**	**(317)**	**46**
Other financial assets - securities	**30,961**	**8**	**(62)**
Total (3)	**33,800**	**(309)**	**(16)**
Other financial liabilities - debt securities in issue (5)	**7,857**	**(156)**	**(151)**
Subordinated liabilities	**4,150**	**(14)**	**(62)**
Total	**12,007**	**(170)**	**(213)**
2024			
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost	2,502	(432)	(94)
Other financial assets - securities	30,477	103	(257)
Total (3)	32,979	(329)	(351)
Other financial liabilities - debt securities in issue (5)	6,368	(317)	(46)
Subordinated liabilities	3,648	(77)	(57)
Total	10,016	(394)	(103)
2025			
Cash flow hedging - interest rate			
Loans to banks and customers - amortised cost (4)	**36,160**		**(745)**
Other financial assets - securities	**377**		**(7)**
Total	**36,537**		**(752)**
Bank and customer deposits	**66,518**		**867**
Total	**66,518**		**867**
Cash flow hedging - exchange rate			
Loans to banks and customers - amortised cost (4)	**4,455**		**-**
Other financial assets - securities	**2,586**		**-**
Total	**7,041**		**-**
Other	**210**		**6**
2024			
Cash flow hedging - interest rate			
Loans to banks and customers - amortised cost (4)	42,170		(64)
Other financial assets - securities	619		(1)
Total	42,789		(65)
Bank and customer deposits	64,217		(300)
Total	64,217		(300)
Cash flow hedging - exchange rate			
Loans to banks and customer - amortised cost	223		
Other financial assets - securities	1,598		-
Total	1,821		-
Other	138		(3)

(1) The change in fair value used for ineffectiveness includes instruments that were derecognised in the year.
(2) The hedged risk includes inflation risk.
(3) Carrying values include £5 million (2024 - £2 million) adjustment for discontinued fair value hedges.
(4) Includes cash and balances at central banks.
(5) The carrying value include £3,549 million (2024 - £3,974 million) of debt securities held at amortised cost.

12 Derivatives continued

Analysis of cash flow and foreign exchange hedge reserve

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

	NWB Group			
	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Continuing				
Interest rate risk	(187)	-	(284)	-
Foreign exchange risk	(4)	(7)	(1)	11
De-designated				
Interest rate risk	(165)	-	(143)	-
Foreign exchange risk	-	14	-	25
Total	(356)	7	(428)	36

	NWB Plc			
	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Continuing				
Interest rate risk	(187)	-	(284)	-
Foreign exchange risk	(4)	(7)	-	10
De-designated				
Interest rate risk	(165)	-	(143)	-
Foreign exchange risk	-	3	-	3
Total	(356)	(4)	(427)	13

12 Derivatives continued

Analysis of cash flow and foreign exchange hedge reserve continued

	NWB Group			
	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Amount recognised in equity				
Interest rate risk	**(134)**	**-**	17	-
Foreign exchange risk	**100**	**(29)**	101	25
Total	**(34)**	**(29)**	118	25
Amount transferred from equity to earnings				
Interest rate risk to net interest income	**210**	**-**	388	-
Foreign exchange risk to net interest income	**(112)**	**-**	(107)	-
Foreign exchange risk to operating expenses	**8**	**-**	5	-
Total	**106**	**-**	286	-

	NWB Plc			
	2025		2024	
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m
Amount recognised in equity				
Interest rate risk	**(134)**	**-**	17	-
Foreign exchange risk	**101**	**(17)**	108	16
Total	**(33)**	**(17)**	125	16
Amount transferred from equity to earnings				
Interest rate risk to net interest income	**210**	**-**	388	-
Foreign exchange risk to net interest income	**(112)**	**-**	(107)	-
Foreign exchange risk to operating expenses	**7**	**-**	2	-
Total	**105**	**-**	283	-

13 Loan impairment provisions

Loan exposure and impairment metrics

The table below summarises loans and related credit impairment measures within the scope of ECL framework.

	NWB Group		NWB Plc	
	31 December 2025 £m	31 December 2024 £m	**31 December 2025 £m**	31 December 2024 £m
Loans - amortised cost and FVOCI (1)				
Stage 1	**316,363**	298,209	**287,175**	268,368
Stage 2	**33,379**	35,517	**27,117**	31,101
Stage 3	**3,737**	4,798	**3,212**	4,112
Inter-group (2)	**6,970**	3,130	**37,823**	34,942
Total	**360,449**	341,654	**355,327**	338,523
ECL provisions (3)				
Stage 1	**516**	482	**483**	442
Stage 2	**683**	667	**633**	624
Stage 3	**1,770**	1,599	**1,645**	1,482
Inter-group	**1**	2	**30**	39
	2,970	2,750	**2,791**	2,587
ECL provision coverage (4)				
Stage 1 (%)	**0.16**	0.16	**0.17**	0.16
Stage 2 (%)	**2.05**	1.88	**2.33**	2.01
Stage 3 (%)	**47.36**	33.33	**51.21**	36.04
Inter-group (%)	**0.01**	0.07	**0.08**	0.11
	0.84	0.81	**0.87**	0.84
Impairment (releases)/losses				
ECL (release)/charge (5)				
Stage 1	**(153)**	(355)	**(135)**	(335)
Stage 2	**369**	325	**354**	316
Stage 3	**438**	376	**399**	356
Third party	**654**	346	**618**	337
Inter-group	**(1)**	1	**(9)**	(3)
	653	347	**609**	334
Amounts written-off	**489**	549	**454**	536

(1) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to Financial instruments within the scope of the IFRS 9 ECL framework for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling £29.3 billion (2024 – £34.6 billion) and debt securities of £52.4 billion (2024 – £39.1 billion).
(2) NWB Group and NWB Plc's intercompany assets are classified in Stage 1.
(3) Includes £3 million (2024 – £4 million) related to assets classified as FVOCI.
(4) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful coverage ratio.
(5) Includes a £3 million release (2024 – £10 million charge) related to other financial assets, of which a £1 million release (2024 – £4 million charge) related to assets classified as FVOCI, and includes a £4 million charge (2024 – £3 million release) related to contingent liabilities.

Credit risk enhancement and mitigation

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

Critical accounting policy: Loan impairment provisions

Accounting policy 2.2 sets out how the expected loss approach is applied. At 31 December 2024, impairment provisions amounted to £2,970 million (2024 - £2,750 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan was advanced. Such evidence includes changes in the credit rating of a borrower, the failure to make payments in accordance with the loan agreement, significant reduction in the value of any security, breach of limits or covenants, and observable data about relevant macroeconomic measures.

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

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

IFRS 9 modes

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

Approach for multiple economic scenarios (MES)

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

14 Investment in Group undertakings

Critical accounting policy: Investments in Group undertakings

At each reporting date, NatWest Bank Plc assesses whether there is any indication that its investment in its Group undertakings is impaired. If any such indication exists, NatWest Bank Plc undertakes an impairment test by comparing the carrying value of the investment in its Group undertakings with its estimated recoverable amount. The key judgement is in determining the recoverable amount. The recoverable amount of an investment in its Group undertakings is the higher of its fair value less cost to sell and its value in use, being an assessment of the discounted future cash flows of the entity. Impairment testing inherently involves a number of judgements: the five-year cash flow forecast, the choice of appropriate discount and growth rates, and the estimation of fair value. For accounting policy information refer to Accounting policy 2.3.

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

	NWB Plc	
	2025	2024
	£m	£m
At 1 January	**2,520**	2,615
Currency translation and other adjustments	**11**	(8)
Additional investments in Group undertakings	**74**	10
Net (impairment)/reversal of impairment of investments	**(128)**	(97)
At 31 December	**2,477**	2,520

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

In 2025, additional investments include investments of £59 million in NatWest Boxed Limited and capital contributions to World Learning Limited of £7 million and NatWest RT Holdings Limited of £8 million. The additions in 2024 were investments in World Learning Limited.

In 2025, net impairment of investments is mainly due to a £171 million impairment of NatWest Bank Plc's investment in NatWest Boxed Limited and £52 million reversal of impairment of NatWest Bank Plc's investment in Strand European Holdings AB following the annual assessment of the entity's recoverable amounts. The net impairment of investments in 2024 was primarily related to the investment in Strand European Holdings AB.

The annual assessment of recoverable amount as at 31 December 2025 did not indicate the need for an impairment of the investment in Coutts & Company. Reasonably possible adverse changes to the more significant variables of the value in use calculation for Coutts & Company would not lead to a reduction in the recoverable amount below its carrying value.

The principal subsidiary undertakings of NatWest Bank Plc are shown below and are wholly-owned directly or indirectly through intermediate holding companies. Their capital consists of ordinary shares and Additional Tier 1 notes which are unlisted. All subsidiary undertakings are included in NWB Group's consolidated financial statements and have an accounting reference date of 31 December.

	Nature of business	Country of incorporation and principal area of operations
Coutts & Company (1)	Private Banking & Wealth Management	Great Britain
Lombard North Central PLC	Leasing	Great Britain

(1) Coutts & Company is incorporated with unlimited liability.

For full information on all related undertakings refer to Note 36.

15 Other financial assets

	NWB Group								
	Debt securities								
	Central and local government								
	UK	US	Other	Other debt	Total	Equity shares	Loans	Settlement balances	Total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Mandatory fair value through profit or loss	-	-	-	-	-	-	639	-	639
Fair value through other comprehensive income	10,525	1,497	5,404	12,677	30,103	3	61	-	30,167
Amortised cost	12,059	-	1,795	8,462	22,316	-	-	2	22,318
Total	22,584	1,497	7,199	21,139	52,419	3	700	2	53,124
2024									
Mandatory fair value through profit or loss	-	-	-	-	-	2	532	-	534
Fair value through other comprehensive income	10,711	1,942	5,357	11,308	29,318	2	15	-	29,335
Amortised cost	2,587	-	68	7,005	9,660	-	-	42	9,702
Total	13,298	1,942	5,425	18,313	38,978	4	547	42	39,571

	NWB Plc								
	Debt securities								
	Central and local government								
	UK	US	Other	Other debt	Total	Equity shares	Loans	Settlement balances	Total
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Mandatory fair value through profit or loss	-	-	-	-	-	-	639		639
Fair value through other comprehensive income	10,001	1,497	5,404	12,677	29,579	3	61	-	29,643
Amortised cost	12,059	-	1,795	8,018	21,872	-	-	2	21,874
Total	22,060	1,497	7,199	20,695	51,451	3	700	2	52,156
2024									
Mandatory fair value through profit or loss	-	-	-	-	-	2	532	-	534
Fair value through other comprehensive income	10,211	1,942	5,357	11,308	28,818	3	15	-	28,836
Amortised cost	2,587	-	68	6,731	9,386	-	-	42	9,428
Total	12,798	1,942	5,425	18,039	38,204	5	547	42	38,798

For accounting policy information refer to Accounting policy 3.8.

16 Other assets

	NWB Group		NWB Plc	
	2025	2024	2025	2024
	£m	£m	£m	£m
Intangible assets (Note 17)	1,773	1,862	1,699	1,670
Property, plant and equipment (Note 18)	3,883	3,548	1,796	1,873
Pension schemes in net surplus (Note 5)	5	4	-	-
Assets of disposal groups	58	62	58	62
Tax recoverable	533	6	523	21
Deferred tax (Note 7)	415	808	399	792
Other assets	1,372	1,304	1,177	1,085
	8,039	7,594	5,652	5,503

17 Intangible assets

	NWB Group					
	2025			2024		
	Goodwill £m	Other (1) £m	Total £m	Goodwill £m	Other (1) £m	Total £m
Cost						
At 1 January	623	4,633	5,256	623	4,329	4,952
Currency translation and other adjustments	-	44	44	-	(72)	(72)
Additions	-	596	596	-	588	588
Disposals and write-off of fully amortised assets	-	(7)	(7)	-	(212)	(212)
At 31 December	623	5,266	5,889	623	4,633	5,256
Accumulated amortisation and impairment						
At 1 January	566	2,828	3,394	565	2,490	3,055
Currency translation and other adjustments	-	54	54	-	(30)	(30)
Disposals and impairment of fully amortised assets	-	(5)	(5)	-	(201)	(201)
Amortisation charge for the year	-	669	669	-	549	549
Impairment of intangible assets	-	4	4	1	20	21
At 31 December	566	3,550	4,116	566	2,828	3,394
Net book value at 31 December	57	1,716	1,773	57	1,805	1,862

	NWB Plc	
	2025 (1) £m	2024 (1) £m
Cost		
At 1 January	4,409	4,111
Currency translation and other adjustments	158	(60)
Additions	571	555
Disposals and write-off of fully amortised assets	(7)	(197)
At 31 December	5,131	4,409
Accumulated amortisation and impairment		
At 1 January	2,739	2,413
Currency translation and other adjustments	57	(18)
Disposals and write-off of fully amortised assets	(5)	(186)
Amortisation charge for the year	637	511
Impairment of intangible assets	4	19
At 31 December	3,432	2,739
Net book value at 31 December	1,699	1,670

(1) Principally consists of internally generated software.

Intangible assets and goodwill are reviewed for indicators of impairment. Impairment testing involves the comparison of the carrying value of each cash-generating unit (CGU) with its recoverable amount. The carrying values of the segments reflect the equity allocations made by management which are consistent with NatWest Group's capital targets. Intangible assets of NWB Group were impaired by £4 million in 2025 (2024 - £21 million).

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. Value in use is the present value of expected future cash flows from the CGU.

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

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

18 Property, plant and equipment

2025	NWB Group Investment properties £m	Property, plant and equipment £m	Operating leases £m	Total £m
Cost or valuation				
At 1 January	**938**	**6,102**	**935**	**7,975**
Transfers to disposal groups	**-**	**(97)**	**-**	**(97)**
Transfers from/(to) fellow subsidiaries	**-**	**(11)**	**-**	**(11)**
Currency translation and other adjustments (1)	**51**	**(5)**	**-**	**46**
Additions	**400**	**313**	**110**	**823**
Disposals and write-off of fully depreciated assets	**(16)**	**(261)**	**(162)**	**(439)**
At 31 December	**1,373**	**6,041**	**883**	**8,297**
Accumulated impairment, depreciation and amortisation				
At 1 January	**-**	**3,936**	**491**	**4,427**
Transfers to disposal groups	**-**	**(72)**	**-**	**(72)**
Transfers from/(to) fellow subsidiaries	**-**	**-**	**-**	**-**
Currency translation and other adjustments (2)	**-**	**9**	**-**	**9**
Disposals and write-off of fully depreciated assets	**-**	**(231)**	**(124)**	**(355)**
Charge for the year	**-**	**252**	**94**	**346**
Impairment of property, plant and equipment	**-**	**59**	**-**	**59**
At 31 December	**-**	**3,953**	**461**	**4,414**
Net book value at 31 December	**1,373**	**2,088**	**422**	**3,883**

2024				
Cost or valuation				
At 1 January	971	6,194	1,074	8,239
Transfers to disposal groups	-	(214)	-	(214)
Transfers from/(to) fellow subsidiaries	-	3	-	3
Currency translation and other adjustments (1)	(90)	(67)	-	(157)
Additions	69	368	118	555
Disposals and write-off of fully depreciated assets	(12)	(182)	(257)	(451)
At 31 December	938	6,102	935	7,975
Accumulated impairment, depreciation and amortisation				
At 1 January	-	3,913	575	4,488
Transfers to disposal groups	-	(106)	-	(106)
Transfers from/(to) fellow subsidiaries	-	-	-	-
Currency translation and other adjustments (2)	-	(26)	-	(26)
Disposals and write-off of fully depreciated assets	-	(159)	(189)	(348)
Charge for the year	-	256	105	361
Impairment of property, plant and equipment	-	58	-	58
At 31 December	-	3,936	491	4,427
Net book value at 31 December	938	2,166	444	3,548

(1) Currency translation and other adjustments includes fair value adjustment in investment properties of £5 million (2024: £5 million) for NWB Group.
(2) Other adjustments include the effect of the purchase of freeholds for properties where the NWB Group was the primary leaseholder.

Investment property valuations principally employ present value techniques that discount expected cash flows. Expected cash flows reflect rental income, occupancy and residual market values; valuations are sensitive to changes in these factors. The investment property fair value measurements are categorised as level 3. A 5% change in the most sensitive assumption, residual values, is equal to £49 million (2024 - £33 million) of the value of Investment property.

Valuations were carried out by qualified surveyors working within the Royal Institution of Chartered Surveyors, framework; property with a fair value of £221 million (2024 - £250 million) was valued by independent valuers for the purposes of year end valuations.

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

18 Property, plant and equipment continued

	NWB Plc	
	31 December 2025 £m	31 December 2024 £m
Cost		
At 1 January	**5,621**	5,751
Transfers to disposal groups	**(97)**	(214)
Transfers from/(to) holding company and fellow subsidiaries	**(13)**	4
Currency translation and other adjustments (1)	**10**	(63)
Additions	**280**	297
Disposals and write-off of fully depreciated assets	**(256)**	(154)
At 31 December	**5,545**	5,621
Accumulated impairment and depreciation		
At 1 January	**3,748**	3,730
Transfers to disposal groups	**(72)**	(107)
Transfers from/(to) holding company and fellow subsidiaries	**1**	-
Currency translation and other adjustments (1)	**17**	(24)
Disposals and write-off of fully depreciated assets	**(229)**	(138)
Charge for the year	**225**	229
Impairment for the year	**59**	58
At 31 December	**3,749**	3,748
Net book value at 31 December	**1,796**	1,873

(1) Other adjustments include the effect of the purchase of freeholds for properties where the NWB Group was the primary leaseholder.

19 Other financial liabilities

	NWB Group		NWB Plc	
	2025 £m	2024 £m	2025 £m	2024 £m
Bank deposits	**107**	168	**107**	168
Customer deposits including repos	**68**	284	**68**	284
Settlement balances	**10**	-	**10**	-
Debt securities in issue				
- Commercial paper and certificates of deposit	**2,736**	2,623	**2,736**	2,623
- Covered bonds	**749**	749	**749**	749
- Securitisation	**1,663**	1,175	**-**	-
Total	**5,333**	4,999	**3,670**	3,824

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

20 Subordinated liabilities

	NWB Group		NWB Plc	
	2025	2024	2025	2024
	£m	£m	£m	£m
Undated loan capital	**3**	3	**-**	-
Preference shares (2)	**119**	119	**119**	119
	122	122	**119**	119

(1) The table above excludes amounts due to holding company and fellow subsidiaries of £4,150 million (2024 - £3,648 million) for NWB Group and £4,150 million (2024 - £3,648 million) for NWB Plc. Refer to intercompany balances in Note 33.
(2) The preference shares issued by NWB Plc are classified as liabilities; these securities remain subject to the capital maintenance rules of the Companies Act 2006.

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

Preference shares		First call date	Maturity date	Capital treatment	2025 £m	2024 £m
NatWest Bank Plc						
£140 million	Non-cumulative preference shares of £1	-	-	Not applicable	**119**	119
					119	119
Undated loan capital - other subsidiaries					**3**	3
					122	122

The following tables analyse these intercompany subordinated liabilities:

	NWB Group and NWB Plc	
	2025	2024
Other subsidiaries	£m	£m
Dated loan capital	**4,150**	3,648

Dated loan capital					2025 £m	2024 £m
NatWest Bank Plc						
£1000 million	2.105% notes	Aug-26	Nov-31	Tier 2	**982**	942
€1000 million	3.723% notes	Feb-30	Feb-35	Tier 2	**894**	-
€700 million	5.763% notes	Nov-28	Feb-34	Tier 2	**655**	630
£650 million	7.536% notes	Jun-28	Jun-33	Tier 2	**667**	660
£600 million	5.642% notes	Oct-29	Oct-34	Tier 2	**606**	596
£500 million	3.622% notes	May-25	Aug-30	Tier 2	**-**	499
€411.4 million	1.043% notes	Jun-27	Sep-32	Tier 2	**346**	321
					4,150	3,648

(1) Further details of the contractual terms of the preference shares are given in Note 22.

21 Other liabilities

	NWB Group		NWB Plc	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Lease liabilities	**419**	490	**302**	366
Provisions for liabilities and charges	**435**	477	**372**	443
Retirement benefit liabilities (Note 5)	**50**	41	**8**	8
Accruals	**1,069**	1,037	**862**	862
Deferred income	**276**	263	**250**	240
Current tax	**-**	33	**-**	8
Deferred tax (Note 7)	**63**	83	**-**	-
Acceptances	**280**	305	**272**	294
Other liabilities	**355**	435	**176**	169
Total	**2,947**	3,164	**2,242**	2,390

	NWB Group				
Provisions for liabilities and charges	**Redress and other litigation £m**	**Property £m**	**Financial commitments and guarantees £m**	**Other (1) £m**	**Total £m**
At 1 January 2025	**255**	**59**	**39**	**124**	**477**
Expected credit losses impairment release	**-**	**-**	**7**	**-**	**7**
Currency translation and other movements	**22**	**-**	**-**	**-**	**22**
Charge to income statement	**80**	**24**	**-**	**186**	**290**
Release to income statement	**(25)**	**(17)**	**-**	**(38)**	**(80)**
Provisions utilised	**(99)**	**(13)**	**-**	**(169)**	**(281)**
At 31 December 2025	**233**	**53**	**46**	**103**	**435**

	NWB Plc				
Provisions for liabilities and charges	**Redress and other litigation £m**	**Property £m**	**Financial commitments and guarantees £m**	**Other (1) £m**	**Total £m**
At 1 January 2025	**249**	**57**	**38**	**99**	**443**
Expected credit losses impairment charge	**-**	**-**	**7**	**-**	**7**
Currency translation and other movements	**22**	**-**	**-**	**1**	**23**
Charge to income statement	**46**	**23**	**-**	**166**	**235**
Release to income statement	**(23)**	**(16)**	**-**	**(33)**	**(72)**
Provisions utilised	**(99)**	**(13)**	**-**	**(152)**	**(264)**
At 31 December 2025	**195**	**51**	**45**	**81**	**372**

(1) Other materially comprises provisions relating to restructuring costs.

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

For accounting policy information refer to Accounting policy 3.12.

Background information on all material provisions is given in Note 26.

22 Share capital and reserves

Allotted, called up and fully paid	2025 £m	2024 £m	Number of shares - 000s 2025 000s	2024 000s
Ordinary shares of £1	**1,678**	1,678	**1,678,177**	1,678,177
Non-cumulative preference shares of £1	**116**	116	**116,349**	116,349

Ordinary shares

No ordinary shares were issued during 2025 or 2024.

In 2025, NWB Plc paid ordinary dividends of £3.0 billion to NWH Ltd (2024 – £2.5 billion).

Preference shares

The 9% non-cumulative preference shares Series A of £1 each are non-redeemable.

The holders of preference shares are entitled, on the winding-up of NWB Plc, to priority over the ordinary shareholders as regards payment of capital. Otherwise the holders of preference shares are not entitled to any further participation in the profits or assets of NWB Plc.

The holders of preference shares are not entitled to receive notice of, attend, or vote at any general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of NWB Plc or the sale of the whole of the business of NWB Plc or any resolution directly affecting any of the special rights or privileges attached to any of the classes of preference shares.

Under IFRS, NWB Plc preference shares are classified as debt and are included in subordinated liabilities on the balance sheet Note 20.

Paid-in equity

Comprises equity instruments issued by NWB Plc other than those legally constituted as shares.

Additional Tier 1 Instruments issued by NWB Plc having the legal form of debt are classified as equity under IFRS. The coupons on these Instruments are non-cumulative and payable at NWB Plc's discretion.

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

Reserves

Under UK companies legislation, when shares are redeemed or purchased wholly or partly out of NWB Plc's profits, the amount by which NWB Plc's issued share capital is diminished must be transferred to the capital redemption reserve. The capital maintenance provisions of UK companies legislation apply to the capital redemption reserve as if it were part of NWB Plc's paid up share capital.

UK law prescribes that only distributable reserves of NWB Plc are taken into account for the purpose of making distributions, this includes permissible applications within the share premium account and capital redemption reserve of £631 million (2024 - £631 million).

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

For accounting policy information refer to Accounting policy 3.10.

	2025 £m	2024 £m
Additional Tier 1 instruments		
US $2,000 million 3.8495% instruments callable - August 2023	**-**	1,077
GBP £500 million 6.8543% instruments callable - May 2027	**500**	500
GBP £400 million 3.9438% instruments callable - March 2028	**400**	400
US $750 million 4.3517% instruments callable - June 2031	**541**	541
GBP 500 million 7.50% instruments callable February 2032	**500**	-
US$1,000 million 7.361% instruments callable November 2033	**740**	-
US$ 1,000 million 8.125% instruments callable - November 2033	**-**	799
GBP 500 million 7.625% instruments callable September 2035	**500**	-
	3,181	3,317

23 Structured entities

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

Securitisations

In a securitisation, assets, or interests in a pool of assets, are transferred, or the credit risk is transferred via a derivative or financial guarantee to a SE which then issues liabilities to third party investors. NWB Group's involvement in client securitisations takes a number of forms. It may provide secured finance to, or purchase asset-backed notes from, client sponsored SEs secured on assets transferred by the client entity; or purchase asset backed securities issued by client sponsored SEs in the primary or secondary markets. In addition, NWB Group undertakes own-asset securitisations to transfer the credit risk on portfolios of financial assets. In 2025 NWB Group transacted an own-asset RMBS via a sponsored unconsolidated SE, resulting in £2.1 bn of residential mortgage assets being derecognised from the NWB Group balance sheet.

Other credit risk transfers securitisations

NWB Group transfers credit risk on originated loans and mortgages without the transfer of the assets to a SE. As part of this, NWB Group enters into credit derivative and financial guarantee contracts with consolidated SEs. At 31 December 2025, debt securities in issue by such SEs (and held by third parties) were £1,663 million (2024 - £1,175 million). The associated loans and mortgages at 31 December 2025 were £24,535 million (2024 - £13,226 million). At 31 December, ECL in relation to non-defaulted assets was reduced by £37 million (2024 - £43 million) as a result of financial guarantee contracts with consolidated SEs.

Covered bond programme

Certain loans to customers have been assigned to bankruptcy remote limited liability partnerships to provide security for issues of debt securities by NWB Group. NWB Group retains all of the risks and rewards of these loans. The partnerships are consolidated by NWB Group, the loans retained on NWB Group's balance sheet and the related covered bonds included within debt securities in issue of the NWB Group. At 31 December 2025, £7,083 million (2024 - £8,323 million) of loans to customers have been assigned to bankruptcy remote limited liability partnerships to provide security for issues of debt securities by the NWB Group of £749 million (2024 - £749 million).

Lending of own issued securities

Where the NWB Group issues and retains debt securities it does not recognise them. From time to time the NWB Group issues, retains, and lends debt securities under bespoke securities lending and repurchase financing arrangements. Under standard terms in the UK and US markets, the recipient has an unrestricted right to sell or repledge collateral, subject to returning equivalent securities on maturity of the transaction. NWB Group retains all of the risks and rewards of own issued liabilities lent or sold under such arrangements and, where the ability of the recipient to sell or pledge the asset is restricted under a bespoke arrangement, does not recognise them. At 31 December 2025, £1,250 million (2024 - £1,750 million) of secured own issued liabilities have been retained and lent under securities lending and repurchase financing arrangements, total retained secured own issued liabilities £3,000 million (2024 - £3,000 million). At 31 December 2025, £1,254 million (2024 - £1,751 million) of loans and other debt instruments provided security for secured own issued liabilities that have been retained and lent under securities lending and repurchase financing arrangements, total loans and other debt instruments providing security for retained secured own issued liabilities £5,676 million (2024 - £6,576 million).

Unconsolidated structured entities

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

The nature and extent of NWB Group's interests in unconsolidated structured entities is summarised below.

	2025			2024		
	Asset-backed securitisation vehicles	**Investment funds and other**	**Total**	Asset-backed securitisation vehicles	Investment funds and other	Total
	£m	**£m**	**£m**	£m	£m	£m
Assets						
Loans to customers	**992**	**471**	**1,463**	445	261	706
Other financial assets	**5,695**	**-**	**5,695**	3,601	-	3,601
Total	**6,687**	**471**	**7,158**	4,046	261	4,307
Off balance sheet						
Liquidity facilities/loan commitments	**247**	**128**	**375**	145	52	197
Guarantees	**-**	**-**	**-**	-	11	11
Total	**247**	**128**	**375**	145	63	208
Maximum exposure	**6,934**	**599**	**7,533**	4,191	324	4,515

24 Asset transfers and collateral received

Transfers that do not qualify for derecognition

NWB Group enters into securities repurchase agreements and securities lending transactions under which it transfers securities in accordance with normal market practice. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level.

Under standard terms for repurchase transactions in the UK and US markets, the recipient of collateral has an unrestricted right to sell or re-pledge it, subject to returning equivalent securities on settlement of the transaction.

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

	NWB Group		NWB Plc	
	2025	2024	**2025**	2024
The following assets have failed derecognition (1)	**£m**	£m	**£m**	£m
Loans to bank - amortised cost	**29**	70	**29**	70
Loans to customers - amortised cost	**110**	45	**110**	45
Other financial assets	**15,004**	8,984	**15,004**	8,984
Total	**15,143**	9,099	**15,143**	9,099

(1) Associated liabilities were £14,920 million for both NWB Group and NWB Plc (2024 - £8,103 million).

Assets pledged as collateral

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

	NWB Group		NWB Plc	
	2025	2024	**2025**	2024
Assets pledged against liabilities	**£m**	£m	**£m**	£m
Loans to customers - amortised cost	**16,052**	19,030	**16,052**	19,030
Other financial assets (1)	**842**	534	**318**	35
Total	**16,894**	19,564	**16,370**	19,065

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

The following table analyses assets that have been transferred but have failed the derecognition rules under IFRS 9 and therefore continue to be recognised on NWB Plc's balance sheet.

	2025	2024
Asset type (1)	**£m**	£m
UK mortgages - covered bond programme	**7,083**	8,323

(1) The associated liabilities are £7,096 million (2024 - £8,221 million).

Collateral received

The fair value of securities accepted as collateral relating primarily to standard securities lending, reverse repurchase agreements and margining related to derivatives that NWB Group is permitted to sell or repledge in the absence of default was £48,764 million (2024 - £43,846 million).

The fair value of any such collateral sold or repledged was £18,207 million (2024 - £9,166 million).

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

25 Capital resources

Regulatory capital is assessed against minimum requirements that are set out under the UK CRR to determine the strength of its capital base. This note shows a reconciliation of shareholders' equity to regulatory capital.

	2025	2024
Shareholders' equity (excluding non-controlling interests)	£m	£m
Shareholders' equity	**22,685**	21,609
Other equity instruments	**(3,181)**	(3,317)
	19,504	18,292
Regulatory adjustments and deductions		
Defined benefit pension fund adjustment	**(3)**	-
Cash flow hedging reserve	**255**	307
Deferred tax assets	**(50)**	(319)
Prudential valuation adjustments	**(19)**	(26)
Goodwill and other intangible assets	**(1,643)**	(1,626)
Excess of expected losses over impairment provisions	**(154)**	(123)
Instruments of financial sector entities where the institution has a significant investment	**(665)**	(775)
Foreseeable dividends	**(2,257)**	(1,584)
Adjustment under IFRS 9 transition arrangements	**-**	35
	(4,536)	(4,111)
CET1 capital	**14,968**	14,181
Additional Tier 1 (AT1) capital		
Qualifying instruments and related share premium	**3,181**	3,317
AT1 deductions		
Instruments of financial sector entities where the institution has a significant investment	**(239)**	(240)
Tier 1 capital	**17,910**	17,258
Qualifying Tier 2 capital		
Qualifying instruments and related share premium	**4,093**	3,673
Tier 2 deductions		
Instruments of financial sector entities where the institution has a significant investment	**(302)**	(302)
Tier 2 capital	**3,791**	3,371
Total regulatory capital	**21,701**	20,629

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

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

26 Memorandum items

Contingent liabilities and commitments

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2025. Although NWB Group is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of NWB Group's expectation of future losses.

	NWB Group		NWB Plc	
	2025	2024	2025	2024
	£m	£m	£m	£m
Contingent liabilities and commitments				
Guarantees	1,580	1,748	1,570	1,729
Other contingent liabilities	1,127	1,142	1,085	1,097
Standby facilities, credit lines and other commitments	102,451	93,758	91,720	82,965
Total	105,158	96,648	94,375	85,791

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

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

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

Standby facilities and credit lines - under a loan commitment NWB Group agrees to make funds available to a customer in the future. Loan commitments, which are usually for a specified term, may be unconditionally cancellable or may persist, provided all conditions in the loan facility are satisfied or waived.

Commitments to lend include commercial standby facilities and credit lines, liquidity facilities to commercial paper conduits and unutilised overdraft facilities.

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

Indemnity deed

In April 2019, NWM Plc and NWB Plc entered into a cross indemnity agreement for losses incurred within the entities in relation to business transferred to or from the ring-fenced bank under the NatWest Group's structural re-organisation. Under the agreement, NWM Plc is indemnified by NWB Plc against losses relating to the NWB Plc transferring businesses and ring-fenced bank obligations and NWB Plc is indemnified by NWM Plc against losses relating to NWM Plc transferring businesses and non ring-fenced bank obligations with effect from the relevant transfer date.

Capital Support Deed

NWB Plc, together with certain other subsidiaries of NatWest Holdings Limited, is party to a Capital Support Deed (CSD). Under the terms of the CSD, the Bank may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the NWB Plc's capital resources in excess of the capital and financial resources needed to meet its regulatory requirements. NWB Plc may also be obliged to make onward distribution to its ordinary shareholders of dividends or other capital distributions received from subsidiaries that are party to the CSD. The CSD also provides that, in certain circumstances, funding received by NWB Plc from other parties to the CSD becomes immediately repayable, such repayment being limited to the NWB Plc's available resources.

Contractual obligations for future expenditure not provided for in the accounts

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

	NWB Group		NWB Plc	
	2025	2024	2025	2024
	£m	£m	£m	£m
Capital expenditure on other property, plant and equipment	10	13	10	13
Contracts to purchase goods or services (1)	1,187	1,159	1,152	1,122
	1,197	1,172	1,162	1,135

(1) Of which due within 1 year: £477 million (2024 - £356 million) for NWB Group and £454 million (2024 - £334 million) for NWB Plc.

26 Memorandum items continued

Trustee and other fiduciary activities

In its capacity as trustee or other fiduciary role, NWB Group may hold or place assets on behalf of individuals, trusts, companies, pension schemes and others. The assets and their income are not included in NWB Group's financial statements. NWB Group earned fee income of £260 million (2024 - £231 million) from these activities.

The Financial Services Compensation Scheme

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

Litigation and regulatory matters

NWB Plc and its subsidiary and associated undertakings ('NWB Group') are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the United Kingdom (UK), the United States (US), the European Union (EU) and other jurisdictions.

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

In many of the Matters, it is not possible to determine whether any loss is probable, or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and regulatory matters or as a result of adverse impacts or restrictions on NWB Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the probability of a liability, if any, arising can reasonably be estimated in respect of any Matter. NWB Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for Matters that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

There are situations where NWB Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending or contesting Matters, even for those for which NWB Group believes it has credible defences and should prevail on the merits.

The uncertainties inherent in all Matters affect the amount and timing of any potential economic outflows for both Matters with respect to which provisions have been established and other contingent liabilities in respect of any such Matter.

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

The future economic outflow in respect of any Matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NWB Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised. NWB Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWB Group will be necessary, in amounts that are expected to be substantial in some instances. Refer to Note 21 for information on material provisions.

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

For a discussion of certain risks associated with NWB Group's litigation and regulatory matters (including the Matters), refer to the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 180 to 182.

Offshoring VAT assessments

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

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

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

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

26 Memorandum items continued

Regulatory matters

NWB Group's financial condition can be affected by the actions of various governmental and regulatory authorities in the UK, the US, the EU and elsewhere. NWB Group and/or NatWest Group have engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the UK, the US, the EU and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes.

NWB Group expects government and regulatory intervention in financial services to be high for the foreseeable future, including increased scrutiny from competition and other regulators in the retail and SME business sectors.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NWB Group, remediation of systems and controls, public or private censure, restriction of NWB Group's business activities and/or fines.

Any of the events or circumstances mentioned in this paragraph or below could have a material adverse effect on NWB Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it, or lead to material additional provisions being taken. NWB Group is co-operating fully with the matters described below.

Investment advice review

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

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

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

	NWB Group		NWB Plc	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Additional investments in Group undertakings	**-**	-	**(74)**	(10)
Cash received/(paid) for the assets and liabilities purchased	**244**	(2,296)	**244**	(2,296)
Net inflow/(outflow) of cash in respect of purchases and disposals	**244**	(2,296)	**170**	(2,306)
Dividend received from associate	**-**	1	**-**	-
Net cash expenditure on intangible assets	**(596)**	(588)	**(571)**	(555)
Net outflow of cash	**(352)**	(2,883)	**(401)**	(2,861)

28 Non-cash and other items

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

	NWB Group		NWB Plc	
	2025	2024	2025	2024
	£m	£m	£m	£m
Impairment losses	**653**	347	**609**	334
Depreciation and amortisation	**1,078**	987	**925**	817
Net impairment of impairment of investments in Group undertakings	**-**	-	**128**	97
Change in fair value taken to profit or loss on other financial assets	**58**	218	**58**	218
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	**229**	97	**230**	105
Elimination of foreign exchange differences	**(472)**	670	**(420)**	640
Other non-cash items	**180**	361	**143**	329
Income receivable on other financial assets	**(1,958)**	(1,342)	**(1,921)**	(1,310)
Loss on sale of other financial assets	**7**	18	**7**	32
Dividends receivable from subsidiaries	**-**	-	**(487)**	(553)
Gain on sale of other assets and net assets and liabilities	**(7)**	(26)	**(7)**	(25)
Share of (income)/loss from associates	**(1)**	2	**-**	-
Interest payable on MRELs and subordinated liabilities	**474**	445	**447**	387
Charges and releases of provisions	**210**	317	**163**	294
Defined benefit pension schemes	**89**	80	**63**	59
Non-cash and other items	**540**	2,174	**(62)**	1,424
Change in operating assets and liabilities				
Change in derivative assets	**1,746**	429	**1,750**	445
Change in loans to banks	**(554)**	67	**(507)**	117
Change in loans to customers	**(11,899)**	(11,600)	**(10,808)**	(11,281)
Change in amounts due from holding companies and fellow subsidiaries	**1,704**	(1,144)	**2,513**	(3,635)
Change in other financial assets	**(96)**	(260)	**(96)**	(260)
Change in other assets	**(56)**	(57)	**(186)**	(66)
Change in bank deposits	**8,240**	6,728	**8,239**	6,726
Change in customer deposits	**4,120**	4,538	**3,795**	(230)
Change in amounts due to holding companies and fellow subsidiaries	**7,373**	372	**5,725**	6,646
Change in derivative liabilities	**(413)**	(541)	**(543)**	(691)
Change in other financial liabilities	**334**	(4,013)	**(154)**	(4,324)
Change in notes in circulation	**114**	129	**114**	129
Change in other liabilities	**(502)**	(629)	**(328)**	(583)
Change in operating assets and liabilities	**10,111**	(5,981)	**9,514**	(7,007)

29 Analysis of changes in financing during the year

	NWB Group						NWB Plc					
	Called up share capital, share premium, and paid-in equity		Subordinated liabilities (1)		MREL instruments (2)		Called up share capital, share premium, and paid-in equity		Subordinated liabilities (1)		MREL instruments (2)	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
At 1 January	**7,220**	6,421	**3,770**	3,758	**6,636**	6,548	**7,220**	6,421	**3,767**	3,755	**6,086**	5,980
Issued	**1,741**	799	**830**	600	**1,544**	1,187	**1,741**	799	**830**	600	**1,544**	927
Redeemed	**(1,877)**	-	**(500)**	(579)	**-**	(1,190)	**(1,877)**	-	**(500)**	(579)	**-**	(930)
Interest paid	**-**	-	**(175)**	(184)	**(251)**	(247)	**-**		**(174)**	(159)	**(227)**	(215)
Net cash flows from financing activities	**(136)**	799	**155**	(163)	**1,293**	(250)	**(136)**	799	**156**	(138)	**1,317**	(218)
Effects of foreign exchange	**-**	-	**91**	(53)	**(233)**	24	**-**	-	**91**	(53)	**(246)**	35
Changes in fair value	**-**	-	**62**	39	**167**	58	**-**	-	**62**	39	**168**	66
Interest payable	**-**	-	**194**	189	**280**	256	**-**	-	**193**	164	**254**	223
At 31 December	**7,084**	7,220	**4,272**	3,770	**8,143**	6,636	**7,084**	7,220	**4,269**	3,767	**7,579**	6,086

(1) Subordinated liabilities include intercompany subordinated liabilities.
(2) NWB Group MREL balances are included in amounts due to holding companies and fellow subsidiaries. NWB Plc MREL balances are shown net of the effect of down streaming funding to subsidiary companies.

30 Analysis of cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprises cash and loans to banks with an original maturity of less than three months that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

	NWB Group		NWB Plc	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Cash and balances at central banks	**29,939**	35,095	**29,911**	35,083
Other financial assets (1)	**18**	2	**18**	2
Loans to banks including intragroup balances	**9,688**	4,033	**9,238**	3,593
Cash and cash equivalents	**39,645**	39,130	**39,167**	38,678

(1) Includes cash collateral posted with bank counterparties in respect of derivative liabilities of £18 million (2024 - £2 million).

31 Directors' and key management remuneration

The composition of NWB Plc's board of directors is aligned to the board of its intermediate holding company NatWest Holdings Ltd. The directors are remunerated for their services to NatWest Group as a whole, and their remuneration cannot be apportioned in respect of their services to NWB Plc.

The directors' emoluments in the table below represent the NWH Group emoluments of the directors.

Directors' remuneration	2025 £m	2024 £m
Non-executive directors emoluments	**2,112**	1,787
Chair and executive directors emoluments	**7,519**	6,425
	9,631	8,212
Amounts receivable under long-term incentive plans and share option plans	**3,279**	1,471
	12,910	9,683

The total emoluments and amounts receivable under long-term incentive plans and share option plans of the highest paid director were £5,218,000 (2024 - £3,873,000).

The executive directors may participate in the NatWest Group's long-term incentive plans, executive share option and sharesave schemes. Where directors of NWB Plc are also directors of NatWest Group plc, details of their share interests can be found in the 2024 Annual Report and Accounts of NatWest Group plc, in line with regulations applying to NatWest Group plc as a premium listed company.

Compensation of key management

The aggregate remuneration of directors and other members of key management(1) during the year was as follows:

	2025 £m	2024 £m
Short-term benefits	**23,255**	19,729
Post-employment benefits	**683**	614
Share-based payments	**10,801**	5,250
	34,739	25,593

(1) Key management comprises members of the NWH Ltd Executive Committee.

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

32 Transactions with directors and key management

For the purposes of IAS 24 Related Party Disclosures, key management comprises directors of NWB Plc and members of the NWB Plc Executive Committee. Key management have banking relationships with NatWest Group entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features. Key management had no reportable transactions or balances with the holding companies.

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

	At 31 December	
	2025 £m	2024 £m
Loans to customers - amortised cost	**2,631**	3,538
Customer deposits	**52,378**	36,936

At 31 December 2025, amounts outstanding in relation to transactions, arrangements and agreements entered into by authorised institutions in NWB Group, as defined in UK legislation, were £2,594,679 in respect of loans to seven persons who were directors of NWB Plc at any time during the financial period (2024 - £2,581,500).

33 Related parties

UK Government

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

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

Bank of England facilities

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

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

NWB Plc guarantees certain liabilities of NWH Group to the Bank of England.

Other related party

(a) In accordance with IAS 24, transactions or balances between NWB Group entities that have been eliminated on consolidation are not reported.
(b) The primary financial statements include transactions and balances with its subsidiaries which have been further disclosed in the relevant parent company notes.

Associates, joint ventures and equity investments

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

At 31 December 2025 NWB Group held investment in associates and joint ventures amounting to £2 million (2024 - £1 million). For the year ended 31 December 2025 NWB Group's share of profit/(losses) of associates was £1 million (2024 - £(2) million). At 31 December 2025 there were £1 million balances within customer deposits (2024 - £1 million) relating to associates and joint ventures.

Post employment benefits

NatWest Group recharges NatWest Group Pension Fund with the cost of pension management services incurred by it.

33 Related parties continued

Holding companies and fellow subsidiaries

Transactions NWB Group enters with its holding companies and fellow subsidiaries also meet the definition of related party transactions. The table below discloses transactions between NWB Group and fellow subsidiaries of NatWest Group.

	2025			2024		
	Holding companies	Fellow subsidiaries	Total	Holding companies	Fellow subsidiaries	Total
	£m	£m	£m	£m	£m	£m
Interest receivable	1	118	119	2	95	97
Interest payable	(792)	(1,430)	(2,222)	(713)	(1,768)	(2,481)
Fees and commissions receivable	-	80	80	-	74	74
Fees and commissions payable	-	(82)	(82)	-	(78)	(78)
Other operating income (1)	34	1,520	1,554	37	1,441	1,478
Other administration expenses (2)	-	(168)	(168)	-	(128)	(128)
Impairment (losses)/releases	1	-	1	(1)	-	(1)
	(756)	38	(718)	(675)	(364)	(1,039)

(1) Includes internal service recharges of £1,554 million (2024 - £1,478 million).
(2) Other administration expense relates to a profit share arrangement with a fellow NatWest Group subsidiary that commenced in 2023. The profit share arrangement was introduced to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, 2023 being the first full year with the Commercial & Institutional segment in place.

The following tables include amounts due from or to holding companies and fellow subsidiaries:

	NWB Group					
	2025			2024		
	Holding companies	Fellow subsidiaries	Total	Holding companies	Fellow subsidiaries	Total
	£m	£m	£m	£m	£m	£m
Assets						
Loans to banks - amortised cost	-	6,950	6,950	-	3,116	3,116
Loans to customers - amortised cost	-	18	18	-	12	12
Other financial assets	-	8	8	78	-	78
Other assets	8	202	210	121	409	530
Amounts due from holding companies and fellow subsidiaries	8	7,178	7,186	199	3,537	3,736
Derivatives (1)	123	632	755	168	1,476	1,644
Liabilities						
Bank deposits	-	34,584	34,584	-	28,632	28,632
Customer deposits	9,876	258	10,134	8,638	1	8,639
Subordinated liabilities	4,150	-	4,150	3,648	-	3,648
MREL instruments issued to NatWest Holdings Ltd	8,143	-	8,143	6,636	-	6,636
Other financial liabilities	28	-	28	-	27	27
Other liabilities	2	65	67	-	142	142
Amounts due to holding companies and fellow subsidiaries	22,199	34,907	57,106	18,922	28,802	47,724
Derivatives (1)	50	574	624	284	505	789

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

There was £0.1 billion (2024 - £0.1 billion) of NWB Group commitments and guarantees related to transactions with fellow group companies outstanding at the balance sheet date.

33 Related parties continued

	NWB Plc							
	2025				2024			
	Holding companies	**Fellow subsidiaries**	**Subsidiaries**	**Total**	Holding companies	Fellow subsidiaries	Subsidiaries	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Assets								
Loans to banks - amortised cost	**-**	**6,656**	**16,639**	**23,295**	-	2,893	18,234	21,127
Loans to customers - amortised cost	**-**	**18**	**14,480**	**14,498**	-	12	13,764	13,776
Other financial assets	**-**	**8**	**571**	**579**	78	-	554	632
Other assets	**8**	**193**	**392**	**593**	121	423	304	848
Amounts due from holding companies and fellow subsidiaries	**8**	**6,875**	**32,082**	**38,965**	199	3,328	32,856	36,383
Derivatives (1)	**123**	**631**	**14**	**768**	168	1,476	18	1,662
Liabilities								
Bank deposits	**-**	**27,084**	**42,468**	**69,552**	-	21,303	44,251	65,554
Customer deposits	**9,898**	**257**	**6,456**	**16,611**	8,660	-	6,171	14,831
Subordinated liabilities	**4,150**	**-**	**-**	**4,150**	3,648	-	-	3,648
MREL instruments issued to NatWest Holdings Ltd	**8,146**	**-**	**-**	**8,146**	6,638	-	-	6,638
Other financial liabilities	**28**	**-**	**-**	**28**	-	27	-	27
Other liabilities	**2**	**65**	**107**	**174**	-	150	77	227
Amounts due to holding companies and fellow subsidiaries	**22,224**	**27,406**	**49,031**	**98,661**	18,946	21,480	50,499	90,925
Derivatives (1)	**50**	**574**	**27**	**651**	284	505	162	951

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

There was £0.4 billion (2024 - £0.4 billion) of NWB Plc commitments and guarantees related to transactions with fellow group companies outstanding at the balance sheet date.

34 Ultimate holding company

NWB Group's ultimate holding company is NatWest Group plc and its intermediate parent company is NatWest Holdings Limited.

NatWest Group plc is incorporated in the United Kingdom and registered in Scotland and NWH Ltd is registered in England. As at 31 December 2025, NatWest Group plc heads the largest group in which NWB Group is consolidated. Copies of the consolidated accounts of both companies may be obtained from Legal, Governance & Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ, the Registrar of Companies or at natwestgroup.com.

35 Post balance sheet events

On 9 February 2026, NatWest Group plc announced that it had reached an agreement to acquire Evelyn Partners for an enterprise value of £2.7 billion, with NatWest Bank Plc the acquiring entity. The transaction is expected to complete in the summer of 2026, subject to regulatory approval.

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

36 Related undertakings

Legal entities and activities at 31 December 2025

In accordance with the Companies Act 2006, NWB Plc's related undertakings and the accounting treatment for each are listed below. All undertakings are wholly-owned by NWB Plc or subsidiaries of NWB Plc and are consolidated by reason of contractual control (Section 1162(2) CA 2006), unless otherwise indicated. NWB Group interest refers to ordinary shares of equal values and voting rights unless further analysis is provided in the notes. Activities are classified in accordance with Annex I to the Capital Requirements Directive (CRD V) and the definitions in Article 4 of the UK Capital Requirements Regulation.

Active related undertakings incorporated in the UK which are 100% owned by NWB Group and fully consolidated for accounting purpose

Entity name	Activity	Regulatory treatment	Notes
Caledonian Sleepers Rail Leasing Ltd	BF	FC	6
Coutts & Company	CI	FC	9
Coutts Finance Company	BF	FC	9
FreeAgent Central Ltd	SC	FC	26
FreeAgent Holdings Ltd	SC	FC	26
Gatehouse Way Developments Ltd	INV	DE	6
KUC Properties Ltd	BF	DE	27
Land Options (West) Ltd	INV	DE	27
Lombard & Ulster Ltd	BF	FC	2
Lombard Business Leasing Ltd	BF	FC	6
Lombard Corporate Finance (December 3) Ltd	BF	FC	6
Lombard Corporate Finance (June 2) Ltd	BF	FC	6
Lombard Discount Ltd	BF	FC	6
Lombard Finance Ltd	BF	FC	6
Lombard Industrial Leasing Ltd	BF	FC	6
Lombard Lease Finance Ltd	BF	FC	6
Lombard Leasing Company Ltd	BF	FC	6
Lombard Leasing Contracts Ltd	BF	FC	6
Lombard Lessors Ltd	BF	FC	6
Lombard Maritime Ltd	BF	FC	6
Lombard North Central Leasing Ltd	BF	FC	6
Lombard North Central PLC	BF	FC	6
Lombard Property Facilities Ltd	BF	FC	6
Lombard Technology Services Ltd	BF	FC	6
Mettle Ventures Ltd	OTH	FC	6
National Westminster Home Loans Ltd	BF	FC	6
NatWest Boxed Ltd	OTH	FC	6
NatWest Property Investments Ltd	INV	DE	6
NatWest RT Holdings Limited	OTH	FC	6
Pittville Leasing Ltd	BF	FC	6
Premier Audit Company Ltd	BF	FC	6
R.B. Leasing (September) Ltd	BF	FC	6
R.B. Quadrangle Leasing Ltd	BF	FC	6
RBS Asset Management Holdings	BF	FC	9
RBS Collective Investment Funds Ltd	BF	FC	11
RBS Invoice Finance Ltd	BF	FC	6
RBSG Collective Investments Holdings Ltd	BF	FC	11
RBSSAF (2) Ltd	BF	FC	6
RBSSAF (25) Ltd	BF	FC	6
Royal Bank Leasing Ltd	BF	FC	27
Royal Bank of Scotland (Industrial Leasing) Ltd	BF	FC	27
Royal Scot Leasing Ltd	BF	FC	27
RoyScot Trust Plc	BF	FC	6
Silvermere Holdings Ltd	BF	FC	27
The Royal Bank of Scotland Group Independent Financial Services Ltd	BF	FC	27
Ulster Bank Ltd	CI	FC	2
Ulster Bank Pension Trustees Ltd	TR	DE	23
Walton Lake Developments Ltd	INV	DE	6
World Learning Limited	BF	FC	6

Active related undertakings incorporated outside the UK which are 100% owned by NWB Group and fully consolidated for accounting purposes

Entity name	Activity	Regulatory treatment	Notes
Airside Properties AB	BF	FC	21
Apitare Oy	OTH	FC	17
Arenarena AS	BF	FC	19
Arkivborgen KB	BF	FC	21
Artul Koy	BF	FC	17
BD Lagerhus AS	BF	FC	15
Bilfastighet i Akalla AB	BF	FC	21
Bilfastighet i Avesta AB	BF	FC	21
Bilfastighet i Bollnas AB	BF	FC	21
Bilfastighet i Hemlingby AB	BF	FC	21
Bilfastighet i Hudiksvall AB	BF	FC	21
Bilfastighet i Ludvika AB	BF	FC	21
Bilfastighet i Marsta AB	BF	FC	18
Bilfastighet i Mora AB	BF	FC	21
Bilfastighet i Uppsala KB	BF	FC	18
Bilfastighet Kista AB	BF	FC	18
Borgholm Gl!ntan AB	BF	FC	18
Brodmagasinet KB	BF	FC	21
D5 INVEST AS	BF	FC	16
Eiendomsselskapet Apteno La AS	BF	FC	15
Espeland Naering AS	BF	FC	15
Eurohill 4 KB	BF	FC	21
Fab Ekenäs Formanshagen 4	BF	FC	17
Fastighets AB Flojten i Norrkoping	BF	FC	21
Fastighets AB Stockmakaren	BF	FC	18
Fastighets Aktiebolaget Sambiblioteket	BF	FC	21
Fastighetsbolaget Elmotorgatan AB	BF	FC	21
Forskningshöjden KB	BF	FC	21
Forvaltningsbolaget Dalkyrkan KB	BF	FC	21
Forvaltningsbolaget Kloverbacken Skola KB	BF	FC	21
Fyrs!te Fastighets AB	BF	FC	21
Grinnhagen KB	BF	FC	21
Hatros 1 AS	BF	FC	15
Horrsta 4:38 KB	BF	FC	21
IR Fastighets AB	BF	FC	21
IR IndustriRenting AB	BF	FC	21
Kallebäck Institutfastigheter AB	BF	FC	21
KB Eurohill	BF	FC	21
KB Lagermannen	BF	FC	21
KB Likriktaren	BF	FC	21
Kiinteist Oy Tipotie 4	BF	FC	17
Koy Harkokuja 2	BF	FC	20
Kiinteisto Oy Lohjan Ojamonharjuntie 61	BF	FC	20
Koy Pennalan Johtotie 2	BF	FC	17
Koy Turun Mustionkatu 6	BF	FC	20
Kiinteisto Oy Vantaan Rasti IV	BF	FC	20

36 Related undertakings continued

Entity name	Activity	Regulatory treatment	Notes
Kiinteistöosakeyhtiö Jyväskylän Kukkula I	BF	FC	17
Koy Kuopion Volttikatu 1	OTH	FC	17
Kobbervikdalen 2 Utvikling AS	OTH	FC	14
Koy Helsingin Mechelininkatu 1	BF	FC	17
Koy Helsingin Osmontie 34	BF	FC	17
Koy Helsingin Panuntie 11	BF	FC	17
Koy Helsingin Panuntie 6	BF	FC	17
Koy Iisalmen Kihlavirta	BF	FC	17
Koy Jamsan Keskushovi	BF	FC	17
Koy Jasperintie 6	BF	FC	20
Koy Kokkolan Kaarlenportti Fab	BF	FC	17
Koy Kouvolan Oikeus ja Poliisitalo	BF	FC	17
Koy Millennium	BF	FC	17
Koy Nummelan Portti	BF	FC	17
Koy Peltolantie 27	BF	FC	20
Koy Porkkanakatu 2	BF	FC	20
Koy Puotikuja 2 Vaasa	BF	FC	17
Koy Raision Kihlakulma	BF	FC	17
Koy Vapaalan Service-Center	BF	FC	17
Kvam Eiendom AS	BF	FC	15
Lakten 1 KB	BF	FC	21
Leiv Sand Eiendom AS	BF	FC	15
LerumsKrysset KB	BF	FC	21
Limstagården KB	BF	FC	21
Lundbyfilen 5 AB	BF	FC	18
Narmovegen 455 AS	BF	FC	15
National Westminster International Holdings B.V.	BF	FC	27
NatWest Digital Services India Private Limited	SC	FC	12
NatWest Services (Switzerland) Ltd	SC	FC	24
Nordisk Renting AB	BF	FC	21
Nordisk Renting AS	BF	FC	15

Entity name	Activity	Regulatory treatment	Notes
Nordisk Renting Facilities Management AB	BF	FC	18
Nordisk Renting OY	BF	FC	17
Nordisk Specialinvest AB	BF	FC	21
Nordiska Strategifastigheter Holding AB	BF	FC	21
Nybergflata 5 AS	BF	FC	15
OFH Eiendom AS	BF	FC	15
Optimus KB	BF	FC	21
RBS Deutschland Holdings GmbH	BF	FC	28
Rigedalen 44 Eiendom AS	BF	FC	15
Ringdalskogen Utvikling AS	OTH	FC	15
Ringdalveien 20 AS	BF	FC	15
Sandmoen Naeringsbygg AS	BF	FC	15
SBB Klangsågen Mark AB	BF	FC	18
SFK Kommunfastigheter AB	BF	FC	21
Sjöklockan KB	BF	FC	21
Skinnarängen KB	BF	FC	21
Sletta Eiendom II AS	BF	FC	15
Smista Park AB	OTH	FC	18
Snipetjernveien 1 AS	BF	FC	15
Solbanken KB	BF	FC	21
Solnorvika AS	BF	FC	15
Strand European Holdings AB	BF	FC	18
Svenskt Fastighetskapital AB	BF	FC	21
Svenskt Energikapital AB	BF	FC	21
Svenskt Fastighetskapital Holding AB	BF	FC	21
Triport Borås AB	BF	FC	18
Triport Karlshamn AB	BF	FC	18
Triport Vaggeryd AB	BF	FC	18
Tygverkstaden 1 KB	BF	FC	21
Vävskeden Vårdbostad Flen AB	BF	FC	18
Vandenbergh 9 AB	BF	FC	18
Villa Strå Fastighets AB	BF	FC	18

Active related undertakings which are 100% owned by NWB Group but are not consolidated for accounting purposes

Entity name	Activity	Regulatory treatment	Notes
Bioenergie Dargun Immobilien GmbH	OTH	DE	32
Bioenergie Jessen Immobilien GmbH	OTH	DE	32
Bioenergie Wiesenburg GmbH & Co. KG	INV	DE	32
Bioenergie Wiesenburg Verwaltungs GmbH	OTH	DE	32
Bioenergie Zittau GmbH	OTH	DE	32
Bioenergie Zittau Immobilien GmbH	OTH	DE	32
Capulet Homes Florida LLC	OTH	DE	7
DBV Deutsche Bioenergie Verbinder GmbH	OTH	DE	32
East Grove Holding Limited	INV	DE	13
German Biogas Holdco Limited	INV	DE	1
Montague Homes Florida LLC	OTH	DE	7
Reppinichen Dritte Biogas Betriebs GmbH	OTH	DE	32
Reppinichen Erste Biogas Betriebs GmbH	OTH	DE	32
Reppinichen Zweite Biogas Betriebs GmbH	OTH	DE	32
Romeo Homes Florida LLC	OTH	DE	7
Romeo Homes Georgia LLC	OTH	DE	7
Romeo Homes Indiana LLC	OTH	DE	7
Romeo Homes Kansas LLC	OTH	DE	7
Romeo Homes Nevada LLC	OTH	DE	7
Romeo Homes North Carolina LLC	OTH	DE	7

Entity name	Activity	Regulatory treatment	Notes
Romeo Homes Oklahoma LLC	OTH	DE	7
Romeo Homes Tennessee LLC	OTH	DE	7
Romeo Homes Texas LLC	OTH	DE	7
West Granite Homes Inc.	INV	DE	7
WGH Development LLC	OTH	DE	7
WGH Florida LLC	OTH	DE	7
WGH Georgia LLC	OTH	DE	7
WGH Indiana LLC	OTH	DE	7
WGH Kansas LLC	OTH	DE	7
WGH Nevada LLC	OTH	DE	7
WGH North Carolina LLC	OTH	DE	7
WGH Oklahoma LLC	OTH	DE	7
WGH Texas LLC	OTH	DE	7
Wiesenburg Dritte Biogas Betriebs GmbH	OTH	DE	32
Wiesenburg Erste Biogas Betriebs GmbH	OTH	DE	32
Wiesenburg Zweite Biogas Betriebs GmbH	OTH	DE	32
Wiesenburger Marktfrucht GmbH	OTH	DE	32

36 Related undertakings continued

Active related undertakings incorporated in the UK where NWB Group ownership is less than 100%

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Falcon Wharf Ltd	OTH	EAJV	PC	50	22
GWNW City Developments Ltd	BF	EAJV	DE	50	22
JCB Finance Ltd	BF	FC	FC	75	30
London Rail Leasing Ltd	BF	EAJV	PC	50	4
Natwest Covered Bonds (LM) Ltd	BF	IA	PC	20	10
Natwest Covered Bonds LLP	BF	FC	FC	60	6
Pollinate Networks Limited	OTH	AHC	DE	24	3

Active related undertakings incorporated outside the UK where NWB Group ownership is less than 100%

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Nightingale 2024-1 Ltd	BF	FC	DE	0	8
Nightingale 2024-2 Ltd	BF	FC	DE	0	8
Nightingale 2024-3 Ltd	BF	FC	DE	0	8
NIGHTINGALE 2025-1 LIMITED	BF	FC	DE	0	8
NIGHTINGALE 2025-2 LIMITED	BF	FC	DE	0	8
Nightingale 2025-3 LIMITED	BF	FC	DE	0	8
Nightingale 2025-4 LIMITED	BF	FC	DE	0	8
Nightingale 2025-5	BF	FC	DE	0	8
Nightingale LF 2021-1 Ltd	BF	FC	DE	0	8
Nightingale Project Finance 2019 1 Ltd	BF	FC	DE	0	8
Nightingale Project Finance Ii 2023-1 Limited	BF	FC	DE	0	8
Nightingale Securities 2017-1 Limited	BF	FC	DE	0	8
Pharos Estates Ltd	OTH	AHC	DE	49	5

Related undertakings that are not active (actively being dissolved)

Entity name	Accounting treatment	Regulatory treatment	Group %	Notes
Belfast Bankers' Clearing Company Ltd	NC	PC	25	29
Jaguar Cars Finance Ltd	FC	FC	50	6
Lombard Ireland Group Holdings Unlimited	FC	FC	100	31
Lombard Ireland Ltd	FC	FC	100	31
RBS Asset Management (Dublin) Ltd	FC	FC	100	25

Related undertakings that are dormant

Entity name	Accounting treatment	Regulatory treatment	Group %	Notes
Coutts Scotland Nominees Limited	FC	FC	100	11
JCB Finance Pension Ltd	FC	DE	88	2
Natwest FIS Nominees Ltd	FC	FC	100	6
NatWest Group Retirement Savings Trustee Limited	FC	FC	100	6
Natwest Group Secretarial Services Ltd	FC	FC	100	27
Natwest Pension Trustee Ltd	NC	DE	100	6
Natwest Pep Nominees Ltd	FC	FC	100	6
Nordisk Renting A/S	FC	FC	100	15
Nordisk Renting HB	FC	FC	100	21
NW C Shelf Limited	FC	FC	100	6
R.B. Leasing (March) Ltd	FC	FC	100	6
RBS Investment Executive Ltd	NC	DE	100	27
RBSG Collective Investments Nominees Ltd	FC	FC	100	11
Strand Nominees Ltd	FC	FC	100	9
Syndicate Nominees Ltd	FC	FC	100	6
The Royal Bank Of Scotland Group Ltd	FC	FC	100	6

Overseas regulated branches of NWB Group

Subsidiary	Geographic location
National Westminster Bank Plc	Germany

36 Related undertakings continued

Key:
Activity

BF	Banking and financial institution
CI	Credit institution
INV	Investment (shares or property) holding company
SC	Service company
TR	Trustee
OTH	Other

Accounting/Regulatory treatment

DE	Deconsolidated
FC	Full consolidation
PC	Pro-rata consolidation
AHC	Associate held at cost
EAJV	Equity accounting – Joint venture
IA	Investment accounting
NC	Not consolidated

Notes	Registered addresses	Country of incorporation
1	1, London Wall Place, London, EC2Y 5AU, England	UK
2	11-16 Donegall Square East, Belfast, Co Antrim, BT1 5UB, Northern Ireland	UK
3	120 Cannon Street 120 Cannon Street London EC4N 6AS	UK
4	123 Victoria Street, London, England, SW1E 6DE	UK
5	24 Demostheni Severi, 1st Floor, Nicosia, 1080, Cyprus	Cyprus
6	250 Bishopsgate, London, EC2M 4AA, England	UK
7	251 Little Falls Drive, Wilmington, DE, 19808, United States	USA
8	44 Esplanade, St Helier, JE4 9WG	Jersey
9	440 Strand, London, WC2R OQS	UK
10	5 Churchill Place, 10 Floor, London, E14 5HU, United Kingdom	UK
11	6-8 George Street, Edinburgh, EH2 2PF, Scotland	UK
12	6th Floor, Building 2, Tower A, GIL IT/ITES SEZ, Candor TechSpace, Sector 21, Dundahera, Gurugram, Haryana, 122016, India	India
13	8 Sackville Street, London, W1S 3DG, England	UK
14	Advikatfirman Wiersholm AS,Postboks 1400.0115, OSLO, Norway	Norway
15	c/o Advokatfirmaet Wiersholm AS, Postboks 1400, 0115 Oslo, Norway	Norway
16	c/o Advokatfirmaet Wiersholm AS,Dokkveien 1, 0250 OSLO, Norway	Norway
17	c/o Epicenter, Mikonkatu 9, 6th Floor, Helsinki, 00100, Finland	Finland
18	C/O Nordisk Renting AB, Box 14044, SE-104 40 Sweden, Stockholm, Sweden	Sweden
19	c/o Nordisk Renting AS, Postboks 1400, Oslo, 0115	Norway
20	c/o Nordisk Renting Oy, Mikonkatu 9, 00100 Helsinki, Finland	Finland
21	Care of Nordisk Renting AB, Jakobsbergsgatan 13, 8th Floor, Box 14044, Stockholm, SE-111 44, Sweden	Sweden
22	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR, United Kingdom	UK
23	Group Secretariat Department, 11-16 Donegall Square East, Belfast, BT1 5UB, Northern Ireland, United Kingdom	UK
24	Lerchenstrasse 16, Zurich, CH 8022, Switzerland	Switzerland
25	One Dockland Central, Guild Street, IFSC, Dublin, Dublin 1, Ireland	ROI
26	One Edinburgh Quay, 133 Fountainbridge, Edinburgh, EH3 9QG, Scotland	UK
27	RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ, Scotland	UK
28	Roßmarkt 10, Frankfurt am Main, 60311, Germany	Germany
29	Scottish Provident Building, 7 Donegall Square West, Belfast, BT1 6JH	UK
30	The Mill, High Street, Rocester, Staffordshire, ST14 5JW, England	UK
31	Ulster Bank Group Centre, George's Quay, Dublin, Dublin 2, Ireland	ROI
32	Walther-Nernst-Straße 1, Berlin, 12489, Germany	Germany

Risk Factors

Principal Risks and Uncertainties

Set out below are certain risk factors that could have a material adverse effect on NWB Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, and directly or indirectly impact the value of its securities. These risk factors are broadly categorised and should be read in conjunction with other risk factors in this section and other parts of this annual report, including the forward-looking statements section, the strategic report and the risk and capital management section. They should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing NWB Group.

Economic and political risk

NWB Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, protectionist policies, and geopolitical developments.

As a principally UK-focused banking group, NWB Group is affected by global economic and market conditions, and is particularly exposed to those conditions in the UK. Uncertain and volatile economic conditions in the UK or globally can create a challenging operating environment for financial services companies such as NWB Group. The outlook for the UK and the global economy is affected by many dynamic factors including: GDP, unemployment, inflation and interest rates, asset prices (including residential and commercial property), energy prices, monetary and fiscal policy (such as increases in bank taxes), supply chain disruption, protectionist policies or trade barriers (including tariffs).

Economic and market conditions could be exacerbated by a number of factors including: instability in the UK and/or global financial systems, market volatility and change, fluctuations in the value of the pound sterling, new or extended economic sanctions, volatility in commodity prices, political uncertainty or instability, concerns regarding sovereign debt (including sovereign credit ratings), any lack or perceived lack of creditworthiness of a counterparty or borrower that may trigger market-wide liquidity problems, changing demographics in the markets that NWB Group and its customers serve, rapid changes to the economic environment due to the adoption of technology, digitisation automation, artificial intelligence, decarbonisation or due to the consequences of climate change, biodiversity loss, environmental degradation and widening social and economic inequalities.

NWB Group is also exposed to risks arising out of geopolitical events or political developments that may hinder economic or financial activity levels, and may, directly or indirectly, impact UK, regional or global trade and/or NWB Group's customers and counterparties. NatWest Group's business and performance could be negatively affected by political, military or diplomatic events, geopolitical tensions, armed conflict (for example, the Russia-Ukraine conflict and Middle East conflicts), terrorist acts or threats (including to critical infrastructures), more severe and frequent extreme weather events, widespread public health crises, and the responses to any of the above scenarios by various governments and markets.

NWB Group may face political uncertainty in Scotland if there is another Scottish independence referendum. Scottish independence may adversely affect NWB Group both in relation to its entities incorporated in Scotland and in other jurisdictions.

Any changes to Scotland's relationship with the UK or the EU may adversely affect the environment in which NatWest Group plc and its subsidiaries operate and may require further changes to NatWest Group's (including NWB Group's) structure, independently or in conjunction with other mandatory or strategic structural and organisational changes, any of which could adversely affect NWB Group. The value of NWB Group's own and other securities may be materially affected by economic and market conditions. Market volatility, illiquid market conditions and disruptions in the financial markets may make it very difficult to value certain of NWB Group's own and other securities, particularly during periods of market displacement. This could cause a decline in the value of NWB Group's own and other securities, or inaccurate carrying values for certain financial instruments.

In addition, financial markets are susceptible to severe events evidenced by, or resulting in, rapid depreciation in asset values, which may be accompanied by a reduction in asset liquidity. Under these conditions, hedging and other risk management strategies may not be as effective at mitigating losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously (and often automatically) and on a large scale, increasing NWB Group's counterparty risk. NWB Group's risk management and monitoring processes seek to quantify and mitigate NWB Group's exposure to extreme market moves. However, market events have historically been difficult to predict, and NWB Group, its customers and its counterparties could realise significant losses if severe market events were to occur.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Changes in interest rates will continue to affect NWB Group's business and results.

NWB Group's performance is affected by changes in interest rates. Benchmark overnight interest rates, such as the UK base rate, decreased in 2025. Forward rates imply UK short term interest rates, including the UK base rate, will continue to decline in 2026, while they anticipate longer term swap rates, such as the GBP 5 and 10-year swap rates, will rise slightly across 2026. Stable interest rates support more predictable income flow and less volatility in asset and liability valuations, although persistently low and negative interest rates may adversely affect NWB Group. Further, volatility in interest rates may result in unexpected outcomes both for interest income and asset and liability valuations which may adversely affect NWB Group. For example, decreases in key benchmark rates such as the UK base rate may adversely affect NWB Group's net interest margin, and unexpected movements in spreads between key benchmark rates such as sovereign and swap rates may in turn affect liquidity portfolio valuations. In addition, unexpected sharp rises in rates may also have negative impacts on some asset and derivative valuations.

Moreover, customer and investor responses to rapid changes in interest rates can have an adverse effect on NWB Group. For example, customers may make deposit choices that provide them with higher returns than those being offered by NWB Group. Alternatively, NWB Group may not respond with competitive products as rapidly, for example following an interest rate change, which may in turn decrease NWB Group's net interest income.

Movements in interest rates also influence and reflect the macroeconomic situation more broadly, affecting factors such as business and consumer confidence, property prices, default rates on loans, customer behaviour (which may adversely impact the effectiveness of NWB Group's hedging strategy) and other indicators that may indirectly affect NWB Group.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Fluctuations in currency exchange rates may adversely affect NWB Group's results and financial condition.

Decisions of central banks (including the BoE, the European Central Bank ('ECB'), and the US Federal Reserve) and political or market events, which are outside NWB Group's control, may lead to unexpected fluctuations in currency exchange rates.

Although NWB Group is principally a UK-focused banking group, it is subject to structural foreign exchange risk from capital deployed in NatWest Group's foreign subsidiaries and branches. NWB Group also issues internal instruments in non-sterling currencies, such as US dollars and euros, that assist in meeting NWB Group's regulatory requirements. In addition, NWB Group conducts banking activities in non-sterling currencies (for example loans, deposits and dealing activity) which affect its revenue. NWB Group also uses service providers based outside the UK for certain services and as a result certain operating results are subject to fluctuations in currency exchange rates.

NWB Group maintains policies and procedures designed to manage the impact of its exposure to fluctuations in currency exchange rates. Nevertheless, changes in currency exchange rates, particularly in the sterling-US dollar and sterling-euro rates, may adversely affect various accounting and financial metrics including, the value of assets, liabilities (including the total amount of instruments eligible to contribute towards the minimum requirement for own funds and eligible liabilities ('MREL')), foreign exchange dealing activity, income and expenses, RWAs and hence the reported earnings and financial condition of NWB Plc.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Business change and execution risk

The implementation and execution of NatWest Group's (of which NWB Group forms part) strategy carries execution and operational risks and it may not achieve its stated aims and targeted outcomes.

NatWest Group's strategy (including the strategic priorities of disciplined growth, leveraging simplification and active balance sheet and risk management) and NWB Group's strategy are intended to reflect the rapidly changing environment and backdrop of significant societal disruption driven by technology and changing customer expectations. There is also increasing scrutiny from stakeholders regarding how NatWest Group (including NWB Group) addresses environmental and social challenges, including its support for the transition to net zero, promotion of inclusive workplaces, protection of customer data, and responsible management of its workforce and of its supply chain.

As part of NatWest Group's strategy, in December 2023, a transfer pricing arrangement between NWB Group and NWM Group allowing a sharing of certain Commercial & Institutional ('C&I') business segment profits through payment from NWB Group to NWM Group was approved. Weaker performance in NWM Group, could lead to a higher payment from NWB Group to NWM Group and therefore reduced profitability in NWB Group.

Many factors may adversely impact the successful implementation of NatWest Group's strategy, including:

- macroeconomic challenges which may adversely affect NWB Group's customers and could in turn adversely impact certain strategic initiatives for NWB Group (see 'NWB Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, protectionist policies, and geopolitical developments');
- changing customer expectations and behaviour in response to macroeconomic conditions or developments, technology and other factors which could reduce the profitability, competitiveness, or volume of services NWB Group offers;
- the rapid emergence and deployment of new technologies (such as artificial intelligence, quantum computing, blockchain and digital currencies) resulting in a potential shift across the market, towards products and services that are not part of NWB Group's core offering today;
- the deployment and integration of artificial intelligence in NWB Group's processes, controls, and products;
- The emergence of digital assets and digital currencies operating alongside the traditional monetary system;
- increased competitive threats from incumbent banks, fintech companies (including buy-now-pay-later companies and payment platforms), large retail and technology conglomerates and other new market entrants (including those that emerge from mergers and consolidations) who may have competitive advantages in terms of scale, technology and customer engagement; and
- changes to the regulatory environment and associated requirements which could lead to shifts in operating cost and regulatory capital requirements, that impact NWB Group's product offerings and business models; (see 'NWB Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWB Group'; and 'NWB Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models').

Delivery of NWB Group's strategy will require maintaining effective governance, procedures, systems and controls giving effect to NatWest Group's strategy, and achieving the stated financial, capital and operational targets and expectations within the relevant timeframes.

In pursuing NatWest Group's strategy, NWB Group may not be able to successfully: (i) implement some or all aspects of its strategy; (ii) meet any or all of the related targets or expectations of its strategy and otherwise realise the anticipated benefits of its strategy, in a timely manner, or at all; or (iii) realise the intended strategic objectives of any other future strategic or growth initiative, which may also result in materially higher costs or risks than initially contemplated. This could lead to additional management actions by NatWest Group (or NWB Group).

The scale and scope of NatWest Group's (and NWB Group's) strategy and the intended changes continue to present material business, operational and regulatory (including compliance with the UK ring-fencing regime), conflicts, legal, execution, IT system, cybersecurity, internal culture, conduct and people risks. Implementing changes and strategic actions, including in respect of any growth, simplification or cost-saving initiatives, requires the effective application of robust governance and controls frameworks and IT systems; and there is a risk that NatWest Group (and NWB Group) may not be successful in these respects.

Additionally, as a result of the UK's withdrawal from the EU, certain aspects of the services provided by NWB Group require local licences or individual equivalence decisions (temporary or otherwise) by relevant regulators. In April 2024, the European Parliament approved the Banking Package (CRR III/CRD VI). From 11 January 2027, non-EU firms providing 'banking services' will be required to apply for and obtain authorisation to operate as third country branches in each relevant EU member state where they provide these services, unless an exemption applies. NatWest Group continues to evaluate its EU operating model, making adaptations as necessary. Changes to, or uncertainty regarding NWB Group's EU operating model have been, and may continue to be, costly and may: (i) adversely affect customers and counterparties who are dependent on trading with the EU or personnel from the EU; and/or (ii) result in regulatory sanction and/or further costs due to a failure to receive the required regulatory permissions and/or further changes to NatWest Group's business operations, product offering, customer engagement, and regulatory requirements.

Each of these risks, and others identified in this section entitled 'Principal Risks and Uncertainties', individually or collectively could jeopardise the implementation and delivery of NatWest Group's strategy, impact NWB Group's products and services offering, its reputation with customers or business model and adversely affect NWB Group's ability to deliver its strategy and meet its targets, guidance, and forecasts.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Acquisitions, divestments, or other transactions by NatWest Group (and/or NWB Group) may not be successful.

NatWest Group (of which NWB Group forms part) may decide to undertake acquisitions, investments, the purchase of assets and liabilities, divestments, restructurings, reorganisations, joint ventures and other strategic partnerships, as well as other transactions and initiatives. In doing so, NatWest Group (which includes NWB Group) may have to compete with other financial institutions or entities offering financial services products (including those that emerge from mergers and consolidations, as well as retail and technology conglomerates). These competitors may have more bargaining power in negotiations than NatWest Group (or NWB Group), and therefore may be in a position to extract more advantageous terms than NatWest Group (and NWB Group). Refer to 'NWB Group operates in markets that are highly competitive, with evolving competitive pressures and technology disruption'.

NatWest Group (of which NWB Group forms part), may pursue these transactions and initiatives to, amongst others: (i) increase scale and/or enhance capabilities that may lead to better productivity or cost efficiencies; (ii) acquire talent; (iii) pursue new products or expand existing products; and/or (iv) enter new markets or enhance its presence in existing markets.

In pursuing its strategy, NWB Group may not fully realise the expected benefits and value from the above-mentioned transactions and initiatives in the time, or to the degree anticipated, or at all.

In particular, NatWest Group (and NWB Group) may: (i) fail to realise the business rationale for the transaction or initiative, or rely on assumptions underlying the business plans supporting the valuation of a target transaction or initiative that may prove inaccurate, for example, regarding synergies and expected commercial demand; (ii) fail to successfully integrate any acquired businesses, investment, joint-venture or assets (including in respect of technologies, existing strategies, products, governance, systems and controls, and human capital) or to successfully divest or restructure a business; (iii) fail to retain key employees, customers and suppliers of any acquired or restructured business; (iv) be required or wish to terminate pre-existing contractual relationships, which could prove costly and/or be executed on unfavourable terms and conditions; (v) fail to conduct adequate due diligence or fail to discover certain contingent or undisclosed liabilities in businesses that it acquires; and (vi) not obtain necessary regulatory and other approvals (or onerous conditions may be attached to such approvals). Accordingly, NatWest Group (or NWB Group) may not be successful in achieving its strategy and any particular transaction may not succeed, may be limited in scope or scale and may not conclude on the terms contemplated, or at all.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group operates in markets that are highly competitive, with evolving competitive pressures and technology disruption.

NWB Group faces increasing competitive pressures and technology disruption from incumbent traditional UK banks, challenger banks and building societies (including those formed through mergers), fintech companies (including companies offering buy-now-pay-later and payment platforms), large technology conglomerates and new market entrants leveraging technology and/or other advantages to compete for customer engagement. "BigTech" companies pose a threat to incumbent banking providers because of their customer innovation and global reach. In addition, digital-first banks (often referred to as "neobanks") and fintechs are aiming to compete to serve customers that increasingly use a constellation of providers to support their complex and evolving needs (e.g., personal financial management, buy now and pay later, and paying for goods and services in foreign currency).

Competition is expected to continue and intensify due to: evolving customer behaviour, technological changes (including digital currencies, stablecoins and the growth of digital banking), competitor behaviour, new market entrants, competitive foreign exchange offerings, industry trends resulting in increased disaggregation or unbundling of financial services or, conversely, the re-intermediation of traditional banking services, and the impact of regulatory actions, among others.

In particular, NWB Group may be unable to grow or retain market share due to new (or more competitive) banking, lending and payment offerings by rapidly evolving incumbents and challengers (including shadow banks, alternative or direct lenders and new entrants). Regulatory and competition policy interventions such as the UK initiative on Open Banking, 'Open Finance' and remedies imposed by the Competition and Markets Authority ('CMA') are accelerating these trends.

These competitive pressures may result in a shift in customer behaviour and impact NWB Group's revenues and profitability. Moreover, innovations in biometrics, artificial intelligence, automation, cloud services, blockchain, cryptocurrencies and quantum computing may rapidly facilitate industry transformation.

Increasingly, many of NWB Group's products and services are, and will become, more technology intensive, including through digitalisation, automation, and the use of artificial intelligence while needing to continue complying with applicable and evolving regulations. NWB Group's ability to develop or acquire digital solutions and their integration into NWB Group's structures, systems and controls has become increasingly important for retaining and growing NWB Group's market share and customer-facing businesses.

NWB Group's innovation strategy, which includes investing in its IT capability to address increasing customer and merchant use of online and mobile banking technology, as well as selective acquisitions (such as fintech ventures, including Rooster Money, and Boxed), may not be successful or may not result in NWB Group offering innovative products and services in the future. Furthermore, competitors may outperform NWB Group in deploying technologies to deliver products or services to customers, which may adversely affect NWB Group's competitive position. In addition, continued industry consolidation and/or technological developments could result in the emergence of new competitors or strengthening NWB Group's current competitors, including in their ability to offer a broader, more attractive and/or better value range of products and services and geographic diversity. For example, new market entrants, including non-traditional financial services providers, such as retail or technology conglomerates, may benefit from scale, technology and customer engagement advantages and may be able to deliver financial services at a lower cost base.

Failure to offer competitive, attractive, innovative, and profitable products that are also released in a timely manner; may result in lost market share, losses on some or all of NWB Group's initiatives and missed growth opportunities. For example, NWB Group is investing in the automation of certain solutions and interactions within its customer-facing businesses, including through artificial intelligence. There can be no certainty that such initiatives will allow NWB Group to compete effectively or will deliver the expected cost savings. In addition, the implementation of NWB Group's strategy, delivery on its climate ambition and cost-controlling measures, may also have an adverse effect on competitiveness and returns. Moreover, activist investor engagement and increased intervention may challenge NWB Group's strategic initiatives.

NWB Group may also fail to identify opportunities or derive benefits from technological innovation, shifting customer behaviour and regulatory changes. Competitors may better attract and retain customers and key employees, operate more effective IT systems, have access to lower cost funding and/or be able to attract deposits on more favourable terms than NWB Group. Although NWB Group invests in new technologies and participates in industry and research-led technology development initiatives, such investments may be insufficient or ineffective, especially given NWB Group's focus on business simplification and cost efficiencies. This could affect NWB Group's ability to offer innovative products or technologies to customers.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

The transfer of NatWest Group's EU corporate portfolio involves certain risks.

To improve efficiencies and best serve customers, certain assets, liabilities, transactions and activities of NatWest Group (including its Western European corporate portfolio, principally consisting of term funding and revolving credit facilities), have been or may be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group and/or (ii) transferred to the ring-fenced subgroup of NatWest Group from NWM Group, subject to customer and regulatory requirements, such as CRD VI. The timing, success and quantum of any of these transfers remain uncertain as is the impact of these transactions on its results of operations. If such transfers are unable to be implemented in response to triggering events, such as changes in the regulatory environment, it may result in reputational damage.

Any of the above may have a material adverse effect on NatWest Group's (including NWB Group's) future results, financial condition, prospects, and/or reputation.

Financial resilience risk

NWB Group may not achieve its ambitions or targets, meet its guidance, or generate sustainable returns.

NatWest Group has set a number of financial, capital and operational targets and provided guidance for NWB Group including in respect of: funding plans and requirements, employee engagement, diversity and inclusion as well as it contributes to NatWest Group's climate and sustainability-related ambitions, targets and commitment and the implementation of NatWest Group's climate transition plan.

NWB Group's ability to meet NatWest Group and NWB Group's respective ambitions, targets, guidance and make discretionary capital distributions, is subject to various internal and external factors, risks and uncertainties. These include, but are not limited to: UK and global macroeconomic, political, market and regulatory uncertainties, customer behaviour, operational risks and risks relating to NWB Group's business model and strategy (including risks associated with climate and other sustainability-related issues), competitive pressures, and litigation, governmental actions, investigations and regulatory matters. If assumptions, judgements and estimates (for example about future economic conditions) prove to be incorrect, NatWest Group may not achieve any or all of its ambitions or targets, or meet its guidance. A number of factors may impact NWB Group's ability to maintain its current CET1 ratio, including impairments, limited organic capital generation or unanticipated increases in RWAs. Refer to 'The implementation and execution of NatWest Group's (of which NWB Group forms part) strategy carries execution and operational risks and it may not achieve its stated aims and targeted outcomes.'

Any failure of NWB Group to achieve NatWest Group and NWB Group's respective ambitions, targets or meet its guidance may have a material adverse effect on NatWest Group's future results, financial condition, prospects, and/or reputation.

NWB Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWB Group.

NWB Group has exposure to many different sectors, customers and counterparties, and risks arising from actual or perceived changes in credit quality and the recoverability of monies due from borrowers and other counterparties are inherent in a wide range of NWB Group's businesses.

These risks may increase where a significant proportion of NatWest Group's business activities relate to a single counterparty, a related and/or connected group of counterparties or a similar type of customer, product, sector or geography. NWB Group's lending strategy and associated processes and systems may fail to identify, anticipate or quickly react to weaknesses or risks (including material cybersecurity vulnerabilities) in a particular sector, market, borrower or counterparty. NatWest Group may also fail to assess its credit risk appetite relative to competitors, or fail to appropriately value physical or financial collateral. This may result in increased default rates or a higher loss given default for loans, which may impact NWB Group's profitability. Refer to 'Risk and capital management — Credit Risk'.

The credit quality of NWB Group's borrowers and other counterparties may be affected by UK and global macroeconomic and political uncertainties, as well as prevailing economic and market conditions. For example, as the level of household indebtedness (on a per capita basis) in the UK remains high. The ability of households and businesses to service their debts could be worsened by a period of high unemployment, or high interest rates or inflation, particularly if prolonged. Refer to 'NWB Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, protectionist policies, and geopolitical developments'. Any further deterioration in these conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality or impact the enforcement of contractual rights, increasing credit risk. Any increase in drawings upon committed credit facilities may also increase NWB Group's RWAs. NWB Group may be affected by volatility in property prices (including as a result of political or economic conditions) given that NWB Group's mortgage loan portfolio as at 31 December 2025, amounted to £203.8 billion, representing 58% of NWB Group's total loan exposure. If property prices were to weaken this could lead to higher impairment charges, particularly if default rates also increase. In addition, NWB Group's credit risk may be exacerbated if the collateral that it holds cannot be realised as a result of market conditions, regulatory intervention, or other applicable laws, or if it is liquidated at prices not sufficient to recover the net amount outstanding to NWB Group after accounting for any IFRS 9 provisions already made. This is most likely to occur during periods of illiquidity or depressed asset valuations.

Concerns about, or a default by, a financial institution or intermediary could lead to significant liquidity problems and losses or defaults by other financial institutions or intermediaries, since the commercial and financial soundness of many financial institutions and intermediaries is closely related and interdependent as a result of credit, trading, clearing and other relationships. Any perceived lack of creditworthiness of a counterparty or borrower may lead to market-wide liquidity problems and losses for NWB Group. In addition, the value of collateral may be correlated with the probability of default by the relevant counterparty ('wrong way risk'), which would increase NWB Group's potential loss. Any of the above risks may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which NWB Group interacts on a regular basis. Refer to 'NWB Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.'

As a result, adverse changes in borrower and counterparty credit risk may cause additional impairment charges under IFRS 9, increased repurchase demands, higher costs, additional write-downs and losses for NWB Group and an inability to engage in routine funding transactions. If NWB Group experiences losses and a reduction in profitability, this is likely to affect the recoverable value of fixed assets, including goodwill and deferred taxes, which may lead to write-downs.

NWB Group has applied an internal analysis of multiple economic scenarios (MES) together with the determination of specific overlay adjustments to inform its IFRS 9 ECL (Expected Credit Loss). The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic scenarios into ECL to meet the measurement objective of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions underlying the estimate. Refer to 'Risk and capital management — Credit Risk'. A credit deterioration would also lead to RWA increases. Furthermore, the assumptions and judgements used in the MES and ECL assessment at 31 December 2025 may not prove to be adequate resulting in incremental ECL provisions for NWB Group.

In line with certain mandated COVID-19 pandemic support schemes, NWB Group assisted customers with a number of initiatives including NWB Group's participation in the Bounce Back Loan Scheme ('BBLS') products. NWB Group sought to manage the risks of fraud and money laundering against the need for the fast and efficient release of funds to customers and businesses. NWB Group may be exposed to fraud, conduct and litigation risks arising from inappropriate approval (or denial) of BBLS, or the enforcing or pursuing repayment thereof (or a failure to exercise forbearance), which may have an adverse effect on NWB Group's reputation and results of operations. The implementation of the initiatives and efforts mentioned above may result in litigation, regulatory and government actions and proceedings. These actions may result in judgements, settlements, penalties, fines, or removal of recourse to the government guarantee provided under those schemes for impacted loans.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.

Liquidity and the ability to raise funds continues to be a key area of focus for NWB Group and the industry as a whole. NatWest Group and NWB Plc (as a member of the Domestic Liquidity sub-group) are required by regulators in the UK, the EU and other jurisdictions in which they undertake regulated activities to maintain adequate liquidity and funding resources. To satisfy its liquidity and funding requirements, NWB Group may therefore access sources of liquidity and funding through retail and wholesale deposits, as well as through the debt capital markets. As at 31 December 2025, NWB Plc held £315.4 billion in deposits from banks and customers.

Level of deposits at NWB Group may fluctuate due to factors outside of its control such as a loss of customers, loss of customer and/or investor confidence (including in individual NatWest Group entities or as a result of volatility in the financial industry), changes in customer behaviour, changes in interest rates, government support, increasing competitive pressures for retail and corporate customer deposits (including from new entrants or fintech companies (including deposit aggregators)), new deposit offerings (such as digital assets), or the reduction or cessation of deposits by wholesale depositors, which could result in a significant outflow of deposits within a short period of time. An inability to grow, or any material decrease in NWB Group's deposits could, particularly if accompanied by one or more of the other factors mentioned above, adversely affect NWB Group's ability to satisfy its liquidity or funding needs, or comply with its related regulatory requirements. In turn, this could require NWB Group to adapt its funding plans or change its operations.

Macroeconomic developments, political uncertainty, changes in interest rates, and market volatility could affect NWB Group's ability to access sources of liquidity and funding on satisfactory terms, or at all. This may result in higher funding costs and failure to comply with regulatory capital, funding and leverage requirements. As a result, NWB Group could be required to change its funding plans. This could exacerbate funding and liquidity risk, which may adversely affect NWB Group.

If NWB Plc's liquidity position and/or funding were to come under stress, and if NWB Group were unable to raise funds through deposits, in the debt capital markets or through other reliable funding sources, on acceptable terms, or at all, its liquidity position would likely be adversely affected and it might be unable to meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature, meet its obligations under committed financing facilities, comply with regulatory funding requirements, undertake certain capital and/or debt management activities, and/or fund new loans, investments and businesses, or make capital distributions to NatWest Group.

If, under a stress scenario, the level of liquidity falls outside of NWB Group's risk appetite, there are a range of recovery management actions that NWB Group could take to manage its liquidity levels, but any such actions may not be sufficient to restore adequate liquidity levels and the related implementation may have adverse consequences for NWB Group's operations. Under the Prudential Regulation Authority (PRA) Rulebook, NatWest Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWB Group's applicable liquidity requirements may trigger the application of NatWest Group's recovery plan to attempt to remediate a deficient liquidity position. NWB Group may need to liquidate assets to meet its liabilities, including disposals of assets not previously identified for disposal to reduce its funding commitments or trigger the execution of certain management actions or recovery options. In a time of reduced market liquidity, NWB Group may be unable to sell its assets, at attractive prices, or at all, which may have a material adverse effect on NWB Group's liquidity.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group may not meet the prudential regulatory requirements for regulatory capital and MREL, or manage its capital effectively, which could trigger the execution of certain management actions or recovery options.

NatWest Group and NWB Plc are required by regulators in the UK, the EU and other jurisdictions in which they undertake regulated activities to maintain adequate financial resources. Adequate levels of capital provide NatWest Group (including NWB Group) with financial flexibility specifically in its core UK operations in the face of turbulence and uncertainty in the UK and global economy.

As at 31 December 2025, NWB Plc's CET1 ratio was 11.2%. A number of subsidiaries and sub-groups within NWB Group, principally banking entities, are subject to various individual regulatory capital requirements in the UK and overseas. NatWest Group plc targets a CET1 ratio of around 13%. NatWest Group plc's target CET1 ratio is based on a combination of its views on the appropriate level of capital and its actual and expected regulatory requirements and internal modelling, including stress scenarios and management's and/or the PRA's views on appropriate buffers above minimum required operating levels. NatWest Group's current capital strategy for NWB Plc is based on: the expected accumulation of additional capital through the accrual of retained earnings over time; the receipt of assets and resultant RWAs from other NatWest Group entities; RWA growth in the form of regulatory uplifts and lending growth and other capital management initiatives which focus on improving capital efficiency through improved data and upstreaming of dividends from NWB Plc to NatWest Group plc to support NatWest Group meeting its medium to long term targets.

A number of factors may impact NWB plc's ability to meet and maintain its CET1 ratio target and achieve its capital strategy. These include:

- a depletion of its capital resources through increased costs or liabilities or reduced profits (for example, due to an increase in provisions due to a deterioration in UK economic conditions);
- an increase in the quantum of RWAs/leverage exposure in excess of that expected, including due to regulatory changes (including their interpretation or application) or a failure in internal controls or procedures to accurately measure and report RWAs/leverage exposure;
- changes in prudential regulatory requirements including NWB Plc's total capital requirement/leverage requirement set by the PRA, including Pillar 2 requirements, as applicable, and regulatory buffers as well as any applicable scalars; and
- reduced upstreaming of dividends from NWB plc's subsidiaries because of changes in their financial performance.

In addition to regulatory capital, NWB Plc is required to maintain a set quantum of internal MREL set as the higher of: (i) two times the sum of Pillar 1 and Pillar 2A, or (ii) if subject to a leverage ratio requirement, two times the applicable requirement. The BoE has identified single point-of-entry at NatWest Group plc, as the preferred resolution strategy for NatWest Group. As a result, NatWest Group plc is the only entity that can externally issue securities that count towards its MREL requirements, the proceeds of which can then be downstreamed to meet the internal MREL requirements of its operating entities, including NWB Plc. NWB Plc is therefore dependent not only on NatWest Group plc to fund its internal MREL targets over time, but also on NatWest Group plc's ability to issue and maintain sufficient amounts of external MREL liabilities to support NWB Plc. In turn, NWB Plc is required to fund the internal capital and MREL requirements of its subsidiaries.

Refer to 'NWB Group is reliant on NatWest Group for capital and funding support, and is substantially reliant on NatWest Group plc's ability to issue sufficient amounts of capital and external MREL securities and downstream the proceeds to NWB Group. The inability to do so may adversely affect NWB Group.'

If, under a stress scenario, the level of regulatory capital or MREL falls outside of NWB Plc's risk appetite, there are a range of recovery management actions (focused on risk reduction and mitigation) that NWB Plc could seek to take to manage its capital levels, but any such actions may not be sufficient to restore adequate capital levels. Under the PRA Rulebook, NatWest Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWB Plc's applicable capital or leverage requirements may trigger the application of NatWest Group's recovery plan to remediate a deficient capital position.

Further, NatWest Group's regulator may request that NWB Plc carry out certain capital management actions or, if NatWest Bank plc's CET1 ratio falls below 7%, certain regulatory capital instruments issued by NatWest Bank Plc will be written-down or converted into equity, which could result in the reduction in value of the holdings of NatWest Bank plc's existing shareholders.

Separately, NatWest Bank may address a shortage of capital by taking action to reduce leverage exposure and/or RWAs via asset or business disposals. These actions may, in turn, affect: NWB Group's product offering, credit ratings, ability to operate its businesses, pursue its strategy and strategic opportunities, any of which may adversely affect NWB Group. Refer to 'NatWest Group (including NWB Group) may become subject to the application of UK statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of NWB Group's Eligible Liabilities.'; and also 'NatWest Group, and NWB Group, could be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests, or if its resolution preparations are deemed inadequate.'.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group is reliant on NatWest Group for capital and funding support, and is substantially reliant on NatWest Group plc's ability to issue sufficient amounts of capital and external MREL securities and downstream the proceeds to NWB Group. The inability to do so may adversely affect NWB Group.

NWB Plc receives capital and funding from NatWest Group. NWB Plc has set target levels for different tiers of capital and for the internal MREL, as percentages of its RWAs. The level of capital and funding required for NWB Plc to meet its internal targets is therefore a function of the level of RWAs and its leverage exposure in NWB Plc and this may vary over time.

NWB Plc's internal MREL comprises the capital value of regulatory capital instruments and loss-absorbing senior funding issued by NWB Plc. The BoE has identified that the preferred resolution strategy for NatWest Group is as a single point of entry at NatWest Group plc. As a result, only NatWest Group plc is able to issue Group MREL eligible liabilities to third-party investors, using the proceeds to fund the internal MREL targets and/or requirements of its operating entities, including NWB Plc.

NWB Plc is therefore dependent on NatWest Group plc to fund its internal capital targets and its ability to source appropriate funding at NatWest Group plc level to support this.

NWB Plc is also dependent on NatWest Group plc to fund its internal MREL target over time and its ability to raise and maintain sufficient amounts of external MREL liabilities to support this.

If NatWest Group plc is unable to issue adequate levels of MREL securities such that it is unable to downstream sufficient amounts to NWB Plc, this could lead to a failure of NWB plc to meet its own individual internal MREL requirements as well as the internal MREL requirements of subsidiaries within NWB Group, which in either case may have a material adverse effect on NWB plc's future results, financial condition, prospects, and reputation. Refer to 'NWB Group may not meet the prudential regulatory requirements for regulatory capital and MREL, or manage its capital effectively, which could trigger the execution of certain management actions or recovery options'.

Any reduction in the credit rating and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWB Plc or other NWB Group subsidiaries) or any of their respective debt securities could adversely affect the availability of funding for NWB Group, reduce NWB Group's liquidity and funding position and increase the cost of funding.

Rating agencies regularly review NatWest Group plc, NWB Plc and other NatWest Group entities' credit ratings and outlooks. NWB Group entities' credit ratings and outlooks could be negatively affected (directly and indirectly) by a number of factors that can change over time, including without limitation: credit rating agencies' assessment of NWB Group's strategy and management's capability; its financial condition including in respect of profitability, asset quality, capital, funding and liquidity, and risk management practices; the level of political support for the sectors and regions in which NWB Group operates; the legal and regulatory frameworks applicable to NWB Group's legal structure; business activities and the rights of its creditors; changes in rating methodologies; changes in the relative size of the loss-absorbing buffers protecting bondholders and depositors; the competitive environment; political, geopolitical and economic conditions in NWB Group's key markets (including inflation and interest rates, supply chain disruption, protectionist policies, and geopolitical developments); and/or any reduction of the UK's sovereign credit rating and market uncertainty. In addition, credit rating agencies take into consideration sustainability-related factors, including climate, environmental, social and governance related risk, as part of their credit rating analysis (as do investors in their investment decisions).

Any reductions in the credit ratings of NatWest Group plc, NWB Plc or of certain other NatWest Group entities could have adverse consequences including, without limitation, (i) reduced access to capital markets, (ii) a reduction in deposit base, and (iii) triggering additional collateral or other requirements in NatWest Group's funding arrangements or the need to amend such arrangements. Any of these consequences could adversely affect NWB Group's liquidity and funding position, cost of funding and could limit the range of counterparties willing to enter into transactions with NWB Group on favourable terms, or at all. This may in turn adversely affect NWB Group's competitive position and threaten its prospects.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.

Given the complexity of NWB Group's business, strategy and capital requirements, NWB Group relies on models for a wide range of purposes, including to manage its business, assess the value of its assets and its risk exposure, as well as to anticipate capital and funding requirements (including to facilitate NatWest Group's mandated stress testing). In addition, NWB Group utilises models for valuations, credit approvals, calculation of loan impairment charges on an IFRS 9 basis, financial reporting and to help address criminal activities in the form of money laundering, terrorist financing, bribery and corruption, tax evasion and sanctions as well as external or internal fraud (collectively, 'financial crime'). NWB Group's models, and the parameters and assumptions on which they are based, are periodically reviewed.

Model outputs are inherently uncertain, because they are imperfect representations of real-world phenomena, are simplifications of complex real-world systems and processes, and are based on a limited set of observations. NatWest Group (which includes NWB Group) also continues to invest in building new capabilities that employ new artificial intelligence technologies, such as generative artificial intelligence, and it expects its use of these technologies to increase over time. However, there are significant risks involved in utilising more sophisticated modelling approaches, including artificial intelligence, and no assurance can be provided that NWB Group's use of artificial intelligence in its models will enhance its business or produce only intended or beneficial results. NWB Group may face adverse consequences as a result of actions or decisions based on models that are poorly developed, incorrectly implemented, non-compliant, outdated or used inappropriately. This includes models that are based on inaccurate or non-representative data (for example, where there have been changes in the micro or macroeconomic environment in which NWB Group operates) or as a result of the modelled outcome being misunderstood, or used for purposes for which it was not designed. This could result in findings of deficiencies by NatWest Group's (and in particular, NWB Group's) regulators (including as part of NatWest Group's mandated stress testing), increased capital requirements, rendering some business lines uneconomical, requiring management action or subjecting NWB Group to regulatory sanction, any of which in turn may also have an adverse effect on NWB Group and its customers.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group's financial statements are sensitive to underlying accounting policies, judgements, estimates and assumptions.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, exposures and RWAs. While estimates, judgements and assumptions take into account historical experience and other factors (including market practice and expectations of future events that are believed to be reasonable under the circumstances), actual results may differ due to the inherent uncertainty in making estimates, judgements and assumptions (particularly those involving the use of complex models).

Further, accounting policy and financial statement reporting requirements increasingly require management to adjust existing judgements, estimates and assumptions for the effects of climate-related, sustainability and other matters that are inherently uncertain and for which there is little historical experience which may affect the comparability of NWB Group's future financial results with its historical results.

Actual results may differ due to the inherent uncertainty in making climate-related and sustainability estimates, judgements and assumptions. Refer to 'There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contributes to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.'

Accounting policies deemed critical to NWB Group's results and financial position, based upon materiality and significant judgements and estimates, involve a high degree of uncertainty and may have a material impact on its results. For 2025, these include loan impairments, fair value, deferred tax, and investment in Group undertakings (parent company only). These are set out in 'Critical accounting policies'.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Changes in accounting standards may materially impact NWB Group's financial results.

NWB Group prepares its consolidated financial statements in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IAS and IFRS as issued by the International Accounting Standards Board. Changes in accounting standards or guidance by accounting bodies and/or changes in accounting standards requirements by regulatory bodies or in the timing of their implementation, whether immediate or foreseeable, could result in NWB Group having to recognise additional liabilities on its balance sheet, or in further write-downs or impairments to its assets, and could also have an adverse effect on NWB Group. Additionally, auditors may have different interpretations of these accounting standards, and any change of auditor may lead to unfavourable changes in NWB Group's accounting policies.

From time to time, the International Accounting Standards Board may also issue new accounting standards or interpretations that could materially impact how NWB Group calculates, reports and discloses its financial results and financial condition, and which may affect NWB Group's capital ratios, including the CET1 ratio and the required levels of regulatory capital. New accounting standards and interpretations that have been issued by the International Accounting Standards Board but which have not yet been adopted by NWB Group are discussed in 'Future accounting developments'.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

The value or effectiveness of any credit protection that NatWest Group (including NWB Group) has acquired depends on the value of the underlying assets and the financial condition of the insurers and counterparties.

The value or effectiveness of any credit protection that NatWest Group (including NWB Group) has acquired, including credit default swaps (CDSs), significant risk transfer (SRT) transactions, credit risk insurance (CRI), and financial guarantees (FG) depends on the value of the underlying assets and the financial condition of the insurers, counterparties and protection providers, and prevailing market spreads. Although extensive assessments are undertaken prior to execution, there can be no assurance that such protection will remain effective or enforceable, and any failure could adversely impact NWB Group's risk profile, capital position and reputation.

For CDS, changes in credit spreads, deterioration in counterparty creditworthiness, the outcome of determination committees, or disputes over contractual terms may result in valuation adjustments, impairments or increased collateral requirements, creating potential liquidity pressures. For SRT transactions, the anticipated capital relief is subject to ongoing regulatory recognition and the performance of the securitised portfolio. Any deterioration in asset quality, structural breaches, operational errors or changes in regulatory interpretation could reduce or eliminate the expected benefit. These transactions also introduce counterparty and model risk. For CRI, the enforceability of policies and the financial strength of insurers are critical. Disputes over coverage, policy exclusions, delays in claims settlement or insurer default could result in losses not being mitigated as intended. Concentration risk may arise where protection is sourced from a limited number of insurers, increasing vulnerability to sector-wide stress.

As with other forms of credit protection, fluctuations in fair value or deterioration in the financial condition or perceived creditworthiness of counterparties and insurers may lead to additional valuation adjustments or impairments. Any such developments or fair value changes may have a material adverse effect on NatWest Group (including NWB Group).

Any of the above may have an adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NatWest Group (including NWB Group) may become subject to the application of UK statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of NWB Group's Eligible Liabilities.

The BoE, the PRA, the FCA, and HM Treasury (together, the 'Authorities') are granted substantial powers to resolve and stabilise UK-incorporated financial institutions. Five stabilisation options exist: (i) transfer of all of the business of a relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' wholly or partially-owned by the BoE; (iii) transfer of part of the assets, rights or liabilities of the relevant entity to one or more asset management vehicles for management of the transferor's assets, rights or liabilities; (iv) the write-down, conversion, transfer, modification, or suspension of the relevant entity's equity, capital instruments and liabilities; and (v) temporary public ownership of the relevant entity. These options may be applied to NatWest Group plc as the parent company or to NWB Group, as a subsidiary, where certain conditions are met (such as, whether the firm is failing or likely to fail, or whether it is reasonably likely that action will be taken (outside of resolution) that will result in the firm no longer failing or being likely to fail). Moreover, there are modified insolvency and administration procedures for relevant entities within NatWest Group, and the Authorities have the power to modify or override certain contractual arrangements in certain circumstances and amend the law for the purpose of enabling their powers to be used effectively and may promulgate provisions with retrospective applicability.

Uncertainty exists as to how the Authorities may exercise their powers including the determination of actions to be undertaken in relation to the ordinary shares and other securities issued by NatWest Group (including NWB Group), which may depend on factors outside of NWB Group's control. Moreover, the UK Banking Act 2009 provisions remain largely untested in practice, particularly in respect of resolutions of large financial institutions and groups.

If NatWest Group is at or is approaching the point such that regulatory intervention is required, there may be a corresponding material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NatWest Group, and NWB Group, could be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests, or if its resolution preparations are deemed inadequate.

NatWest Group is subject to annual and other stress tests by its regulator in the UK. Stress tests are designed to assess the resilience of banks such as NWB Group to potential adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. If the stress tests reveal that a bank's existing regulatory capital buffers are not sufficient to absorb the impact of the stress, then it is possible that the NWB Group may need to take action to strengthen its capital position.

Failure by NatWest Group to meet the quantitative and qualitative requirements of the stress tests as set forth by its UK regulator may result in: NatWest Group's regulators requiring NatWest Group to generate additional capital, reputational damage, increased supervision and/or regulatory sanctions, restrictions on capital distributions and loss of investor confidence, all of which may adversely affect NatWest Group (including NWB Group).

NatWest Group is also subject to regulatory oversight by the BoE and the PRA and is required (under the PRA rulebook) to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA, and disclose a summary of this report. In August 2024, the BoE communicated its assessment of NatWest Group's preparations for a potential resolution scenario and did not identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments. NatWest Group, and in turn NWB, could be adversely affected should future BoE assessments deem NatWest Group's preparations to be inadequate.

If future BoE assessments identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments in NatWest Group's ability to achieve the resolvability outcomes, or reveals that NatWest Group is not adequately prepared to be resolved, or does not have adequate plans in place to meet resolvability requirements, NatWest Group may be required to take action to enhance its preparations to be resolvable, resulting in additional costs and the dedication of additional resources. Such a scenario may have an impact on NatWest Group (and NWB Group) as, depending on the BoE's assessment, potential action may include, but is not limited to, restrictions on maximum individual and aggregate exposures, a requirement to dispose of specified assets, a requirement to change its legal or operational structure, a requirement to cease carrying out certain activities, and/or to maintain a specified amount of MREL. This may also impact NatWest Group's (and NWB Group's) strategic plans.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, reputation, and/or lead to a loss of investor confidence.

Operational and IT resilience risk

Operational risks (including reliance on third party suppliers and outsourcing of certain activities) are inherent in NWB Group's businesses.

Operational risk is the risk of loss or disruption resulting from inadequate or failed internal processes, procedures, people or systems, or from external events. NWB Group offers a diverse range of products and services supported directly or indirectly by third party suppliers. As a result, operational risks or losses can arise from a number of internal or external factors (including for example, payment errors or financial crime and fraud), for which there is continued scrutiny by third parties of NWB Group's compliance with financial crime requirements.

Operational risks also exist due to the implementation of NatWest Group's strategy, and the organisational and operational changes involved, including: NatWest Group's cost-controlling and simplification measures; continued digitalisation and the integration of artificial intelligence in the business; acquisition, divestments and other transactions; the implementation of recommendations from internal and external reviews with respect to certain governance processes, policies, systems and controls of NatWest Group entities; and conditions affecting the financial services industry generally (including macroeconomic and other geopolitical developments) as well as the legal and regulatory uncertainty resulting from these conditions. Any of the above may place significant pressure on NWB Group's ability to maintain effective internal controls and governance frameworks.

Financial crime continues to evolve, whether through fraud, scams, cyberattacks or other criminal activity. These risks are exacerbated as NWB Group continues to innovate its product offering and increasingly offers digital solutions to its customers, including through mobile banking. Financial crime assessment, systems and controls, internal stress tests and models are critical to financial crime risk management. Ineffective risk management may arise from a wide variety of factors, including lack of transparency or incomplete risk reporting, manual processes and controls, inaccurate data, inadequate IT systems, unidentified conflicts or misaligned incentives, lack of accountability control and governance, incomplete risk monitoring and management, insufficient challenges or assurance processes, or a failure to commence or timely complete risk remediation projects. Weak or ineffective financial crime processes and controls may risk NWB Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and/or reputational damage. Further, failure to manage these risks effectively, or within regulatory expectations, could adversely affect NWB Group's reputation or its relationship with its regulators, customers or other stakeholders. See 'NWB Group is exposed to the risks of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWB Group.' These risks are also exacerbated when NWB Group relies on critical service providers (suppliers) or vendors to provide services to it or its customers, as is increasingly the case as NWB Group outsources certain activities, including with respect to the implementation of technologies, innovation (such as cloud-based services and artificial intelligence) and responding to regulatory and market changes.

NWB Group also faces operational risks as it continues to invest in the automation of certain solutions and customer interactions, including through artificial intelligence. Such initiatives may result in operational, reputational and conduct risks if the technology is not used appropriately, is defective or inadequate, or is not fully integrated into NWB Group's current solutions, systems and controls.

NWB Group increasingly provides certain shared critical services and operations, including, without limitation, property, technology, finance, accounting, treasury, legal, risk, regulatory compliance and reporting, financial crime, human resources, and certain other support and administrative functions to other entities within NatWest Group (in particular, NWM Plc) and receives income in respect of these services. As a result, NWB Group may be exposed to a loss of income if these services are not required to the same extent, or are no longer required at all.

The effective management of operational risks is critical to meeting customer service expectations and retaining and attracting customer business. Although NWB Group has implemented risk controls and mitigation actions, with resources and planning devoted to mitigate operational risk, such measures may not be effective in controlling each of the operational risks faced by NWB Group.

Ineffective management of such risks may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.

NatWest Group experiences a constant threat from cyberattacks across the entire NatWest Group (including NWB Group) and against NatWest Group and NWB Group's supply chain networks, reinforcing the importance of due diligence of, ongoing risk management of, and a close working relationship with, the third parties on which NWB Group relies. NWB Group is reliant on technology, against which there is a constantly evolving series of attacks that are increasing in terms of frequency, sophistication, impact and severity. The increased availability of malicious tools and the rapid advancement of artificial intelligence capabilities reduce entry barriers for malicious actors and accelerate the exploitation of vulnerabilities leading to cyberattacks evolving and becoming more sophisticated. As a result, NWB Group is required to continue to invest significant resources in additional capability designed to defend against a variety of existing and emerging threats.

Third parties continue to make hostile attempts to gain access to, introduce malware (including ransomware) into, and exploit potential vulnerabilities of, financial services institutions' IT systems, including those of NWB Group. For example, in 2025, NWB Group and its supply chain were subjected to a small number of attempted Distributed Denial of Service and ransomware attacks. These hostile attempts were addressed without material impact on NatWest Group or its customers by deploying cybersecurity capabilities and controls that seek to manage the impact of any such attacks, and sustain availability of services for NWB Group's customers. Consequently, NWB Group continues to invest significant resources in developing and evolving cybersecurity capabilities and controls that are designed to mitigate the potential effect of such attacks. However, given the nature of the threat, there can be no assurance that these capabilities and controls will prevent the potential adverse effect of an attack from occurring. Refer to 'NWB Group's operations are highly dependent on its complex IT systems and any IT failure could adversely affect NWB Group.'

Any failure in NWB Group's information and cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of, or ability to access, data or systems or other sensitive information (including as a result of an outage) and may cause associated reputational damage.

Any of these factors could increase costs (including, but not limited to costs relating to notification of, or compensation to customers, credit monitoring or card reissuance), result in regulatory investigations or sanctions being imposed, or may affect NWB Group's ability to retain and attract customers. Regulators in the UK, US, Europe and Asia continue to recognise cybersecurity as an important systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyberattacks, and to provide timely reporting or notification of them, as appropriate (including, for example, the SEC cybersecurity requirements and the new EU Digital Operational Resilience Act ('DORA')). Furthermore, cyberattacks on NWB Group's counterparties and suppliers may also have an adverse effect on NWB Group's operations.

Additionally, malicious third parties may induce employees, customers, third party providers or other users with access to NWB Group's systems to wrongfully disclose sensitive information to gain access to NWB Group's data or systems or that of NWB Group's customers or employees. Cybersecurity and information security events can derive from factors such as: internal or external threat actors, human error, fraud or malice on the part of NWB Group's employees, customers or third parties, including third party providers, or may result from technological failure (including defective, inadequate or inappropriately used artificial intelligence based solutions).

NWB Group expects greater regulatory engagement, supervision and enforcement to continue in relation to its overall resilience to withstand IT and IT-related disruption, either through a cyberattack or some other disruptive event. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may have a material adverse effect on NWB Group. Due to NWB Group's reliance on technology, the adoption of innovative solutions, the integration of automated processes and artificial intelligence in its business, and the increasing sophistication, frequency and impact of cyberattacks, such attacks may have an adverse effect on NWB Group.

In accordance with applicable UK and EU data protection, and cybersecurity laws and regulations, NWB Group is required to ensure it implements timely, appropriate and effective organisational and technological safeguards against unauthorised or unlawful access to the data of NWB Group, its customers and its employees. In order to meet this requirement, NWB Group relies on the effectiveness of its internal policies, controls and procedures to protect the confidentiality, integrity and availability of information held on its IT systems, networks and devices as well as with third parties with whom NWB Group interacts. As NatWest Group develops new artificial intelligence-based products, proprietary, sensitive or confidential NWB Group customer information may be inputted into third-party generative or other artificial intelligence or machine learning platforms, and could potentially be accessed by others, including if such information is used to train third-party artificial intelligence models. This may increase the risk of data leakage, data poisoning, potential bias, discrimination, errors and misuse. A failure to monitor and manage data in accordance with applicable requirements may result in financial losses, regulatory fines, investigations and litigation, and associated reputational damage.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group's operations and strategy are highly dependent on the accuracy and effective use of data.

NWB Group relies on the availability, sourcing, and effective use of accurate and high quality data to support, monitor, evaluate, manage and enhance its operations, innovate its products offering, meet its regulatory obligations, and deliver its strategy. Investment is being made in data tools and analytics, including raising awareness around ethical data usage (for example, in relation to the use of artificial intelligence) and privacy across NWB Group. The availability and accessibility of current, complete, detailed, accurate and, wherever possible, machine-readable customer segment and sub-sector data, together with appropriate governance and accountability for data, is fast becoming a critical strategic asset, which is subject to increased regulatory focus. Failure to have or be able to access that data or the ineffective use or governance of that data could result in a failure to manage and report important risks and opportunities or satisfy customers' expectations including the inability to deliver products and services. This could also place NWB Group at a competitive disadvantage by increasing its costs, inhibiting its efforts to reduce costs or its ability to improve its systems, controls and processes. Any of the above could result in a failure to deliver NWB Group's strategy. These data weaknesses and limitations, or the unethical or inappropriate use of data, and/or non-compliance with data protection laws could give rise to conduct and litigation risks and may increase the risk of operational challenges, losses, reputational damage or other adverse consequences due to inappropriate models, systems, processes, decisions or other actions.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group's operations are highly dependent on its complex IT systems and any IT failure could adversely affect NWB Group.

NWB Group's operations are highly dependent on the ability to process a very large number of transactions efficiently and accurately while complying with applicable laws and regulations. The proper functioning of NatWest Group's (including NWB Group's) transactional and payment systems, financial crime and fraud detection systems and controls, risk management, credit analysis and reporting, accounting, customer service and other IT systems, including cloud services providers (some of which are owned and operated by other entities in NatWest Group or third parties), as well as the communication networks between their branches and main data processing centres, is critical to NWB Group's operations. NWB Group's reliance on a limited number of cloud services providers increases its exposure to disruption events affecting these cloud services providers.

Individually or collectively, whether operated by NWB Group or by a third party supplier, any system failure (including defective or inadequate automated processes or artificial intelligence based solutions), loss of service availability, mobile banking disruption, or breach of data security could potentially cause significant damage to: (i) important business services across NWB Group; and (ii) NWB Group's ability to provide services to its customers, which could result in reputational damage, significant compensation costs and regulatory sanctions (including fines resulting from regulatory investigations), or a breach of applicable regulations and could affect NWB Group's regulatory approvals, competitive position, business and brands, which could undermine its ability to attract and retain customers and talent.

NWB Group outsources certain functions as it innovates and offers new digital solutions to its customers to meet the demand for online and mobile banking. Outsourcing alongside remote working heighten the above risks. NWB Group uses IT systems that enable remote working interface with third-party systems, and NWB Group could experience service denials or disruptions if such IT systems exceed capacity or if NWB Group or a third-party system fails or experiences any interruptions, all of which could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations. Hybrid working arrangements for NWB Group employees place heavy reliance on the IT systems that enable remote working and may place additional pressure on NWB Group's ability to maintain effective internal controls and governance frameworks and increase operational risk.

In 2025, NWB Group continued to make considerable investments to further simplify, upgrade and improve its IT and technology capabilities (including migration of certain services to cloud platforms and risk-based removal of technology obsolescence). NWB Group continues to develop and enhance digital services for its customers and seeks to improve its competitive position through integrating automated processes and artificial intelligence based solutions in its business and by enhancing controls and procedures and strengthening the resilience of services including cybersecurity. Any failure of these investment and rationalisation initiatives to achieve the expected results, due to poor design or implementation, defects or otherwise, may adversely affect NWB Group's operations, its reputation and ability to retain or grow its customer business or adversely affect its competitive position.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group relies on attracting, retaining and developing diverse senior management and skilled personnel, and is required to maintain good employee relations.

NWB Group's success depends on its ability to attract, retain, and develop a highly skilled and qualified diverse workforce, including senior management, and other employees in critical roles (such as in technology, artificial intelligence and data), in a highly competitive market.

NWB Group's ability to attract, retain and develop highly skilled and qualified diverse senior management and personnel may be more difficult due to heightened regulatory oversight of banks compared to firms outside of banking and ongoing restrictions on employee compensation arrangements, particularly in the EU. In addition, certain economic, market and regulatory conditions may reduce the pool of candidates for key management and non-executive roles, including non-executive directors with the right skills, knowledge and experience, or may increase the number of departures of existing employees. Moreover, a failure to foster a diverse workforce and inclusive work environment may adversely affect NWB Group's employee engagement and the execution of its strategy, and could also have an adverse effect on its reputation with employees, customers, investors and regulators.

NWB Group's businesses are also exposed to risks from employee, contractor or service providers misconduct including non-compliance with policies and regulations, negligence or fraud (including financial crimes and fraud), any of which could result in regulatory fines or sanctions and serious reputational or financial harm to NWB Group.

Hybrid working arrangements are also subject to regulatory scrutiny to ensure adequate recording, surveillance and supervision of regulated activities, and compliance with regulatory requirements and expectations, including requirements to: meet threshold conditions for regulated activities; ensure the ability to oversee functions (including any outsourced functions); ensure no detriment is caused to customers; and ensure no increased risk of financial crime.

Many of NWB Group's employees in the UK, the Republic of Ireland and continental Europe are represented by employee representative bodies, including trade unions and works councils. Engagement with its employees and such bodies is important to NWB Group in maintaining good employee relations. Any failure to do so may adversely affect NWB Group's ability to operate its business effectively.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

A failure in NWB Group's risk management framework could adversely affect NWB Group, including its ability to achieve its strategic objectives.

Risk management is a fundamental component of NWB Group's operations and is critical to the effective delivery of its long-term strategic objectives. NWB Group operate within NatWest Group's Enterprise-Wide Risk Management Framework ('EWRMF'), which sets out the approach for risk management and outlines key principles for sound risk governance and setting of risk appetite with respect to: financial risk (capital risk, liquidity and funding risk, credit risk, traded market risk, non-traded, market risk, pension risk, earning stability risk) and non-financial risk (model risk, reputational risk, financial crime, operational risk, compliance and conduct risk). Non-compliance with this framework, including deviations from risk appetite, or any significant shortcomings in related controls and procedures, may have a detrimental effect on NatWest Group's financial condition, strategic delivery, or result in inaccurate reporting of risk exposures.

NWB Group promotes a risk-aware culture and invests in policies and resources to manage risks. However, these measures may not entirely prevent a failure in NatWest Group's risk management framework within which NWB Group operates. For example, instances of misconduct may arise from: business decisions, actions or reward mechanisms that fail to comply with NWB Group's regulatory obligations, do not adequately address customers' needs, or are misaligned with NWB Group's strategic objectives; ineffective product management; unethical or inappropriate use of data, information asymmetry, implementation and utilisation of new technologies, outsourcing of customer service and product delivery; inappropriate behaviour towards customers, customer outcomes, the possibility of mis-selling of financial products; and mishandling of customer complaints. Any failure in the EWRMF may result in the inability for NWB Group to achieve its strategic objectives for its customers, employees and wider stakeholders.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group's operations are subject to inherent reputational risk.

Reputational risk relates to stakeholder and public perceptions of NWB Group arising from an actual or perceived failure to meet stakeholder or the public's expectations, including with respect to NatWest Group's strategy and related targets or due to any events, behaviour, action or inaction by NWB Group, its employees or those with whom NWB Group is associated.

Refer to, 'NWB Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWB Group.' This includes harm to its brand, which may be detrimental to NWB Group's business, including its ability to build or sustain business relationships with customers, stakeholders and regulators, and may cause low employee morale, regulatory censure or reduced access to, or an increase in the cost of, funding.

Reputational risk may arise whenever there is, or there is perceived to be, a material lapse in standards of integrity, controls, compliance, customer or operating efficiency, or regulatory or press scrutiny, and may adversely affect NWB Group's ability to attract and retain customers. In particular, NWB Group's ability to attract and retain customers (particularly, corporate/institutional and retail depositors), and talent, and engage with counterparties may be adversely affected by factors including: negative public opinion resulting from the actual or perceived manner in which NWB Group or any other member of NatWest Group conducts or modifies its business activities and operations, media coverage (whether accurate or otherwise), employee misconduct, NWB Group's financial performance, IT systems failures or cyberattacks, data breaches, financial crime and fraud, or the actual or perceived practices in the banking and financial industry in general, or a wide variety of other factors. Technologies, in particular online social networks and other broadcast tools that facilitate communication with large audiences in short timeframes and with minimal costs, may also significantly increase and accelerate the impact of damaging information and allegations.

Although NWB Group has a Reputational Risk Policy and framework to identify, measure and manage material reputational risk exposures, there is a risk that it may not be successful in avoiding or mitigating damage to its business or its various brands from reputational risk.

Any of the above aspects of reputational risk may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Legal and regulatory risk

NWB Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWB Group.

NWB Group is subject to extensive laws, regulations, guidelines, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates, which presents ongoing compliance and conduct risks. Many of these are constantly evolving and are subject to further material changes, which may increase compliance and conduct risks, particularly as the laws of different jurisdictions (including those of the EU/EEA and UK) diverge. NWB Group expects government and regulatory intervention in the financial services industry to remain high for the foreseeable future.

Regulators and governments continue to focus on refining the prudential regulation within the financial services industry and enhancing the way financial services are conducted, with the dual aim of fostering greater competition and supporting sustainable growth. Forthcoming measures include enhanced capital, liquidity and funding requirements, through future implementation of the Basel 3.1 standards (and any resulting effect on RWAs and models).

This is in addition to previous measures, such as: the UK ring-fencing regime, the strengthening of the recovery and resolution framework applicable to financial institutions in the UK, EU and US, financial industry reforms (such as the FSMA 2023), corporate governance requirements, rules relating to the compensation of senior management and other employees, enhanced data protection and IT resilience requirements, financial market infrastructure reforms, enhanced regulations in respect of the provision of 'investment services and activities'.

There is also continued regulatory focus in certain areas, including conduct, model risk governance, consumer protection in retail or other financial markets (such as the FCA's rules governing interactions with and the provision of services to retail customers, the 'Consumer Duty'), competition and disputes regimes, anti-money laundering, anti-corruption, anti-bribery, anti-tax evasion, payment systems and digital assets, sanctions and anti-terrorism laws and regulations. In addition, there is significant oversight by competition authorities. The competitive landscape for banks and other financial institutions in the UK, EU/EEA, US and Asia is rapidly changing. Recent regulatory and legal changes have resulted and may continue to result, in new market participants and changed competitive dynamics in certain key areas. Regulatory and competition authorities, including the CMA, are also reviewing and focusing more on how they can support competition and innovation in digital and other markets. Future competition investigations, market reviews, or regulation of mergers may lead to the imposition of financial penalties or market remedies that may adversely affect NatWest Group's competitive or financial position. Recent regulatory changes and heightened levels of public and regulatory scrutiny in the UK, EU and US have resulted in increased capital, funding and liquidity requirements, changes in the competitive landscape, changes in other regulatory requirements and increased operating costs, and have impacted, and will continue to impact, product offerings and business models.

Moreover, uncertainties remain as to the extent to which EU/EEA laws will diverge from UK law. For example, bank regulation in the UK may diverge from European bank regulation following the enactment of the Financial Services and Markets Act 2023 ('FSMA 2023') and the Retained EU Law (Revocation and Reform) Act 2023. In particular, FSMA 2023 provides for the revocation of retained EU laws relating to financial services regulation, but sets out that this process will likely take a number of years and the intention is that specific retained EU laws will not be revoked until such time as replacement regulatory rules are in place. The actions taken by regulators in response to any new or revised bank regulation and other rules affecting financial services, may adversely affect NWB Group, including its business, non-UK operations, group structure, compliance costs, intragroup arrangements and capital requirements.

Other areas in which, and examples of where, governmental policies, regulatory and accounting changes, and increased public and regulatory scrutiny may have an adverse effect (some of which could be material) on NWB Group include, but are not limited to:

- general changes in government, regulatory, competition, or central bank policy (including as a result of the Bank Resolution (Recapitalisation) Act 2025), or changes in regulatory regimes that may influence investor decisions in the jurisdictions in which NWB Group operates;

- rules relating to foreign ownership, expropriation, nationalisation and confiscation or appropriation of assets;
- increased scrutiny including from the CMA, the FCA, and the Payment Systems Regulator ('PSR') for the protection and resilience of, and competition and innovation in, digital and other markets, UK payment systems (with the development of the government's National Payments Vision and Strategy) and retail banking developments relating to the UK initiative on Open Banking, Open Finance and the European directive on payment services;
- the ongoing compliance with CMA's Market Orders including the Retail Banking Market Order 2017;
- ongoing competition litigation in the English courts around payment card interchange fees, combined with increased regulatory scrutiny of the Visa and Mastercard card schemes;
- increased risk of new class action claims being brought against NWB Group in the Competition Appeal Tribunal for breaches of competition law;
- increased risk of legal action against NWB Group in relation to the remediation of defects in certain historical property developments;
- new or increased regulations relating to data protection as well as IT controls and resilience;
- the introduction of, and changes to, taxes, levies or fees applicable to NWB Group's operations, such as changes in tax rates (including changes to the taxation of non-UK domiciled individuals), changes in the scope and administration of the Bank Levy, increases in the bank corporation tax surcharge in the UK, restrictions on the tax deductibility of interest payments or further restrictions imposed on the treatment of carry-forward tax losses that reduce the value of deferred tax assets and require increased payments of tax;
- increased innovation in private digital asset propositions, such as stablecoin or tokenised deposits, which may challenge traditional payment methods and have other potential adverse effects on UK banks (such as higher funding costs or a reduced deposit base);
- regulatory enforcement in the form of PRA imposed financial penalties for failings in banks' regulatory reporting governance and controls, and ongoing regulatory scrutiny; the PRA's thematic reviews of the governance, controls and processes for preparing regulatory returns of selected UK banks, including NatWest Group (of which NWB Group is a part of);
- changes in policy and practice regarding enforcement, investigations and sanctions, supervisory activities and reviews;
- the introduction of regulatory requirements to ensure sufficient access by the general public to cash services such as branches and ATMs;
- 'Dear CEO' and similar letters issued by supervisors and regulators from time to time;
- changes in policy intended to expand consumer access to retail investment products and services, including through the introduction of targeted support;
- reforms to the Consumer Credit Act 1974 and the Financial Ombudsman Service;
- new or increased regulations relating to financial crime; and
- any regulatory requirements relating to the use of artificial intelligence and large language models across the financial services industry (such as the European Union Artificial Intelligence Act).

Any of these developments (including any failure to comply with or correctly interpret new rules and regulations) could also have an adverse effect on NWB Group's authorisations and licences, the products and services that it may offer, its reputation and the value of its assets, NWB Group's operations or legal entity structure, and the manner in which it conducts its business.

Material consequences could arise should NWB Group be found non-compliant with these regulatory requirements. Regulatory developments may also result in an increased number of regulatory investigations and proceedings and have increased the risks relating to NWB Group's ability to comply with the applicable body of rules and regulations in the manner and within the timeframes required.

Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, including contradictory or conflicting laws, rules or regulations by key regulators or policymakers in different jurisdictions (such as divergence of regulations of digital assets and cryptocurrency), or failure by NWB Group to comply with such laws, rules and regulations, may adversely affect NWB Group's business, results of operations and outlook. In addition, uncertainty and insufficient international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect NWB Group's reputation, ability to engage in effective business, capital and risk management planning.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

NWB Group is exposed to the risks of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWB Group.

NWB Group's operations are diverse and complex and it operates in legal and regulatory environments that expose it to potentially significant civil actions (including those following on from regulatory sanction), as well as criminal, regulatory and governmental proceedings. NWB Group has resolved a number of legal and regulatory actions over the past several years but continues to be, and may in the future be, involved in such actions in the UK, the US, Europe, and other jurisdictions.

NWB Group is, has been or will likely be involved in a number of significant legal and regulatory actions, including investigations, proceedings and ongoing reviews (both formal and informal) by governmental law enforcement and other agencies and litigation proceedings, including in relation to the setting of benchmark rates such as LIBOR and related derivatives trading, product mis-selling, customer mistreatment, anti-money laundering, antitrust, VAT recovery, record keeping, reporting, and various other issues. There is also an increasing risk of new class action claims being brought against NWB Group in the Competition Appeal Tribunal for breaches of competition law, as well as a risk of activist actions, particularly relating to climate change and sustainability-related matters.

Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing, amount of fines, damages or settlements or the form of any settlements, which may be material and in excess of any related provisions, are often difficult to predict, particularly in the early stages of a case or investigation. NWB Group's expectation for resolution may change and substantial additional provisions and costs may be recognised in respect of any matter. For additional information relating to legal, and regulatory proceedings and matters to which NWB Group is currently exposed, see 'Litigation and regulatory matters' at Note 26 to the consolidated accounts.

Recently resolved matters or adverse outcomes or resolution of current or future legal, regulatory or other matters, including conduct-related reviews and redress projects, could increase the risk of greater regulatory and third-party scrutiny and/or result in future legal or regulatory actions, and could have material financial, reputational, or collateral consequences for NWB Group's business and result in restrictions or limitations on NWB Group's operations. These may include the effective or actual disqualification from carrying on certain regulated activities and consequences resulting from the need to reapply for various important licences or obtain waivers to conduct certain existing activities of NWB Group, which may take a significant period of time and the results and implications of which are uncertain. Disqualification from carrying on any activities, whether automatically as a result of the resolution of a particular matter or as a result of the failure to obtain such licences or waivers may have an adverse effect on NWB Group. This in turn and/or any fines, settlement payments or penalties may have an adverse effect on NWB Group. Similar consequences could result from legal or regulatory actions relating to other parts of NatWest Group.

Failure to comply with undertakings made by NWB Group to its regulators may result in additional measures or penalties being taken against NWB Group. In addition, any failure to administer conduct redress processes adequately, or to handle individual complaints fairly or appropriately, could result in further claims as well as the imposition of additional measures or limitations on NWB Group's operations, additional supervision by NWB Group's regulators, and loss of investor confidence.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Changes in tax legislation (or application thereof) or failure to generate future taxable profits may impact the recoverability of certain deferred tax assets recognised by NWB Group.

In accordance with the accounting policies set out in 'Critical accounting policies', NWB Group has recognised deferred tax assets on losses available to relieve future profits from tax only to the extent it is probable that they will be recovered. The deferred tax assets are quantified on the basis of current tax legislation and accounting standards and are subject to change in respect of the future rates of tax or the rules for computing taxable profits and offsetting allowable losses.

Failure to generate sufficient future taxable profits or further changes in tax legislation or the application thereof (including with respect to rates of tax) or changes in accounting standards may reduce the recoverable amount of the recognised tax loss deferred tax assets, amounting to £55 million as at 31 December 2025. Changes to the treatment of certain deferred tax assets may impact NWB Group's capital position.

In addition, NWB Group's interpretation or application of relevant tax laws may differ from those of the relevant tax authorities and provisions are made for potential tax liabilities that may arise on the basis of the amounts expected to be paid to tax authorities. The amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters.

Any of the above may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation.

Climate and sustainability-related risks

NWB Group and its Value Chain face climate and sustainability-related risks that may adversely affect NWB Group.

NWB Group is subject to financial and non-financial risks associated with climate change, nature-related and social matters (together sustainability-related matters). These matters impact NWB Group directly through its own operations and employees, and indirectly through its value chain including its investors, customers, counterparties and suppliers, and business partners (collectively, our 'Value Chain'), and business activities.

Financial and non-financial risks from climate change can arise through physical and transition risks. In addition, NWB Group may also be exposed to legal, regulatory or financial consequences arising from NWB Group's actions or omissions related to climate and sustainability-related matters, giving rise to liability risk.

Climate-related physical risks are associated with increasing frequency and intensity of extreme weather events, including floods, wildfires and changes in climate conditions. Such events can impact employee health and safety, negatively impact local communities where NWB Group operates, damage assets, property and infrastructure, and disrupt operations and supply chains, resulting in changes in asset value, deterioration of the value of collateral or insurance shortfalls and increased costs and credit defaults. This can negatively impact the creditworthiness of customers and their ability and/or willingness to pay fees, afford new products or repay their debts, leading to increased default rates, delinquencies, write-offs and impairment charges in NatWest Group's portfolios while simultaneously increasing NWB Group's own operational costs and exposing it to potential business continuity challenges. In addition, NWB Group's premises and operations, or those of its critical outsourced functions, may experience damage or disruption leading to increased costs for NWB Group.

Climate-related transition risks arise from the UK's and global economies' shift to net zero. The pace and nature of transition—whether orderly or disorderly—depends significantly on timely and appropriate government policy and regulatory changes, immediate actions from national and regional governments, new technological innovation, changes to supply and demand systems within industries, customer behaviour and market sentiment. In addition, there is significant uncertainty about how climate change and the world's transition to a net-zero economy will unfold over time and how and when climate and other sustainability-related risks will manifest. This could adversely impact profitability, market stability and the resilience of financial institutions, including NWB Group. In addition, the transition may affect NWB Group's customers and businesses across sectors in different ways and at different levels of risk These timeframes are considerably longer than NWB Group's historical and current strategic, financial, resilience and investment planning horizons.

Transition risks may also trigger reputational and liability exposures, especially if NatWest Group (including NWB Group), is perceived as not meeting its climate ambitions, targets and commitments, or not making progress against NatWest Group's climate transition plan.

Moreover, beyond climate change, NWB Group and its Value Chain may face financial and non-financial risks arising from acute or chronic nature-related physical risks, (such as wildfires, pollution, water stress and loss of biodiversity), nature-related transition risks (such as risk arising directly or indirectly due to changes in policy, market and technology, changes in perception concerning an organisation's actual or perceived nature impacts and from legal claims) and social issues (such as data protection and privacy, impact of increased adoption of artificial intelligence technology, human rights abuse, conflict and security, land rights, labour rights and unjust working conditions, modern slavery and child labour, discrimination and lack of support for the vulnerable, negative impact on people's standard of living and health, inequality, accessible banking and financial inclusion, and financial crime).

There are heightened regulatory expectations, growing scrutiny from investors, civil society, and other external stakeholders, with businesses being increasingly expected to be transparent about their efforts to identify, assess, mitigate and manage nature-related and social risks. NWB Group may face reputational, regulatory non-compliance and litigation risks if it is directly or indirectly linked to adverse nature-related or social impacts and fails to adequately manage the risks associated with those impacts.

Climate and sustainability-related risks are inter-linked and may (i) adversely impact the broader economy—affecting interest rates, inflation and growth—which in turn may reduce profitability and financial stability; (ii) adversely impact asset pricing and valuations of NWB Group's and other securities, potentially triggering wider disruptions across the financial system; (iii) adversely impact the viability or resilience of business models over the medium to longer term, particularly those business models most vulnerable to climate and sustainability-related risks; (iv) result in losses from liability or reputational damage, such as negative media, activist pressure, or public criticism, if NWB Group or its Value Chain are linked to adverse climate or sustainability-related impacts; and (v) may intensify existing exposures across multiple risk categories, including credit, operational (e.g. business continuity), market and liquidity, model, reputational, regulatory compliance, conduct and pension risks.

Failure by NWB Group to timely identify, assess, mitigate and manage climate and sustainability-related risks, as well as failure to respond to emerging opportunities, evolving regulatory requirements, and shifting market and external expectations, may have a material adverse effect on NWB Group's business, financial condition, future results, access to finance, cost of capital, reputation, and the value of its securities.

NatWest Group's (including NWB Group) strategy relating to climate and sustainability is subject to execution and reputational risks. NatWest Group's (including NWB Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, and NatWest Group's climate transition plan may not be implemented, without timely and appropriate government policy, technology developments, and suppliers, customers and society supporting the transition.

NatWest Group has an ambition to be net zero across its financed emissions, assets under management and operational value chain by 2050. NatWest Group also has an ambition at least to halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by portfolio-level, activity-based targets.

NatWest Group may also announce other climate and sustainability-related ambitions, targets and commitments and may withdraw, retire, amend, replace or supersede existing ones from time to time, whether or not they have been achieved, where it considers this to be appropriate having regard to its strategic objectives, or where required or appropriate to do so by applicable law, regulation or supervisory expectations.

NWB Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments and to contribute to implementing NatWest Group's climate transition plan, may require NWB Group to make changes to its business, operating model, existing exposures, and products and services. This may include reducing its estimated financed emissions and discontinuing certain activities over time. NatWest Group (including NWB Group) acknowledge that (i) emission reductions are unlikely to be linear; (ii) UK Parliament will set a new legal limit on greenhouse emissions as part of the Seventh Carbon Budget in June 2026 which may have an impact on the achievement of NatWest Group's (including NWB Group) climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan; and (iii) increases in lending and financing activities may wholly or partially offset some or all these reductions, which may increase the extent of changes and reductions necessary.

NWB Group's ability to contribute to achieving NatWest Group's strategy, including its climate and sustainability-related ambitions, targets and commitments and to contribute to implementing NatWest Group's climate transition plan is dependent on many factors and uncertainties beyond NWB Group's control. These include (but are not limited to): (i) the extent and pace of climate change, including the timing and manifestation of physical and transition risks and nature loss; (ii) the macroeconomic environment; (iii) the effectiveness of actions of governments, legislators, regulators and businesses; (iv) the response of wider society, NWB Group's Value Chain and other stakeholders to mitigate the impact of climate, and sustainability-related risks; (v) changes in customer and societal behaviour and demand; (vi) availability of commercially viable opportunities in sustainable finance markets, competition dynamics, capital markets appetite, investor expectations, and external credit and concentration risk appetites which may constrain the scale or risk profile of opportunities accessible to NWB Group; (vii) developments in available technology; (viii) the rollout of low carbon infrastructure; and (ix) the availability of accurate, verifiable, reliable, auditable, consistent and comparable data.

These external factors and other uncertainties may make it complex for NWB Group to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan and there is a risk that some or all of NatWest Group's (including NWB Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, or NatWest Group's climate transition plan may not be implemented within the intended timescales, or at all. Moreover, the rising energy demand associated with artificial intelligence workloads, whether generated internally or through third-party providers, may increase NatWest Group's (including NWB Group's) own operational footprint. While NatWest Group (including NWB Group) has taken initial steps to assess the potential impacts of increased artificial intelligence usage, its full effects on NatWest Group's (including NWB Group's) own operational footprint remain uncertain but could have an adverse effect on NatWest Group (including NWB Group) achieving its climate and sustainability-related ambitions, targets and commitments and the implementation of NatWest Group's climate transition plan.

Any delay or failure by NWB Group in putting into effect, making progress against, or contributing to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contributing to the implementation of NatWest Group's climate transition plan may have a material adverse effect on NWB Group's future results, financial condition, prospects, and/or reputation and may increase the climate and sustainability-related risks NWB Group faces.

There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.

NWB Group's ability to assess, manage, and report climate and sustainability-related impacts, risks, and opportunities, including the effective measurement, governance and reporting of progress against our climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan heavily depends on the availability of accurate, reliable, verifiable, auditable, consistent and comparable internal and external data from customers, counterparties, suppliers, and third parties. Our internal data on customer groups, which is used to source financial exposure and emissions data, and the systems and controls supporting our non-financial reporting are considerably less sophisticated than those data, systems and controls used for financial reporting, and continue to involve manual processes. These factors may increase the risk of inaccuracies or gaps in our non-financial reporting, which could adversely affect our ability to meet regulatory, investor or stakeholder expectations. In the absence of accurate, reliable, verifiable, auditable, consistent and comparable data, NWB Group may rely on estimates, proxies, or third-party methodologies—such as sectoral averages or aggregated emissions data—that may be outdated, prepared using varying assumptions, or not accurately reflect specific counterparties or customers. These limitations can affect the reliability of disclosures, including financed and facilitated emissions, and may hinder decision-making, risk management, regulatory compliance, and data consolidation. This may result in misjudging progress against climate ambitions, targets and commitments, misallocating capital, or underestimating financial and reputational risks, while also reducing comparability across institutions and increasing scrutiny from stakeholders and regulators.

NWB Group's assessment of climate and sustainability-related impacts, risks, and opportunities is expected to evolve as data quality and methodologies improve. Current data gaps, limitations, and reliance on estimates or third-party inputs may materially impact NWB Group's ability to make informed decisions on climate and sustainability-related matters, manage risks, comply with disclosure requirements, and monitor progress against NatWest Group's climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan. As a result, climate and sustainability-related disclosures may be amended, updated, or restated from time to time as methodologies, data quality or regulatory expectations evolve. NWB Group does not undertake to restate prior disclosures except as required by applicable law or regulation, even where subsequently available data or methodologies differ from those used at the time of the original disclosure.

Climate risks are inherently forward-looking and complex to model. The lack of historical data, evolving scientific understanding, and immature measurement frameworks introduce significant uncertainty into scenario analysis and financial forecasting. The outputs of climate risk modelling—such as emissions pathways and reduction targets—are subject to long timeframes and assumptions that differ significantly from traditional financial planning cycles.

NWB Group's internal capabilities to assess, model, report on and manage climate and sustainability-related risks continue to evolve. However, even when such capabilities are suitably developed, the high level of uncertainty regarding any assumptions modelled, the highly subjective nature of risk measurement and mitigation techniques coupled with persistent data gaps may result in inadequate risk management information and frameworks, or ineffective business adaptation or mitigation strategies or regulatory non-compliance.

Any of the above may have a material adverse effect on NWB Group's business, future results, financial condition, prospects, reputation and the price of its securities.

NWB Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations and there is an increasing risk of regulatory non-compliance, investigations, litigation, and enforcement actions.

NWB Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations, which may vary significantly and remain fragmented across the UK, EU, US, and other jurisdictions in which NWB Group operates. This growing divergence creates legal and operational uncertainty, may expose NWB Group to conflicting legal and regulatory requirements, and may increase the risks of regulatory non-compliance, regulatory enforcement and reputational damage.

The growing politicisation and polarisation of climate and sustainability-related matters across jurisdictions may further exacerbate existing risks and result in reduced market access, adverse public perception, or stakeholder disengagement. Customers, investors, or stakeholders may choose not to engage with NWB Group if they perceive NatWest Group's (including NWB Group) strategy in relation to climate and sustainability, as either lacking ambition or progress, or conversely, as overly focused on sustainability, or if they object to specific climate or sustainability related decisions or sectoral policies adopted by NatWest Group (including NWB Group), which may adversely affect customer relationships, investor sentiment or stakeholder engagement. For example, financing the transition of hard-to-abate sectors may be viewed by some as misaligned with climate goals, potentially resulting in reputational damage.

At the same time, regulatory and enforcement approaches to climate and sustainability-related matters are increasingly diverging and, in some cases, conflicting across jurisdictions. While some authorities are advancing stricter requirements, others are introducing sanctions targeting institutions that pursue climate and sustainability-related initiatives. Furthermore, NWB Group may face litigation, complaints or other forms of challenge from shareholders, customers, campaign groups or other stakeholders arising from allegations of actual or perceived environmental or social harm, including climate-related impacts, nature-related degradation, human rights abuses, or deficiencies in governance and due diligence practices. At the same time, NWB Group may face contradictory legal or regulatory action asserting that it has placed undue or disproportionate focus on climate and sustainability-related considerations.

Failure by NWB Group to comply with evolving legal and regulatory requirements, or supervisory expectations—including divergent and fragmented frameworks across jurisdictions, where relevant—may increase the risk of regulatory non-compliance, may adversely impact NWB Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and may adversely impact its investor base and reputation. It may also result in regulatory non-compliance investigations, litigation and enforcement actions, which in turn may have a material adverse effect on NWB Group's business, future results, financial condition, prospects, reputation, and the price of its securities.

Forward-looking statements

Cautionary statement regarding 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 NWB 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 NWB 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: NWB Group’s 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 climate and sustainability-related ambitions and targets, its access to adequate sources of liquidity and funding, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, 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 such as artificial intelligence, interest and exchange rate fluctuations, and general economic and political conditions, exposure to third party risk, operational risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational 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 the NWB Group's actual results are discussed in the NWB Plc's 2025 Annual Report and Accounts, and its other public filings. 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.