



NatWest
Group

NatWest Holdings Limited

Strategic report

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Presentation of information

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

NWH Group publishes its financial statements in pounds sterling ('£' or 'sterling'). The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling, respectively, and references to 'pence' represent pence where amounts are denominated in pounds sterling (GBP). 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

The principal entities under NWH Ltd are NWB Plc, which wholly owns Coutts & Company, and RBS plc. The term 'NWB Group' refers to NWB Plc and its subsidiary and associated undertakings.

Principal activities and operating segments

NWH 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, NWH Ltd's largest subsidiary undertaking, is the main service provider of shared services and treasury activities for NatWest Group. The services are mainly provided to NWH Group and its subsidiaries, however, in certain instances where permitted, services are also provided to the wider NatWest Group plc including the non ring-fenced business.

Performance overview

Strong financial performance

NWH Group reported an attributable profit from continuing operations of £5,295 million and a Common Equity Tier 1 (CET1) ratio of 12.4%.

Total income increased by £1,779 million, or 13%, to £15,312 million, due to deposit margin expansion as a result of higher customer balances and strong hedge income.

Operating expenses increased by £154 million, or 2%, to £7,405 million driven by transformation and reward costs as we continue to drive simplification and invest in our people.

The cost:income ratio decreased from 53.6% to 48.4%.

Net impairment losses of £676 million, compared with a charge of £373 million in 2024, 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 £12.7 billion to £379.6 billion across all customer segments due to growth in mortgages and personal and commercial lending.

Customer deposits increased by £7.1 billion to £403.5 billion, driven by growth in retail savings and current account balances.

The loan:deposit ratio remained stable at 88%.

The CET1 ratio decreased by 20 basis points to 12.4%. An £8.7 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 2025, 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 stakeholders, including the impact on principal decisions, can be found in this statement and on pages 71 to 76 (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 2025. Further information on the Board's principal activities can be found in the Corporate governance statement on pages 71 to 76.

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 sole shareholder, NatWest Group plc. It considered proposals in the context of evolving regulatory capital requirements and available funds for distribution. In line with standard practice, the Board Risk Committee reviewed all capital distribution 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 NWH Ltd for the benefit of all stakeholders. Directors considered the likely long-term consequences of each decision, the NatWest Group's ongoing capacity to invest in the business, and our ability to continue serving customers sustainably.

The Board recognised the need to ensure that NWH Ltd remained sufficiently capitalised to withstand an extreme stress scenario and comfortably meet supervisory capital requirements. The Board noted shareholder expectations that surplus capital above the planning target should be returned to NatWest Group.

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 the NatWest Group's strategic priorities and technology transformation.

Actions and outcomes

Interim dividends of £1,938 million and £1,821 million were approved by the 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 70 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

For additional detail on the activities of the Committees above, refer to the Report of the directors.

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.

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.

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

National Westminster Bank Plc

250 Bishopsgate
London, EC2M 4AA

The Royal Bank of Scotland plc

36 St Andrew Square,
Edinburgh, EH2 2YB

Coutts & Company
440 Strand
London, WC2R 0QS

NatWest Holdings Limited

Registered in England No. 10142224

Financial review

Summary consolidated income statement for the year ended 31 December 2025

	Private Banking				2025	2024	Variance	
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other				
	£m	£m	£m	£m				
Net interest income	6,051	713	4,716	238	11,718	10,250	1,468	14
Non-interest income	439	374	1,675	1,106	3,594	3,283	311	9
Total income	6,490	1,087	6,391	1,344	15,312	13,533	1,779	13
Operating expenses	(2,818)	(727)	(2,921)	(939)	(7,405)	(7,251)	(154)	2
Profit before impairment losses/releases	3,672	360	3,470	405	7,907	6,282	1,625	26
Impairment (losses)/releases	(437)	(10)	(230)	1	(676)	(373)	(303)	81
Operating profit	3,235	350	3,240	406	7,231	5,909	1,322	22
Tax charge					(1,936)	(1,457)	(479)	33
Profit from continuing operations					5,295	4,452	843	19
Profit from discontinued operations, net of tax					-	81	(81)	(100)
Profit for the year					5,295	4,533	762	17

Key metrics and ratios

	2025	2024
Cost:income ratio (1)	48.4%	53.6%
Loan impairment rate (2)	18bps	10bps
CET1 ratio (3)	12.4%	12.6%
Leverage ratio (4)	4.8%	5.0%
Risk-weighted assets	£160.9bn	£152.2bn
Loan:deposit ratio (5)	88%	88%

(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 £1,779 million, or 13%, to £15,312 million compared with £13,533 million in 2024.

Net interest income increased by £1,468 million, or 14%, to £11,718 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 £311 million, or 9%, to £3,594 million primarily from higher income on economic swaps and foreign exchange swaps. Increased card fees reflected 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 £154 million, or 2%, to £7,405 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 costs related to the withdrawal from the Republic of Ireland.

Net impairment losses of £676 million, compared with a charge of £373 million in 2024, primarily reflects lower good book releases in 2025 and an £81 million charge associated with balances acquired from Sainsbury's Bank. The loan impairment rate increased 8 basis points to 18 basis points. Stage 3 losses remained stable. Total impairment provisions increased by £0.2 billion to £3.5 billion in the year.

Retail Banking

Operating profit was £3,235 million in 2025.

- **Net interest income** increased by £684 million to £6,051 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** of £439 million remained broadly stable.
- **Operating expenses** decreased by £28 million to £2,818 million driven by lower conduct costs and headcount. This was partially offset by one-off integration costs associated with balances acquired from Sainsbury's Bank and increased pay and bonus rewards.
- **Net impairment losses** of £437 million, compared with a charge of £282 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 £7.5 billion to £225.6 billion driven by an increase in net loans to customers, reflecting £5.3 billion mortgage growth, £1.3 billion growth in personal loans and £1.2 billion growth in credit card balances, supported by balances acquired from Sainsbury's Bank.

Total liabilities increased by £7.6 billion to £206.4 billion driven by 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 £350 million in 2025.

- **Net interest income** increased by £64 million to £713 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 £374 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 £28 million 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, reflects lower good book releases in 2025 and an increase in Stage 3 charges relating to existing exposures.

Total assets increased by £0.7 billion to £19.5 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 £3,240 million in 2025.

- **Net interest income** increased £587 million to £4,716 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 £85 million to £1,675 million reflecting lower economic hedging gains, fair value adjustments and lower operating lease income.
- **Operating expenses** increased by £135 million to £2,921 million, driven by increased pay and bonus rewards, conduct costs and continued business investment spend.
- **Net impairment losses** of £230 million, compared with a charge of £113 million in 2024, reflects lower good book releases. Stage 3 charges remain broadly stable.

Total assets increased by £6.7 billion to £123.5 billion primarily due to 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 decreased by £0.1 billion to £163.5 billion due to a decrease in customer deposits in Commercial Mid-market, partially offset by growth in Business Banking and Corporate & Institutions.

Central items & other

Operating profit was £406 million in 2025.

- **Total income** increased by £480 million to £1,344 million reflecting higher income on economic swaps and foreign exchange swaps, increased net interest income from treasury activities, and higher recharge income from NatWest Group entities due to the higher cost of services being recharged.
- **Operating expenses** increased by £19 million to £939 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 £m	2024 £m	Variance £m	%
Assets				
Cash and balances at central banks	56,187	62,501	(6,314)	(10)
Derivatives	420	1,369	(949)	(69)
Loans to banks - amortised cost	4,946	3,923	1,023	26
Loans to customers - amortised cost	379,574	366,865	12,709	3
Amounts due from holding company and fellow subsidiaries	235	646	(411)	(64)
Other financial assets	52,910	39,821	13,089	33
Intangible assets	6,935	7,024	(89)	(1)
Other assets	6,679	6,859	(180)	(3)
Total assets	507,886	489,008	18,878	4
Liabilities				
Bank deposits	33,881	25,701	8,180	32
Customer deposits	403,468	396,360	7,108	2
Amounts due to holding company and fellow subsidiaries	23,664	20,975	2,689	13
Derivatives	265	830	(565)	(68)
Other financial liabilities	5,333	4,999	334	7
Subordinated liabilities	122	122	-	-
Notes in circulation	3,164	3,316	(152)	(5)
Other liabilities	3,495	4,011	(516)	(13)
Total liabilities	473,392	456,314	17,078	4
Total equity	34,494	32,694	1,800	6
Total liabilities and equity	507,886	489,008	18,878	4

Total assets increased by £18.9 billion, or 4%, to £507.9 billion as at 31 December 2025.

Cash and balances at central banks decreased by £6.3 billion to £56.2 billion reflecting settlement of balances with the Bank of England, liquidity risk management, and dividend settlement.

Derivative assets decreased by £0.9 billion to £0.4 billion, driven by movements in interest rate swaps.

Loans to banks – amortised cost increased by £1.0 billion to £4.9 billion, due to an increase in reverse repos.

Loans to customers – amortised cost increased by £12.7 billion to £379.6 billion, driven by £5.3 billion of 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 £6.5 billion mainly within Commercial Mid-market and Corporate & Institutions.

Amounts due from holding companies and fellow subsidiaries reduced by £0.4 billion to £0.2 billion primarily due to reduced balances with NatWest Group plc.

Other financial assets increased by £13.1 billion to £52.9 billion mainly driven by net bond activity due to market conditions.

Other assets decreased by £0.2 billion to £6.7 billion primarily driven by investment property additions and an increase in tax recoverable balances.

Total liabilities increased by £17.1 billion, or 4%, to £473.4 billion as at 31 December 2025.

Bank deposits increased by £8.2 billion to £33.9 billion driven by an increase in repo balances due to market conditions, partially offset by settlement of balances with the Bank of England.

Customer deposits increased by £7.1 billion to £403.5 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 £2.7 billion to £23.7 billion primarily due to increased balances with NatWest Group plc.

Derivative liabilities decreased by £0.6 billion to £0.3 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.

Other liabilities decreased by £0.5 billion to £3.5 billion driven by deferred tax balances.

Total equity increased by £1.8 billion to £34.5 billion. The increase mainly reflects the profit in the period of £5.3 billion and a £0.5 billion increase in cash flow hedging reserves, partially offset by £3.8 billion ordinary dividends paid to NatWest Group plc, a £0.2 billion reduction in paid-in equity and £0.3 billion of paid-in equity dividends paid.

Risk and capital management

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Presentation of information

Where marked as audited in the section header, certain information in the Risk and capital management section (pages 7 to 70) 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 NWH Group.

Risk management framework

Introduction

NWH 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 NWH 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 NWH Group. It aligns risk management with NWH 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 NWH 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 NWH 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 NWH 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 NWH Group to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base.

NWH 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 NWH 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 NWH 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.

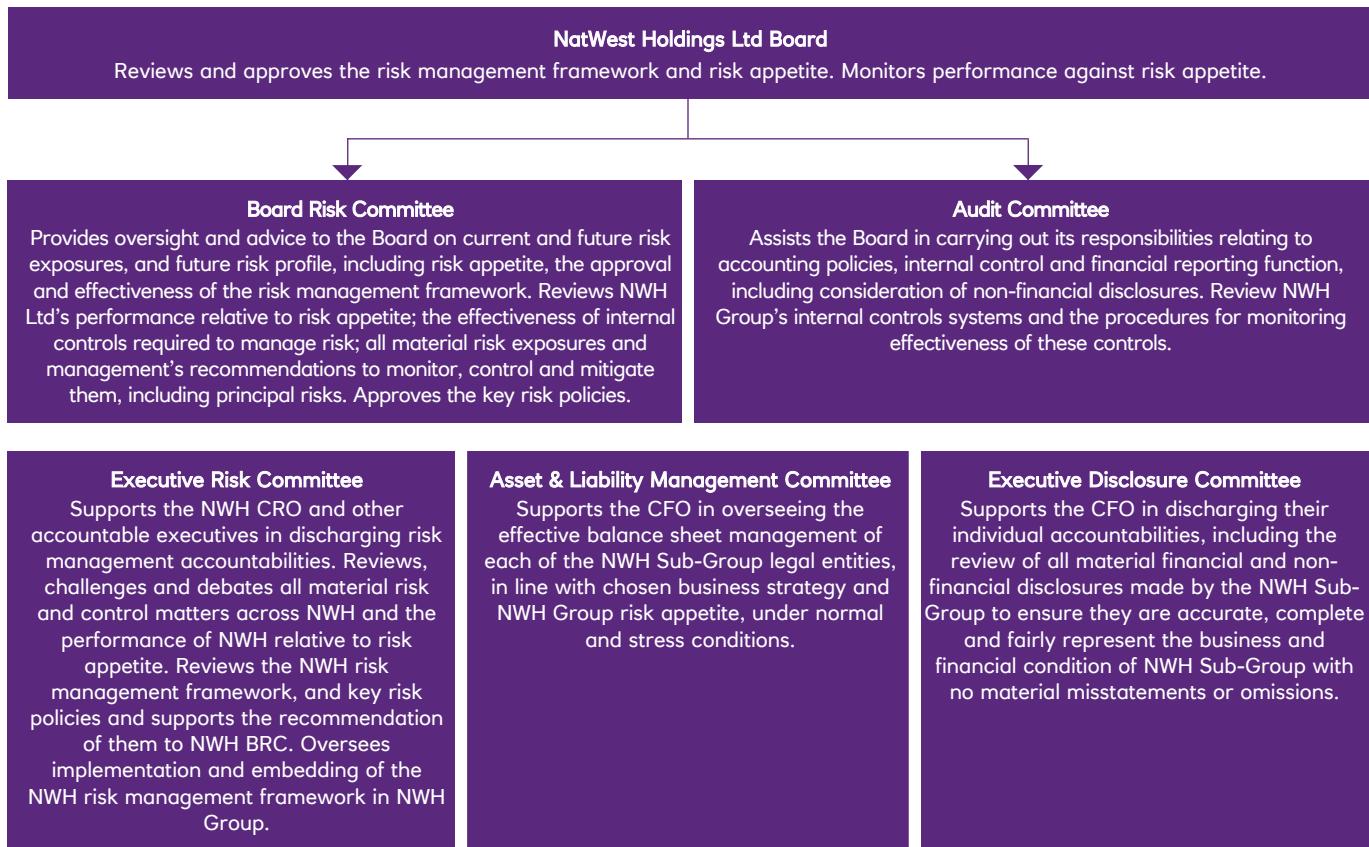
Any employee falling short of the expected standards will be subject to internal disciplinary policies and procedures and where appropriate, the relevant authorities will be notified. Variable pay for eligible colleagues will reflect overall performance, including the impact of any conduct issues. Adjustments 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 NWH Ltd risk committee structure in 2025 and the main purposes of each committee.

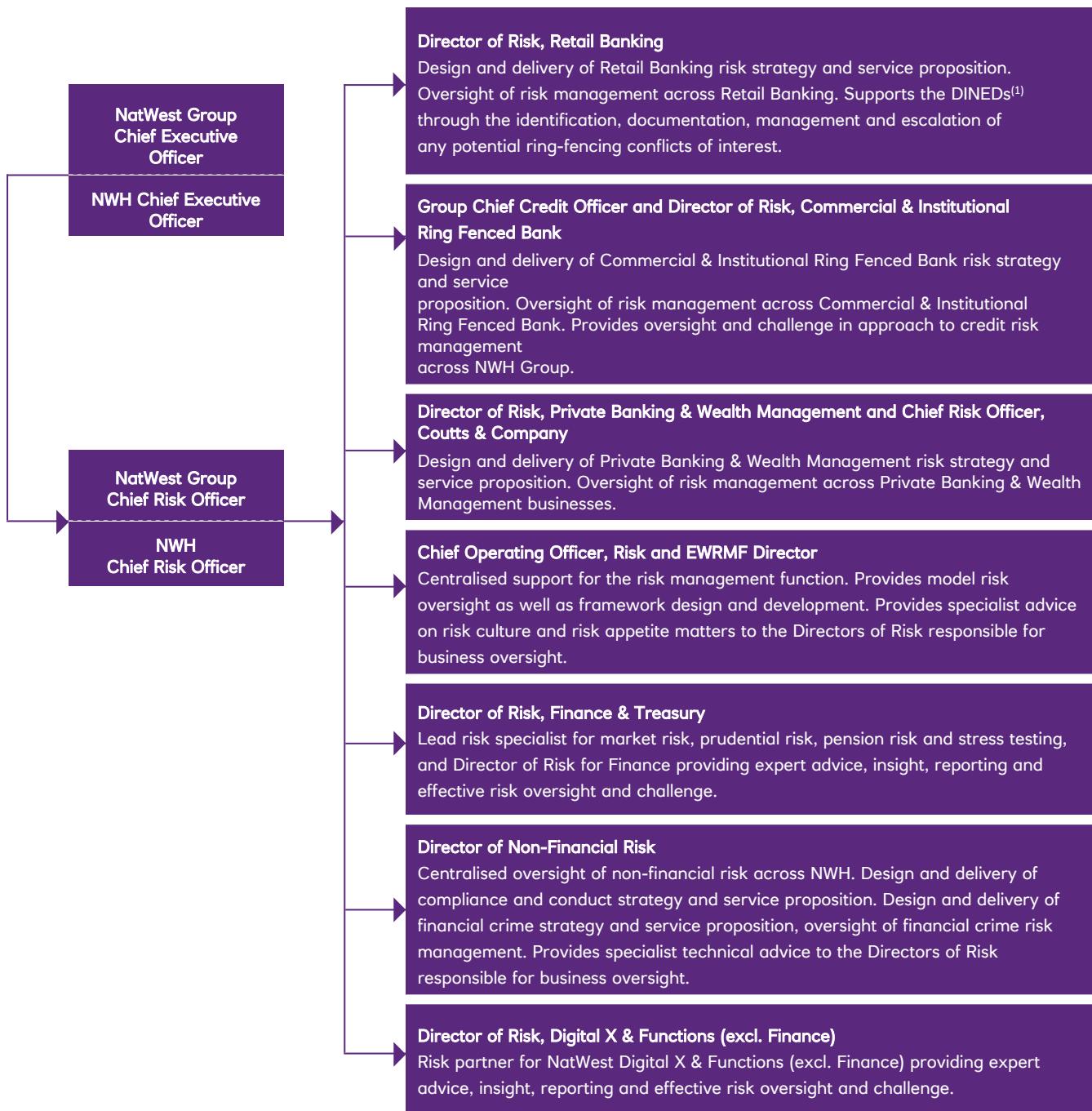


(1) The NatWest Group Chief Executive Officer also performs the role of NWH Group Chief Executive Officer.
(2) The NatWest Group Chief Risk Officer also performs the role of NWH Group Chief Risk Officer.
(3) The NatWest Group Chief Financial Officer also performs the role of NWH Group Chief Financial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

Risk management framework continued

Risk management structure

The diagram shows NWH 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 NWH Chief Executive Officer, and the NatWest Group Chief Risk Officer also performs the role of NWH Group Chief Risk Officer.
- (3) The NWH Chief Risk Officer reports directly to the NWH 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.
- (4) 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 NWH Risk committees in the customer businesses 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 (ring-fenced bank); Private Banking & Wealth Management; Financial & Strategic Risk; Non-Financial Risk and Compliance and Conduct) as well as the Director, Financial Crime Risk NatWest Holdings and the Chief Operating Officer report to the NWH Chief Risk Officer.
- (5) Following revocation of the Ulster Bank Ireland DAC banking licence in June 2025, a Retail Credit Firm (RCF), 'Ulydien DAC', has been put in place. As the RCF's Managing Director reports to the CEO of NatWest Retail, any Risk matters are now escalated via the Director of Risk, Retail Banking.

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 NWH 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 NWH 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 NWH 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 NWH 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 NWH 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 NWH 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 review of the framework is carried out annually which is approved by the Board. 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 NWH 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 NWH Group faces are detailed in the NatWest Group risk directory. This provides a common risk language to ensure consistent terminology is used across NWH Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that NWH 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 NWH Group is well placed to meet its priorities and long-term targets, even in challenging economic environments. This supports NWH 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 approved at least annually by the Board on the Board Risk Committee's recommendation to ensure it remains appropriate and aligned to strategy.

NWH 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 NWH 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 Internal Audit 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 NWH 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 NatWest Holdings 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Stress testing usage within NatWest Group	Strategic financial and capital planning	Capital adequacy
	Risk appetite	Sector review and credit limit setting
		Business vulnerabilities analysis
	Risk monitoring	Tail risk assessment
		Early warning indicators
Risk mitigation		Contingency planning and management actions
		Assess financial performance

Specific areas that involve capital management include:

- **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.

Reverse stress testing is also carried out in order to identify and assess scenarios that would cause NatWest Group's business model to become unviable. Reverse stress testing allows potential vulnerabilities in the business model to be examined more fully.

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.

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.

Risk management framework continued

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 NWH Group are lending, off-balance sheet products, derivatives and securities financing, and debt securities. NWH Group is also exposed to settlement risk through foreign exchange, trade finance 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

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 NWH 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, NWH 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 NWH 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

NWH 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, NWH Group works with a managed panel of chartered surveying firms that cover relevant geographic and property sectors in which NWH 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, NWH Group collaborates closely with customers to support them.

Personal

Pre-emptive triggers, based on both NWH Group and credit reference agency data, are used to identify customers that may be at risk of financial difficulty. NWH 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 NWH 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

NWH 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 NWH 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 NWH 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 NWH 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, NWH 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, NWH 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.

Five-year summary	2025					2024				
	Upside	Base case	Downside	Extreme	Weighted	Upside	Base case	Downside	Extreme	Weighted
				downside	average				downside	average
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.

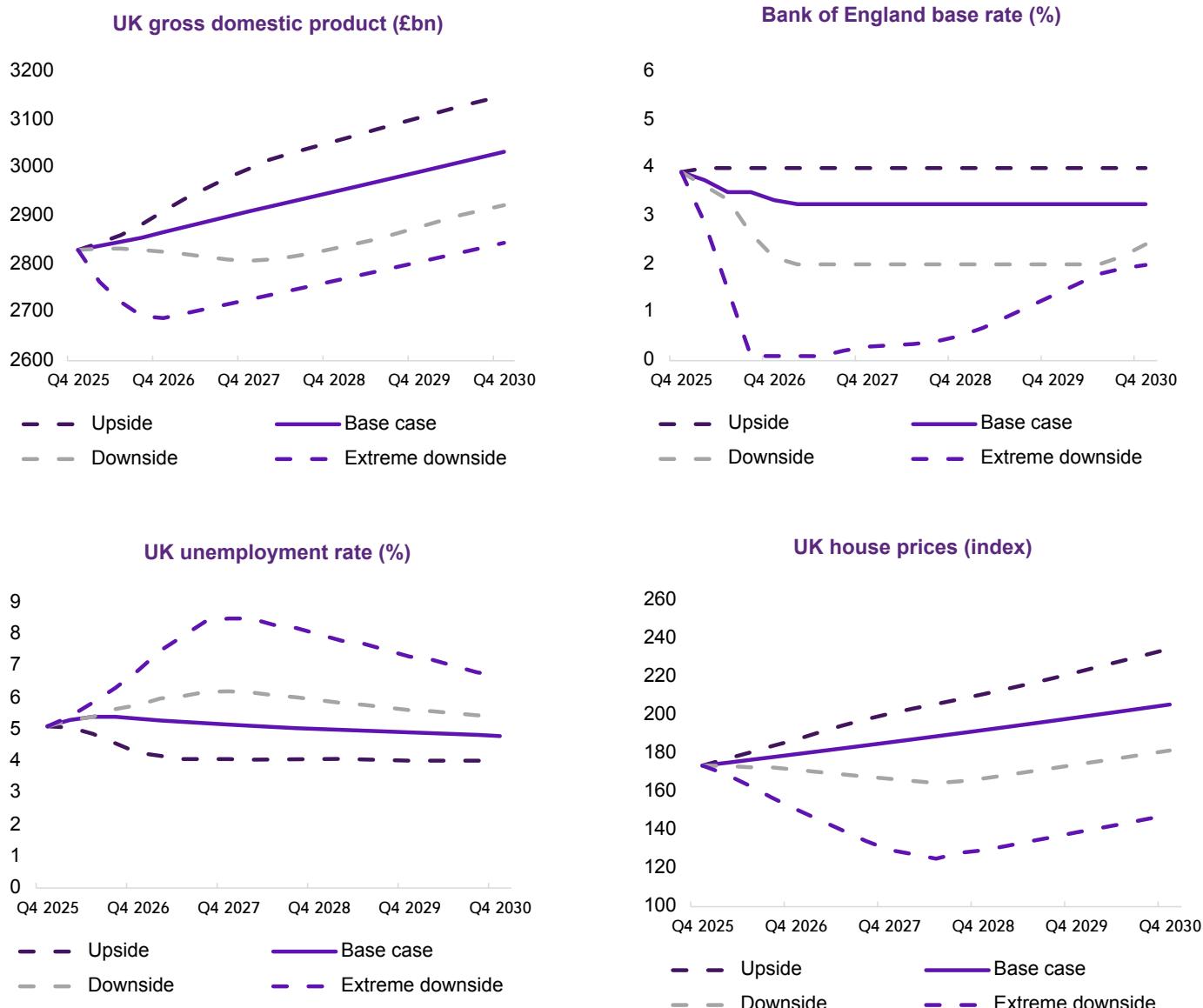
Probability weightings of scenarios

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



Credit risk continued

Economic drivers (audited)

Annual figures

GDP - annual growth

	Extreme					
	Upside	Base case	Downside	downside	Weighted	
	%	%	%	%	%	
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	

Unemployment rate - annual average

	Extreme					
	Upside	Base case	Downside	downside	Weighted	
	%	%	%	%	%	
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	

House price index - four quarter change

	Extreme					
	Upside	Base case	Downside	downside	Weighted	
	%	%	%	%	%	
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	

Commercial real estate price - four quarter change

	Extreme					
	Upside	Base case	Downside	downside	Weighted	
	%	%	%	%	%	
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		Extreme		Weighted		Downside		Extreme		Weighted
	%	Quarter	%	Quarter	%		%	Quarter	%	Quarter	%
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	2.0	Q1 2025	0.1	Q1 2025	2.8		2.0	Q1 2024	0.1	Q1 2024	2.9
- extreme level	(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. NWH 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 NWH 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, NWH 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. NWH 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	Moderate	Extreme
			upside scenario	downside scenario	downside scenario
Stage 1 modelled loans (£m)					
Retail Banking - mortgages	181,869	182,357	183,665	181,119	176,988
Retail Banking - unsecured	12,761	12,858	13,232	12,601	11,683
Non-Personal - property	30,400	30,515	30,586	30,355	21,978
Non-Personal - non-property	104,632	105,322	105,633	104,551	82,618
	329,662	331,052	333,116	328,626	293,267
Stage 1 modelled ECL (£m)					
Retail Banking - mortgages	42	42	41	42	43
Retail Banking - unsecured	293	300	288	291	278
Non-Personal - property	63	44	37	68	140
Non-Personal - non-property	157	130	120	168	288
	555	516	486	569	749
Stage 1 coverage (%)					
Retail Banking - mortgages	0.02%	0.02%	0.02%	0.02%	0.02%
Retail Banking - unsecured	2.30%	2.33%	2.18%	2.31%	2.38%
Non-Personal - property	0.21%	0.14%	0.12%	0.22%	0.64%
Non-Personal - non-property	0.15%	0.12%	0.11%	0.16%	0.35%
	0.17%	0.16%	0.15%	0.17%	0.26%
Stage 2 modelled loans (£m)					
Retail Banking - mortgages	15,821	15,333	14,025	16,571	20,702
Retail Banking - unsecured	3,621	3,524	3,150	3,781	4,699
Non-Personal - property	3,013	2,898	2,827	3,058	11,435
Non-Personal - non-property	15,432	14,742	14,431	15,513	37,446
	37,887	36,497	34,433	38,923	74,282
Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	36	33	29	38	55
Retail Banking - unsecured	388	378	326	408	516
Non-Personal - property	54	46	41	57	337
Non-Personal - non-property	297	255	235	309	858
	775	712	631	812	1,766
Stage 2 coverage (%)					
Retail Banking - mortgages	0.23%	0.22%	0.21%	0.23%	0.27%
Retail Banking - unsecured	10.72%	10.73%	10.35%	10.79%	10.98%
Non-Personal - property	1.79%	1.59%	1.45%	1.86%	2.95%
Non-Personal - non-property	1.92%	1.73%	1.63%	1.99%	2.29%
	2.05%	1.95%	1.83%	2.09%	2.38%
Stage 1 and Stage 2 modelled loans (£m)					
Retail Banking - mortgages	197,690	197,690	197,690	197,690	197,690
Retail Banking - unsecured	16,382	16,382	16,382	16,382	16,382
Non-Personal - property	33,413	33,413	33,413	33,413	33,413
Non-Personal - non-property	120,064	120,064	120,064	120,064	120,064
	367,549	367,549	367,549	367,549	367,549
Stage 1 and Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	78	75	70	80	98
Retail Banking - unsecured	681	678	614	699	794
Non-Personal - property	117	90	78	125	477
Non-Personal - non-property	454	385	355	477	1,146
	1,330	1,228	1,117	1,381	2,515
Stage 1 and Stage 2 coverage (%)					
Retail Banking - mortgages	0.04%	0.04%	0.04%	0.04%	0.05%
Retail Banking - unsecured	4.16%	4.14%	3.75%	4.27%	4.85%
Non-Personal - property	0.35%	0.27%	0.23%	0.37%	1.43%
Non-Personal - non-property	0.38%	0.32%	0.30%	0.40%	0.95%
	0.36%	0.33%	0.30%	0.38%	0.68%
Reconciliation to Stage 1 and Stage 2 ECL (£m)					
ECL on modelled exposures	1,330	1,228	1,117	1,381	2,515
ECL on non-modelled exposures	33	33	33	33	33
Total Stage 1 and Stage 2 ECL (£m)	1,363	1,261	1,150	1,414	2,548
Variance to actual total Stage 1 and Stage 2 ECL (£m)	-	(102)	(213)	51	1,185

Credit risk continued

Measurement uncertainty and ECL sensitivity analysis (audited) continued

	Actual	Base scenario	Moderate upside scenario	Moderate downside scenario	Extreme downside scenario
Reconciliation to Stage 1 and Stage 2 flow exposure (£m)					
Modelled loans	367,549	367,549	367,549	367,549	367,549
Non-modelled loans	17,049	17,049	17,049	17,049	17,049
Other asset classes	106,767	106,767	106,767	106,767	106,767

(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 NWH 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, NWH 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.

	Private Banking & Wealth Management					Total £m	
	Retail Banking		Management £m	Commercial & Institutional			
	Mortgages £m	Other £m					
2025							
Deferred model calibrations	-	-	1	14	15		
Economic uncertainty	44	42	11	138	235		
Other adjustments	-	19	-	16	35		
Total	44	61	12	168	285		
<i>Of which:</i>							
- Stage 1	33	38	4	65	140		
- Stage 2	11	20	8	103	142		
- Stage 3	-	3	-	-	3		
2024							
Deferred model calibrations	-	-	1	17	18		
Economic uncertainty	90	22	8	165	285		
Other adjustments	-	-	-	18	18		
Total	90	22	9	200	321		
<i>Of which:</i>							
- Stage 1	58	9	5	83	155		
- Stage 2	26	13	4	115	158		
- Stage 3	6	-	-	2	8		

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 £86 million (2024 – £112 million). This reduction was driven by a revision to the cost of living post model adjustment, standing at £86 million (2024 – £105 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 £138 million (2024 – £165 million). The reduction was driven by the retirement of COVID-19 post model adjustments which were associated with government scheme lending (2024 – £29 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 £30 million (2024 – £35 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 NWH Group's banking activities.

Refer to Accounting policy 2.3 and Note 12 to the consolidated 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 8 to the consolidated 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 £bn	ECL £bn	Net £bn	Gross £bn	ECL £bn	Net £bn
Balance sheet total gross amortised cost and FVOCI	496.6			475.6		
In scope of IFRS 9 ECL framework	495.8			474.9		
% in scope	100%			100%		
Loans to customers - in scope - amortised cost	383.3	3.5	379.8	370.5	3.3	367.2
Loans to customers - in scope - FVOCI	0.1	-	0.1	-	-	-
Loans to banks - in scope - amortised cost	4.9	-	4.9	3.9	-	3.9
Total loans - in scope	388.3	3.5	384.8	374.4	3.3	371.1
Stage 1	345.5	0.6	344.9	328.9	0.5	328.4
Stage 2	38.2	0.8	37.4	39.8	0.8	39.0
Stage 3	4.6	2.1	2.5	5.7	2.0	3.7
Other financial assets - in scope - amortised cost	77.5	-	77.5	71.1	-	71.1
Other financial assets - in scope - FVOCI	30.0	-	30.0	29.4	-	29.4
Total other financial assets - in scope	107.5	-	107.5	100.5	-	100.5
Stage 1	106.5	-	106.5	99.7	-	99.7
Stage 2	1.0	-	1.0	0.8	-	0.8
Out of scope of IFRS 9 ECL framework	0.8	na	0.8	0.7	na	0.7
Loans to customers - out of scope - amortised cost	(0.4)	na	(0.4)	(0.4)	na	(0.4)
Loans to banks - out of scope - amortised cost	0.1	na	0.1	-	na	-
Other financial assets - out of scope - amortised cost	1.0	na	1.0	1.2	na	1.2
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 £1.0 billion (2024 – £1.2 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 nil (2024 – £0.1 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 £121.1 billion (2024 – £115.0 billion) comprised Stage 1 £110.4 billion (2024 – £105.3 billion); Stage 2 £10.3 billion (2024 – £8.9 billion); and Stage 3 £0.4 billion (2024 – £0.8 billion).

The ECL relating to off balance sheet exposures was £0.1 billion (2024 – £0.1 billion). The total ECL in the remainder of the Credit risk section of £3.5 billion (2024 – £3.3 billion) included ECL for both balance sheet exposure and contingent liabilities.

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.

	Private Banking					Total £m
	Retail Banking £m	& Wealth Management £m	Commercial & Institutional £m	Central items & other £m		
2025						
Loans - amortised cost and FVOCI (1)						
Stage 1	196,325	17,552	97,670	34,015	345,562	
Stage 2	19,113	1,115	17,905	65	38,198	
Stage 3	2,231	348	2,005	2	4,586	
Inter-group (2)				39	39	
Total	217,669	19,015	117,580	34,121	388,385	
ECL provisions (3)						
Stage 1	335	13	220	10	578	
Stage 2	424	13	346	2	785	
Stage 3	1,075	50	1,000	1	2,126	
Total	1,834	76	1,566	13	3,489	
ECL provisions coverage (4)						
Stage 1 (%)	0.17	0.07	0.23	0.03	0.17	
Stage 2 (%)	2.22	1.17	1.93	3.08	2.06	
Stage 3 (%)	48.18	14.37	49.88	50.00	46.36	
Total	0.84	0.40	1.33	0.04	0.90	
Impairment (releases)/losses						
ECL charge - third party	437	10	230	(1)	676	
Total	437	10	230	(1)	676	
Amounts written-off	373	1	196	-	570	
nm – not meaningful						

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

Credit risk – Banking activities continued

Segment analysis – portfolio summary (audited)

2024	Private Banking					Total
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
£m	£m	£m	£m	£m	£m	£m
Loans – amortised cost and FVOCI (1)						
Stage 1	182,366	17,155	94,052	35,312	328,885	
Stage 2	24,242	844	14,686	49	39,821	
Stage 3	3,268	322	2,147	-	5,737	
Inter-group (2)				66	66	
Total	209,876	18,321	110,885	35,427	374,509	
ECL provisions (3)						
Stage 1	279	16	254	13	562	
Stage 2	428	12	335	1	776	
Stage 3	1,063	36	881	-	1,980	
Total	1,770	64	1,470	14	3,318	
ECL provisions coverage (4)						
Stage 1 (%)	0.15	0.09	0.27	0.04	0.17	
Stage 2 (%)	1.77	1.42	2.28	2.04	1.95	
Stage 3 (%)	32.53	11.18	41.03	nm	34.51	
Total	0.84	0.35	1.33	0.04	0.89	
Impairment (releases)/losses						
ECL charge/(release) - third party	282	(11)	113	(10)	374	
ECL charge/(release) - inter-group				(1)	(1)	
Total	282	(11)	113	(11)	373	
Amounts written-off	430	1	218	-	649	

(1) The table shows gross loans only and excludes amounts that were 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 £55.2 billion (2024 – £61.4 billion) and debt securities of £52.4 billion (2024 – £39.1 billion).

(2) NWH 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.

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	charge	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	written-off	
2025												
Retail Banking - Personal	196,325	19,113	2,231	217,669			335	424	1,075	1,834	437	373
Private Banking & Wealth												
Management	17,552	1,115	348	19,015			13	13	50	76	10	1
Personal	14,140	337	260	14,737			3	1	24	28	5	1
Non-Personal	3,412	778	88	4,278			10	12	26	48	5	-
Commercial &												
Institutional - Non-Personal	97,670	17,905	2,005	117,580			220	346	1,000	1,566	230	196
Central items & other	34,015	65	2	34,082			10	2	1	13	(1)	-
Personal	84	18	2	104			3	1	1	5	7	-
Non-Personal	33,931	47	-	33,978			7	1	-	8	(8)	-
Total loans	345,562	38,198	4,586	388,346			578	785	2,126	3,489	676	570
Of which:												
Personal	210,549	19,468	2,493	232,510			341	426	1,100	1,867	449	374
Non-Personal	135,013	18,730	2,093	155,836			237	359	1,026	1,622	227	196
2024												
Retail Banking - Personal	182,366	24,242	3,268	209,876			279	428	1,063	1,770	282	430
Private Banking & Wealth	17,155	844	322	18,321			16	12	36	64	(11)	1
Management												
Personal	13,726	352	251	14,329			2	1	20	23	1	1
Non-Personal	3,429	492	71	3,992			14	11	16	41	(12)	-
Commercial &												
Institutional - Non-Personal	94,052	14,686	2,147	110,885			254	335	881	1,470	113	218
Central items & other	35,312	49	-	35,361			13	1	-	14	(10)	-
Personal	-	-	-	-			-	-	-	-	-	-
Non-Personal	35,312	49	-	35,361			13	1	-	14	(10)	-
Total loans	328,885	39,821	5,737	374,443			562	776	1,980	3,318	374	649
Of which:												
Personal	196,092	24,594	3,519	224,205			281	429	1,083	1,793	283	431
Non-Personal	132,793	15,227	2,218	150,238			281	347	897	1,525	91	218

- 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 system 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 more than offset by reductions in performing book coverage. The full year 2025 total charge was higher compared to 2024, primarily as the good book release in 2025 was notably lower than the release in 2024. The lower release in 2025 reflected lower reductions in post model adjustments compared to 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.

2025	Personal					Non-Personal				
	Mortgages	Credit cards	Other personal	Total	Corporate and other	FI	Sovereign	Total	Total	
	(1)	£m	£m	£m	£m	£m	£m	£m	£m	
Loans by geography	213,020	8,311	11,179	232,510	115,195	38,987	1,654	155,836	388,346	
- UK	213,011	8,311	11,179	232,501	99,200	31,506	1,212	131,918	364,419	
- Other Europe	9	-	-	9	6,312	2,576	30	8,918	8,927	
- RoW	-	-	-	-	9,683	4,905	412	15,000	15,000	
Loans by stage and asset quality (2)	213,020	8,311	11,179	232,510	115,195	38,987	1,654	155,836	388,346	
Stage 1	195,796	5,988	8,765	210,549	95,026	38,613	1,374	135,013	345,562	
- AQ1	1,187	-	130	1,317	1,110	3,022	30	4,162	5,479	
- AQ2	2,340	-	129	2,469	5,459	24,714	1,213	31,386	33,855	
- AQ3	8,405	10	133	8,548	14,042	532	-	14,574	23,122	
- AQ4	102,163	107	372	102,642	21,837	7,564	-	29,401	132,043	
- AQ5	72,724	1,273	840	74,837	31,433	1,628	-	33,061	107,898	
- AQ6	3,868	1,409	2,879	8,156	14,473	826	-	15,299	23,455	
- AQ7	4,612	2,868	3,550	11,030	6,308	323	-	6,631	17,661	
- AQ8	357	300	668	1,325	337	4	131	472	1,797	
- AQ9	140	21	64	225	27	-	-	27	252	
Stage 2	15,922	2,081	1,465	19,468	18,232	233	265	18,730	38,198	
- AQ1	19	-	-	19	-	-	-	-	19	
- AQ2	7	-	-	7	29	-	-	29	36	
- AQ3	78	-	10	88	10	-	-	10	98	
- AQ4	6,328	-	102	6,430	2,275	48	-	2,323	8,753	
- AQ5	6,267	62	122	6,451	4,010	56	-	4,066	10,517	
- AQ6	723	179	200	1,102	4,788	57	-	4,845	5,947	
- AQ7	759	1,115	460	2,334	5,710	37	-	5,747	8,081	
- AQ8	806	611	427	1,844	1,146	29	-	1,175	3,019	
- AQ9	935	114	144	1,193	264	6	265	535	1,728	
Stage 3	1,302	242	949	2,493	1,937	141	15	2,093	4,586	
- AQ10	1,302	242	949	2,493	1,937	141	15	2,093	4,586	
Loans - past due analysis	213,020	8,311	11,179	232,510	115,195	38,987	1,654	155,836	388,346	
- Not past due	210,339	7,993	10,174	228,506	111,894	38,798	1,639	152,331	380,837	
- Past due 1-30 days	1,498	71	91	1,660	2,246	127	-	2,373	4,033	
- Past due 31-89 days	461	86	129	676	271	8	-	279	955	
- Past due 90-180 days	262	62	104	428	109	6	-	115	543	
- Past due >180 days	460	99	681	1,240	675	48	15	738	1,978	
Loans - Stage 2	15,922	2,081	1,465	19,468	18,232	233	265	18,730	38,198	
- Not past due	14,509	1,979	1,335	17,823	17,381	220	265	17,866	35,689	
- Past due 1-30 days	1,128	41	46	1,215	609	5	-	614	1,829	
- Past due 31-89 days	285	61	84	430	242	8	-	250	680	
Weighted average life (3)	9	4	6	5	7	4	nm	7	6	
Weighted average 12 months PDs (3)	0.46	3.68	5.06	0.77	1.19	0.16	7.48	0.99	0.86	
- IFRS 9 (%)	0.62	3.91	3.54	0.84	1.04	0.18	7.48	0.89	0.86	
ECL provisions by geography	265	520	1,082	1,867	1,478	129	15	1,622	3,489	
- UK	263	520	1,082	1,865	1,332	93	3	1,428	3,293	
- Other Europe	2	-	-	2	92	2	-	94	96	
- RoW	-	-	-	-	54	34	12	100	100	
ECL provisions by stage	265	520	1,082	1,867	1,478	129	15	1,622	3,489	
- Stage 1	45	125	171	341	219	13	5	237	578	
- Stage 2	36	205	185	426	352	3	4	359	785	
- Stage 3	184	190	726	1,100	907	113	6	1,026	2,126	

For the notes to this table refer to page 34.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

2025	Personal				Non-Personal					Total	
	Mortgages (1)	Credit cards	Other personal	Total	Corporate and other		FI	Sovereign	Total		
					£m	£m					
ECL provisions coverage (%)	0.12	6.26	9.68	0.80	1.28	0.33	0.91	1.04	0.90		
- Stage 1 (%)	0.02	2.09	1.95	0.16	0.23	0.03	0.36	0.18	0.17		
- Stage 2 (%)	0.23	9.85	12.63	2.19	1.93	1.29	1.51	1.92	2.06		
- Stage 3 (%)	14.13	78.51	76.50	44.12	46.82	80.14	40.00	49.02	46.36		
ECL (release)/charge - Third party	(141)	263	327	449	171	58	(2)	227	676		
Amounts written-off	88	118	168	374	196	-	-	196	570		
Other financial assets by asset quality (2)	-	-	-	-	3,889	15,308	88,333	107,530	107,530		
- AQ1-AQ4	-	-	-	-	3,889	15,273	88,333	107,495	107,495		
- AQ5-AQ8	-	-	-	-	-	35	-	35	35		
Off-balance sheet	14,666	22,696	7,247	44,609	70,648	5,395	428	76,471	121,080		
- Loan commitments	14,666	22,696	7,211	44,573	67,862	4,887	428	73,177	117,750		
- Financial guarantees	-	-	36	36	2,786	508	-	3,294	3,330		
Off-balance sheet by asset quality (2)	14,666	22,696	7,247	44,609	70,648	5,395	428	76,471	121,080		
- AQ1-AQ4	13,926	415	6,140	20,481	43,674	3,946	40	47,660	68,141		
- AQ5-AQ8	727	22,205	1,067	23,999	26,611	1,403	12	28,026	52,025		
- AQ9	3	11	12	26	61	-	376	437	463		
- AQ10	10	65	28	103	302	46	-	348	451		

For the notes to this table refer to page 34.

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

2024	Personal				Non-Personal				
	Mortgages (1)	Credit		Other	Corporate		Sovereign		Total
		£m	£m	£m	£m	£m	£m	£m	
Loans by geography	207,723	6,930	9,552	224,205	108,723	40,987	528	150,238	374,443
- UK	207,723	6,930	9,552	224,205	94,823	31,189	217	126,229	350,434
- Other Europe	-	-	-	-	5,993	5,966	31	11,990	11,990
- RoW	-	-	-	-	7,907	3,832	280	12,019	12,019
Loans by stage and asset quality (2)	207,723	6,930	9,552	224,205	108,723	40,987	528	150,238	374,443
Stage 1	184,211	4,801	7,080	196,092	92,410	40,008	375	132,793	328,885
- AQ1	1,210	-	127	1,337	1,256	1,314	31	2,601	3,938
- AQ2	1,830	-	110	1,940	4,387	30,282	212	34,881	36,821
- AQ3	6,126	11	107	6,244	12,947	278	5	13,230	19,474
- AQ4	95,629	117	335	96,081	21,396	5,540	-	26,936	123,017
- AQ5	69,121	1,292	838	71,251	31,074	1,558	-	32,632	103,883
- AQ6	3,835	1,373	2,827	8,035	14,473	824	-	15,297	23,332
- AQ7	5,999	1,751	2,294	10,044	6,472	208	-	6,680	16,724
- AQ8	267	234	387	888	371	4	127	502	1,390
- AQ9	194	23	55	272	34	-	-	34	306
Stage 2	21,022	1,953	1,619	24,594	14,175	920	132.0	15,227	39,821
- AQ1	21	(1)	5	25	-	-	-	-	25
- AQ2	15	-	-	15	47	-	-	47	62
- AQ3	125	-	10	135	4	-	-	4	139
- AQ4	8,255	-	113	8,368	2,238	49	-	2,287	10,655
- AQ5	9,169	64	133	9,366	1,925	712	-	2,637	12,003
- AQ6	969	177	343	1,489	3,195	7	-	3,202	4,691
- AQ7	821	1,086	511	2,418	4,863	84	-	4,947	7,365
- AQ8	685	540	368	1,593	1,632	64	-	1,696	3,289
- AQ9	962	87	136	1,185	271	4	132.0	407	1,592
Stage 3	2,490	176	853	3,519	2,138	59	21	2,218	5,737
- AQ10	2,490	176	853	3,519	2,138	59	21	2,218	5,737
Loans - past due analysis	207,723	6,930	9,552	224,205	108,723	40,987	528	150,238	374,443
- Not past due	204,690	6,721	8,678	220,089	104,895	40,915	510	146,320	366,409
- Past due 1-30 days	1,386	50	68	1,504	2,516	17	-	2,533	4,037
- Past due 31-89 days	566	51	97	714	382	2	18.0	402	1,116
- Past due 90-180 days	394	41	96	531	139	49	-	188	719
- Past due >180 days	687	67	613	1,367	791	4	-	795	2,162
Loans - Stage 2	21,022	1,953	1,619	24,594	14,175	920	132.0	15,227	39,821
- Not past due	19,929	1,889	1,521	23,339	13,207	915	132.0	14,254	37,593
- Past due 1-30 days	838	31	35	904	633	3	-	636	1,540
- Past due 31-89 days	255	33	63	351	335	2	-	337	688
Weighted average life (3)									
- ECL measurement (years)	8	4	6	6	6	2	nm	6	6
Weighted average 12 months PDs (3)									
- IFRS 9 (%)	0.52	3.23	4.63	0.76	1.25	0.18	13.27	1.00	0.86
- Basel (%)	0.66	3.65	3.19	0.85	1.12	0.17	13.27	0.89	0.87
ECL provisions by geography	451	381	961	1,793	1,444	63	18	1,525	3,318
- UK	451	381	961	1,793	1,292	24	11	1,327	3,120
- Other Europe	-	-	-	-	100	2	-	102	102
- RoW	-	-	-	-	52	37	7	96	96
ECL provisions by stage	451	381	961	1,793	1,444	63	18	1,525	3,318
- Stage 1	76	77	128	281	255	15	11	281	562
- Stage 2	60	186	183	429	337	8	2.0	347	776
- Stage 3	315	118	650	1,083	852	40	5	897	1,980

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

Credit risk – Banking activities continued

Sector analysis – portfolio summary (audited)

2024	Personal				Non-Personal				
	Mortgages	Credit cards	Other personal	Total	Corporate and other	FI	Sovereign	Total	Total
	(1)	£m	£m	£m	£m	£m	£m	£m	£m
ECL provisions coverage (%)	0.22	5.50	10.06	0.80	1.33	0.15	3.41	1.02	0.89
- Stage 1 (%)	0.04	1.60	1.81	0.14	0.28	0.04	2.93	0.21	0.17
- Stage 2 (%)	0.29	9.52	11.30	1.74	2.38	0.87	1.52	2.28	1.95
- Stage 3 (%)	12.65	67.05	76.20	30.78	39.85	67.80	23.81	40.44	34.51
ECL (release)/charge - Third party	7	115	161	283	69	21	1	91	374
Amounts written-off	16	102	313	431	218	-	-	218	649
Other financial assets by asset quality (2)	-	-	-	-	3,481	16,237	80,755	100,473	100,473
- AQ1-AQ4	-	-	-	-	3,481	16,187	80,755	100,423	100,423
- AQ5-AQ8	-	-	-	-	-	50	-	50	50
Off-balance sheet	13,695	20,135	7,584	41,414	68,329	5,118	145	73,592	115,006
- Loan commitments	13,695	20,135	7,543	41,373	65,405	4,436	145	69,986	111,359
- Financial guarantees	-	-	41	41	2,924	682	-	3,606	3,647
Off-balance sheet by asset quality (2)	13,695	20,135	7,584	41,414	68,329	5,118	145	73,592	115,006
- AQ1-AQ4	12,951	510	6,442	19,903	40,702	3,906	61	44,669	64,572
- AQ5-AQ8	728	19,276	1,099	21,103	27,224	1,163	21	28,408	49,511
- AQ9	1	12	17	30	17	-	63	80	110
- AQ10	15	337	26	378	386	49	-	435	813

(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.

2025	Off-balance sheet										
	Loans - amortised cost and FVOCI				Loan		Contingent		ECL provisions		
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	commitments £m	liabilities £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	
Personal	210,549	19,468	2,493	232,510	44,573	36	341	426	1,100	1,867	
Mortgages	195,796	15,922	1,302	213,020	14,666	-	45	36	184	265	
Credit cards	5,988	2,081	242	8,311	22,696	-	125	205	190	520	
Other personal	8,765	1,465	949	11,179	7,211	36	171	185	726	1,082	
Non-Personal	135,013	18,730	2,093	155,836	73,177	3,294	237	359	1,026	1,622	
Financial institutions (1)	38,613	233	141	38,987	4,887	508	13	3	113	129	
Sovereign	1,374	265	15	1,654	428	-	5	4	6	15	
Corporate and other	95,026	18,232	1,937	115,195	67,862	2,786	219	352	907	1,478	
Of which:											
Commercial real estate	16,582	1,215	277	18,074	5,713	160	52	20	108	180	
Mobility and logistics	12,882	4,311	81	17,274	8,603	465	24	44	40	108	
Consumer industries	12,665	2,896	381	15,942	10,744	485	32	67	194	293	
Total	345,562	38,198	4,586	388,346	117,750	3,330	578	785	2,126	3,489	
2024											
Personal	196,092	24,594	3,519	224,205	41,373	41	281	429	1,083	1,793	
Mortgages	184,211	21,022	2,490	207,723	13,695	-	76	60	315	451	
Credit cards	4,801	1,953	176	6,930	20,135	-	77	186	118	381	
Other personal	7,080	1,619	853	9,552	7,543	41	128	183	650	961	
Non-Personal	132,793	15,227	2,218	150,238	69,986	3,606	281	347	897	1,525	
Financial institutions (1)	40,008	920	59	40,987	4,436	682	15	8	40	63	
Sovereign	375	132	21	528	145	-	11	2	5	18	
Corporate and other	92,410	14,175	2,138	108,723	65,405	2,924	255	337	852	1,444	
Of which:											
Commercial real estate	14,700	1,339	356	16,395	5,544	142	65	27	130	222	
Mobility and logistics	13,248	2,357	148	15,753	7,883	536	26	35	67	128	
Consumer industries	13,100	2,989	435	16,524	10,145	586	45	89	180	314	
Total	328,885	39,821	5,737	374,443	111,359	3,647	562	776	1,980	3,318	

(1) Includes transactions, such as securitisations, where the underlying risk may be in other sectors.

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.

	Corporate and other	Financial institutions	Sovereign	Total
	£m	£m	£m	£m
2025				
Forbearance (flow)	3,346	43	12	3,401
Forbearance (stock)	4,048	122	12	4,182
Heightened Monitoring and Risk of Credit Loss	5,954	103	2	6,059
2024				
Forbearance (flow)	3,278	97	18	3,393
Forbearance (stock)	4,425	84	18	4,527
Heightened Monitoring and Risk of Credit Loss	5,856	128	1	5,985

Sector analysis – portfolio summary (audited)

- **Loans by geography and sector** – In line with NWH 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 system 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 system and process enhancement on Personal mortgages and a mortgage securitisation. The increased charge in Non-Personal portfolio primarily reflected lower levels of reduction in performing book post model adjustments compared to 2024.
- **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 forbearance 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 exposure	Maximum credit risk			CREM by type			CREM coverage		Exposure post CREM	
		ECL	Total	Stage 3	Financial (1)	Property	Other (2)	Total	Stage 3	Total	Stage 3
2025											
Financial assets											
Cash and balances at central banks	55.2	-	55.2	-	-	-	-	-	-	55.2	-
Loans - amortised cost (3)	388.3	3.5	384.8	2.5	42.4	257.4	26.0	325.8	1.9	59.0	0.6
Personal (4)	232.5	1.9	230.6	1.4	1.3	212.3	-	213.6	1.1	17.0	0.3
Non-Personal (5)	155.8	1.6	154.2	1.1	41.1	45.1	26.0	112.2	0.8	42.0	0.3
Debt securities	52.4	-	52.4	-	0.2	-	-	0.2	-	52.2	-
Total financial assets	495.9	3.5	492.4	2.5	42.6	257.4	26.0	326.0	1.9	166.4	0.6
Contingent liabilities and commitments											
Personal (6)	44.6	-	44.6	0.1	0.9	3.2	-	4.1	-	40.5	0.1
Non-Personal (5)	76.5	-	76.5	0.3	2.8	7.5	5.3	15.6	-	60.9	0.3
Total off-balance sheet	121.1	-	121.1	0.4	3.7	10.7	5.3	19.7	-	101.4	0.4
Total exposure	617.0	3.5	613.5	2.9	46.3	268.1	31.3	345.7	1.9	267.8	1.0
2024											
Financial assets											
Cash and balances at central banks	61.4	-	61.4	-	-	-	-	-	-	61.4	-
Loans - amortised cost (3)	374.4	3.2	371.2	3.7	42.0	249.1	25.5	316.6	3.3	54.6	0.4
Personal (4)	224.2	1.7	222.5	2.4	0.7	207.0	-	207.7	2.2	14.8	0.2
Non-Personal (5)	150.2	1.5	148.7	1.3	41.3	42.1	25.5	108.9	1.1	39.8	0.2
Debt securities	39.1	-	39.1	-	0.1	-	-	0.1	-	39.0	-
Total financial assets	474.9	3.2	471.7	3.7	42.1	249.1	25.5	316.7	3.3	155.0	0.4
Contingent liabilities and commitments											
Personal (6)	41.4	-	41.4	0.4	0.9	3.6	-	4.5	-	36.9	0.4
Non-Personal	73.6	0.1	73.5	0.4	2.1	7.9	5.0	15.0	0.1	58.5	0.3
Total off-balance sheet	115.0	0.1	114.9	0.8	3.0	11.5	5.0	19.5	0.1	95.4	0.7
Total exposure	589.9	3.3	586.6	4.5	45.1	260.6	30.5	336.2	3.4	250.4	1.1

(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 NWH 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) NWH 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. NWH 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 £11.4 billion (2024 – £10.1 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				
	Private Banking					Private Banking				
	Retail Banking	& Wealth Management	Central items & other	Total	£m	Retail Banking	& Wealth Management	Central items & other	Total	£m
Personal lending										
Mortgages	199,972	13,038	9	213,019		194,865	12,826	-	207,691	
Of which:										
Owner occupied	180,323	11,644	8	191,975		176,137	11,348	-	187,485	
Buy-to-let	19,649	1,394	1	21,044		18,728	1,478	-	20,206	
Interest only	21,812	11,533	-	33,345		22,186	11,276	-	33,462	
Mixed (1)	9,977	76	-	10,053		10,384	40	-	10,424	
ECL provisions (2)	248	17	-	265		440	12	-	452	
Other personal lending (3)	17,697	1,699	95	19,491		15,045	1,301	-	16,346	
ECL provisions (2)	1,586	11	3	1,600		1,330	12	-	1,342	
Total personal lending	217,669	14,737	104	232,510		209,910	14,127	-	224,037	
Mortgage LTV ratios										
- Owner occupied	57	61	42	57		56	59	-	56	
- Stage 1	57	59	-	57		56	59	-	56	
- Stage 2	52	57	32	52		55	61	-	55	
- Stage 3	47	69	56	51		50	64	-	51	
- Buy-to-let	54	62	26	55		53	60	-	54	
- Stage 1	54	60	-	55		54	60	-	54	
- Stage 2	52	56	26	52		52	57	-	52	
- Stage 3	51	56	24	51		52	56	-	53	
Gross new mortgage lending	34,458	1,492	-	35,950		26,440	1,395	-	27,835	
Of which:										
Owner occupied	32,059	1,372	-	33,431		25,300	1,266	-	26,566	
- LTV >90%	1,677	-	-	1,677		888	-	-	888	
Weighted average LTV (4)	71	66	-	70		70	63	-	70	
Buy-to-let	2,399	120	-	2,519		1,140	129	-	1,269	
Weighted average LTV (4)	61	65	-	61		61	62	-	61	
Interest only	2,443	1,357	-	3,800		1,575	1,238	-	2,813	
Mixed (1)	1,049	-	-	1,049		1,150	-	-	1,150	
Mortgage forbearance										
Forbearance flow (5)	328	14	-	342		473	10	-	483	
Forbearance stock	1,203	10	1	1,214		1,680	20	-	1,700	
Current	918	2	-	920		1,214	9	-	1,223	
1-3 months in arrears	110	6	-	116		146	9	-	155	
>3 months in arrears	175	2	1	178		320	2	-	322	

(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.

2025	Mortgages				ECL provisions				ECL provisions coverage			
	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%	66,203	7,099	597	73,899	10	10	94	114	-	0.1	15.7	0.2
>50% and ≤70%	63,802	5,948	338	70,088	16	15	50	81	-	0.3	14.8	0.1
>70% and ≤80%	27,658	1,745	73	29,476	8	6	12	26	-	0.3	16.4	0.1
>80% and ≤90%	20,777	744	39	21,560	7	4	6	17	-	0.5	15.4	0.1
>90% and ≤100%	4,438	76	7	4,521	1	1	2	4	-	1.3	28.6	0.1
>100%	9	1	7	17	-	-	3	3	-	-	42.9	17.6
Total with LTVs	182,887	15,613	1,061	199,561	42	36	167	245	-	0.2	15.7	0.1
Other	406	1	4	411	2	-	1	3	0.5	-	25.0	0.7
Total	183,293	15,614	1,065	199,972	44	36	168	248	-	0.2	15.8	0.1
2024												
≤50%	64,040	8,344	1,159	73,543	21	16	153	190	-	0.2	13.2	0.3
>50% and ≤70%	61,739	7,741	855	70,335	29	23	104	156	-	0.3	12.2	0.2
>70% and ≤80%	25,022	2,361	173	27,556	13	9	22	44	0.1	0.4	12.7	0.2
>80% and ≤90%	16,718	1,769	85	18,572	9	9	13	31	0.1	0.5	15.3	0.2
>90% and ≤100%	4,076	512	26	4,614	2	3	5	10	-	0.6	19.2	0.2
>100%	14	4	13	31	-	-	6	6	-	-	46.2	19.4
Total with LTVs	171,609	20,731	2,311	194,651	74	60	303	437	-	0.3	13.1	0.2
Other	212	1	1	214	2	-	1	3	0.9	-	100.0	1.4
Total	171,821	20,732	2,312	194,865	76	60	304	440	-	0.3	13.1	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	Weighted								Total	Total
	≤50%	50%≤80%	80%≤100%	>100%	Total	average LTV	Other	Total		
	£m	£m	£m	£m	£m	%	£m	£m	%	
South East	13,656	19,277	5,022	1	37,956	57	3	37,959	19	
Greater London	13,505	18,501	4,069	3	36,078	56	4	36,082	18	
Scotland	4,868	5,821	1,498	1	12,188	55	2	12,190	6	
North West	7,479	8,443	2,158	2	18,082	55	1	18,083	9	
South West	6,578	8,679	2,454	-	17,711	56	1	17,712	9	
West Midlands	5,385	7,228	2,013	1	14,627	57	2	14,629	7	
East of England	8,128	12,167	3,379	-	23,674	57	2	23,676	12	
Rest of the UK	14,300	19,448	5,488	9	39,245	57	396	39,641	20	
Total	73,899	99,564	26,081	17	199,561	56	411	199,972	100	
2024										
South East	13,622	19,007	4,506	1	37,136	56	3	37,139	19	
Greater London	13,951	18,537	3,391	2	35,881	55	3	35,884	18	
Scotland	4,860	5,766	1,591	1	12,218	55	1	12,219	6	
North West	7,507	8,305	1,878	2	17,692	54	1	17,693	9	
South West	6,577	8,455	2,055	1	17,088	56	1	17,089	9	
West Midlands	5,379	6,970	1,683	1	14,033	56	1	14,034	7	
East of England	7,776	11,730	3,211	2	22,719	58	1	22,720	12	
Rest of the UK	13,871	19,121	4,871	21	37,884	57	203	38,087	20	
Total	73,543	97,891	23,186	31	194,651	56	214	194,865	100	

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			
	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 %
2025												
≤50%	6,589	217	26	6,832	19	5	6	30	0.3	2.3	23.1	0.4
>50% and ≤60%	4,127	144	40	4,311	15	2	6	23	0.4	1.4	15.0	0.5
>60% and ≤70%	881	19	27	927	4	1	10	15	0.5	5.3	37.0	1.6
>70% and ≤100%	269	130	35	434	1	4	19	24	0.4	3.1	54.3	5.5
>100%	183	1	83	267	1	-	38	39	0.5	-	45.8	14.6
Total with LTVs	12,049	511	211	12,771	40	12	79	131	0.3	2.3	37.4	1.0
Total portfolio average LTV	49%	57%	115%	50%								
Other investment (1)	2,590	329	35	2,954	5	4	11	20	0.2	1.2	31.4	0.7
Investment	14,639	840	246	15,725	45	16	90	151	0.3	1.9	36.6	1.0
Development and other (2)	1,943	375	31	2,349	8	5	16	29	0.4	1.3	51.6	1.2
Total	16,582	1,215	277	18,074	53	21	106	180	0.3	1.7	38.3	1.0
 2024	 £m	 £m	 £m	 £m	 £m	 £m	 £m	 £m	 %	 %	 %	 %
≤50%	6,497	243	46	6,786	25	4	7	36	0.4	1.6	15.2	0.5
>50% and ≤60%	3,363	166	44	3,573	18	4	9	32	0.5	2.4	20.5	0.9
>60% and ≤70%	555	199	34	788	3	6	8	16	0.5	3.0	23.5	2.0
>70% and ≤100%	279	64	32	375	2	3	13	18	0.7	4.7	40.6	4.8
>100%	139	8	118	265	1	-	56	57	0.7	-	47.5	21.5
Total with LTVs	10,833	680	274	11,787	49	17	93	159	0.5	2.5	33.9	1.3
Total portfolio average LTV	47%	55%	105%	49%								
Other investment (1)	2,062	332	37	2,431	6	6	15	27	0.3	1.8	40.5	1.1
Investment	12,895	1,012	311	14,218	55	23	108	186	0.4	2.3	34.7	1.3
Development and other (2)	1,805	327	45	2,177	10	4	22	36	0.6	1.2	48.9	1.7
Total	14,700	1,339	356	16,395	65	27	130	222	0.4	2.0	36.5	1.4

(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 NWH 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						
NWH Group total								
At 1 January 2025	425,525	562	41,480	776	5,707	1,980	472,712	3,318
Currency translation and other adjustments	(290)	-	17	-	146	162	(127)	162
Transfers from Stage 1 to Stage 2	(39,376)	(227)	39,376	227	-	-	-	-
Transfers from Stage 2 to Stage 1	32,752	423	(32,752)	(423)	-	-	-	-
Transfers to Stage 3	(394)	(5)	(2,499)	(257)	2,893	262	-	-
Transfers from Stage 3	156	18	993	47	(1,149)	(65)	-	-
Net re-measurement of ECL on stage transfer	(291)			608	-	447		764
Changes in risk parameters	(104)			(18)	-	314		192
Other changes in net exposure	33,796	202	(7,419)	(175)	(2,226)	(257)	24,151	(230)
Other (P&L only items)		(3)		(2)	-	(45)		(50)
Income statement (releases)/charges	(196)			413		459		676
Amounts written-off	-	-	-	-	(570)	(570)	(570)	(570)
Unwinding of discount					-	(147)		(147)
At 31 December 2025	452,169	578	39,196	785	4,801	2,126	496,166	3,489
Net carrying amount	451,591		38,411		2,675		492,677	
At 1 January 2024	418,015	669	38,884	956	5,469	1,896	462,368	3,521
2024 movements	7,510	(107)	2,596	(180)	238	84	10,344	(203)
At 31 December 2024	425,525	562	41,480	776	5,707	1,980	472,712	3,318
Net carrying amount	424,963		40,704		3,727		469,394	

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								
At 1 January 2025	171,333	76	20,992	60	2,303	304	194,628	440
Currency translation and other adjustments	-	-	-	-	92	93	92	93
Transfers from Stage 1 to Stage 2	(16,507)	(17)	16,507	17	-	-	-	-
Transfers from Stage 2 to Stage 1	17,824	24	(17,824)	(24)	-	-	-	-
Transfers to Stage 3	(14)	-	(865)	(7)	879	7	-	-
Transfers from Stage 3	23	-	806	11	(829)	(11)	-	-
Net re-measurement of ECL on stage transfer		(7)		7		7		7
Changes in risk parameters		(19)		(18)		74		37
Other changes in net exposure	9,277	(13)	(3,792)	(10)	(1,274)	(152)	4,211	(175)
Other (P&L only items)		-		-		(16)		(16)
Income statement (releases)/charges		(39)		(21)		(87)		(147)
Amounts written-off	-	-	-	-	(87)	(87)	(87)	(87)
Unwinding of discount		-		-		(67)		(67)
At 31 December 2025	181,936	44	15,824	36	1,084	168	198,844	248
Net carrying amount	181,892		15,788		916		198,596	
At 1 January 2024	174,038	87	17,827	60	2,068	250	193,933	397
2024 movements	(2,705)	(11)	3,165	-	235	54	695	43
At 31 December 2024	171,333	76	20,992	60	2,303	304	194,628	440
Net carrying amount	171,257		20,932		1,999		194,188	

- 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 system 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 system 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								
At 1 January 2025	4,523	76	2,034	185	162	118	6,719	379
Currency translation and other adjustments	-	-	-	-	6	6	6	6
Transfers from Stage 1 to Stage 2	(2,329)	(52)	2,329	52	-	-	-	-
Transfers from Stage 2 to Stage 1	1,339	105	(1,339)	(105)	-	-	-	-
Transfers to Stage 3	(36)	(1)	(231)	(78)	267	79	-	-
Transfers from Stage 3	3	2	14	6	(17)	(8)	-	-
Net re-measurement of ECL on stage transfer		(71)		191		101		221
Changes in risk parameters		15		30		25		70
Other changes in net exposure	2,243	50	(640)	(77)	(33)	(1)	1,570	(28)
Other (P&L only items)		-		-		(1)		(1)
Income statement (releases)/charges		(6)		144		124		262
Amounts written-off	-	-	-	-	(118)	(118)	(118)	(118)
Unwinding of discount		-		-		(12)		(12)
At 31 December 2025	5,743	124	2,167	204	267	190	8,177	518
Net carrying amount	5,619		1,963		77		7,659	
At 1 January 2024	3,475	70	2,047	204	146	89	5,668	363
2024 movements	1,048	6	(13)	(19)	16	29	1,051	16
At 31 December 2024	4,523	76	2,034	185	162	118	6,719	379
Net carrying amount	4,447		1,849		44		6,340	

- 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						
Retail Banking - other personal unsecured								
At 1 January 2025	5,605	127	1,465	183	833	641	7,903	951
Currency translation and other adjustments	-	-	-	(1)	27	27	27	26
Transfers from Stage 1 to Stage 2	(2,145)	(95)	2,145	95	-	-	-	-
Transfers from Stage 2 to Stage 1	1,471	156	(1,471)	(156)	-	-	-	-
Transfers to Stage 3	(79)	(2)	(329)	(119)	408	121	-	-
Transfers from Stage 3	7	3	24	10	(31)	(13)	-	-
Net re-measurement of ECL on stage transfer	(100)		219		63		182	
Changes in risk parameters	(33)		(10)		126		83	
Other changes in net exposure	1,992	111	(389)	(37)	(128)	(47)	1,475	27
Other (P&L only items)	-	-	-	-	30		30	
Income statement (releases)/charges	(22)		172		172		322	
Amounts written-off	-	-	-	-	(168)	(168)	(168)	(168)
Unwinding of discount	-	-	-	-	(33)		(33)	
At 31 December 2025	6,851	167	1,445	184	941	717	9,237	1,068
Net carrying amount	6,684		1,261		224		8,169	
At 1 January 2024	5,240	149	1,657	238	962	758	7,859	1,145
2024 movements	365	(22)	(192)	(55)	(129)	(117)	44	(194)
At 31 December 2024	5,605	127	1,465	183	833	641	7,903	951
Net carrying amount	5,478		1,282		192		6,952	

- 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 £m	ECL £m	Financial assets £m	ECL £m	Financial assets £m	ECL £m	Financial assets £m	ECL £m
Commercial & Institutional - corporate								
At 1 January 2025	61,439	171	11,319	270	1,495	627	74,253	1,068
Currency translation and other adjustments	(359)	(1)	16	-	23	22	(320)	21
Inter-group transfers	155	1	10	-	1	-	166	1
Transfers from Stage 1 to Stage 2	(13,941)	(50)	13,941	50	-	-	-	-
Transfers from Stage 2 to Stage 1	8,341	102	(8,341)	(102)	-	-	-	-
Transfers to Stage 3	(170)	(1)	(738)	(44)	908	45	-	-
Transfers from Stage 3	53	8	82	15	(135)	(23)	-	-
Net re-measurement of ECL on stage transfer		(83)			149		214	280
Changes in risk parameters		(23)			(10)		43	10
Other changes in net exposure	6,613	28	(1,781)	(43)	(559)	(38)	4,273	(53)
Other (P&L only items)		(4)			(3)		(60)	(67)
Income statement (releases)/charges		(82)			93		159	170
Amounts written-off	-	-	-	-	(164)	(164)	(164)	(164)
Unwinding of discount		-			-		(26)	(26)
At 31 December 2025	62,131	152	14,508	285	1,569	700	78,208	1,137
Net carrying amount	61,979		14,223		869		77,071	
At 1 January 2024	59,915	219	12,035	339	1,422	574	73,372	1,132
2024 movements	1,524	(48)	(716)	(69)	73	53	881	(64)
At 31 December 2024	61,439	171	11,319	270	1,495	627	74,253	1,068
Net carrying amount	61,268		11,049		868		73,185	

- 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								
At 1 January 2025	25,970	72	2,791	57	511	209	29,272	338
Currency translation and other adjustments	7	-	-	-	(1)	(5)	6	(5)
Inter-group transfers	(173)	(1)	2	-	(1)	-	(172)	(1)
Transfers from Stage 1 to Stage 2	(2,560)	(8)	2,560	8	-	-	-	-
Transfers from Stage 2 to Stage 1	1,913	24	(1,913)	(24)	-	-	-	-
Transfers to Stage 3	(7)	-	(140)	(8)	147	8	-	-
Transfers from Stage 3	45	4	28	5	(73)	(9)	-	-
Net re-measurement of ECL on stage transfer		(22)		31		13		22
Changes in risk parameters		(26)		(6)		14		(18)
Other changes in net exposure	3,879	15	(293)	(9)	(127)	(13)	3,459	(7)
Other (P&L only items)		-		-		-		-
Income statement (releases)/charges		(33)		16		14		(3)
Amounts written-off	-	-	-	-	(32)	(32)	(32)	(32)
Unwinding of discount		-		-		(7)		(7)
At 31 December 2025	29,074	58	3,035	54	424	178	32,533	290
Net carrying amount	29,016		2,981		246		32,243	
At 1 January 2024	24,034	85	2,939	84	534	171	27,507	340
2024 movements	1,936	(13)	(148)	(27)	(23)	38	1,765	(2)
At 31 December 2024	25,970	72	2,791	57	511	209	29,272	338
Net carrying amount	25,898		2,734		302		28,934	

- 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 £m	ECL £m	Financial assets £m	ECL £m	Financial assets £m	ECL £m	Financial assets £m	ECL £m
Commercial & Institutional – other								
At 1 January 2025	6,381	11	1,374	8	75	45	7,830	64
Currency translation and other adjustments	6	-	-	-	-	13	6	13
Inter-group transfers	19	-	(13)	-	-	-	6	-
Transfers from Stage 1 to Stage 2	(257)	(2)	257	2	-	-	-	-
Transfers from Stage 2 to Stage 1	818	3	(818)	(3)	-	-	-	-
Transfers to Stage 3	(80)	-	(4)	-	84	-	-	-
Transfers from Stage 3	2	-	3	-	(5)	-	-	-
Net re-measurement of ECL on stage transfer		(1)		1		44		44
Changes in risk parameters		(3)		(2)		23		18
Other changes in net exposure	215	2	(322)	1	-	(2)	(107)	1
Income statement (releases)/charges		(2)		-		65		63
Unwinding of discount		-		-		(1)		(1)
At 31 December 2025	7,104	10	477	7	154	122	7,735	139
Net carrying amount	7,094		470		32		7,596	
At 1 January 2024	6,073	12	646	4	52	11	6,771	27
2024 movements	308	(1)	728	4	23	34	1,059	37
At 31 December 2024	6,381	11	1,374	8	75	45	7,830	64
Net carrying amount	6,370		1,366		30		7,766	

- 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

2025	Mortgages		Credit cards		Other		Total	
	£m	%	£m	%	£m	%	£m	%
Personal trigger (1)								
PD movement	10,305	64.8	1,544	74.1	790	53.9	12,639	64.9
PD persistence	1,960	12.3	380	18.3	283	19.3	2,623	13.5
Adverse credit bureau recorded with credit reference agency	1,876	11.8	89	4.3	129	8.8	2,094	10.8
Forbearance support provided	173	1.1	2	0.1	7	0.5	182	0.9
Customers in collections	210	1.3	22	1.1	20	1.4	252	1.3
Collective SICR and other reasons (2)	1,280	8.0	44	2.1	232	15.8	1,556	8.0
Days past due >30	118	0.7	-	-	4	0.3	122	0.6
	15,922	100.0	2,081	100.0	1,465	100.0	19,468	100.0
2024								
Personal trigger (1)								
PD movement	14,480	68.8	1,425	72.9	809	50.0	16,714	67.9
PD persistence	3,951	18.8	414	21.2	388	24.0	4,753	19.3
Adverse credit bureau recorded with credit reference agency	936	4.5	71	3.6	119	7.3	1,126	4.6
Forbearance support provided	185	0.9	1	0.1	9	0.6	195	0.8
Customers in collections	169	0.8	3	0.2	2	0.1	174	0.7
Collective SICR and other reasons (2)	1,241	5.9	39	2.0	290	17.9	1,570	6.4
Days past due >30	60	0.3	-	-	2	0.1	62	0.3
	21,022	100.0	1,953	100.0	1,619	100.0	24,594	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 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 continued

2025	Corporate and other		Financial institutions		Sovereign		Total	
	£m	%	£m	%	£m	%	£m	%
Non-Personal trigger (1)								
PD movement	16,065	88.1	50	21.5	141	53.2	16,256	86.8
PD persistence	212	1.2	2	0.9	-	-	214	1.1
Heightened Monitoring and Risk of Credit Loss	1,065	5.8	74	31.8	124	46.8	1,263	6.7
Forbearance support provided	185	1.0	-	-	-	-	185	1.0
Customers in collections	21	0.1	-	-	-	-	21	0.1
Collective SICR and other reasons (2)	559	3.1	105	44.9	-	-	664	3.6
Days past due >30	125	0.7	2	0.9	-	-	127	0.7
	18,232	100.0	233	100.0	265	100.0	18,730	100.0

2024

2024	Corporate and other		Financial institutions		Sovereign		Total	
	£m	%	£m	%	£m	%	£m	%
Non-Personal trigger (1)								
PD movement	11,545	81.4	776	84.3	-	-	12,321	80.9
PD persistence	310	2.2	2	0.2	-	-	312	2.1
Heightened Monitoring and Risk of Credit Loss	1,591	11.2	75	8.2	132	100.0	1,798	11.8
Forbearance support provided	229	1.6	-	-	-	-	229	1.5
Customers in collections	34	0.2	-	-	-	-	34	0.2
Collective SICR and other reasons (2)	374	2.6	54	5.9	-	-	428	2.8
Days past due >30	92	0.7	13	1.4	-	-	105	0.7
	14,175	100.0	920	100.0	132	100.0	15,227	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 NWH 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 the Group or any of its subsidiaries or branches cannot meet its actual or potential financial obligations in a timely manner when 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 1 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 NWH Group, such as eligible 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. The qualifying instruments must be fully paid-up, have a remaining maturity or at least one year, and be capable of being written down or converted into equity should NWH Group enter resolution. The resources support "gone-concern" requirements, ensuring that sufficient loss-absorbing capacity is available to facilitate an orderly resolution if the Bank of England deems that NWH Group has failed, or is likely to fail.

Liquidity

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

NWH Group maintains a diversified set of funding sources, including customer deposits, wholesale deposits and term debt issuance. These are managed against both internal funding and regulatory metrics. The principal level at which funding risk is managed are at a NatWest Holdings Group and UK DoLSub level. NWH Group 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 NWH Group Pillar 3 Report 2025.

Managing capital requirements: regulated entities

In line with paragraph 135 of IAS 1 'Presentation of Financial Statements', NWH 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 NWH Group. NWH 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 bank 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 NWH Group and is enacted through an end to end framework across the consolidated NWH Group. The individual banking subsidiaries of NWH Group are subject to the same principles, processes and management as NWH Group. Note that although the aforementioned entities are regulated in line with Basel III principles, local implementation of the framework differs across geographies.

Capital planning is integrated into NWH Group's wider annual budgeting process and is assessed and updated at least monthly. These regular returns are submitted to the PRA which include a two-year rolling forecast view. Other elements of capital management, including risk appetite and stress testing, are set out on pages 11 and 15.

Produce capital plans

- Capital plans are produced for NWH Group, 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 the 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 NWH Group'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 NWH Group 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, NWH Group will monitor its portfolio of issued capital securities and assess the optimal blend and most cost effective means of financing.

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

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 principal levels at which liquidity risk is managed are:

- NatWest Holdings Group
- UK DoLSub

The UK DoLSub is PRA regulated and comprises NWH Group's three licensed deposit taking UK banks: National Westminster Bank Plc, The Royal Bank of Scotland plc and Coutts & Company.

NWH Group categorises its liquidity portfolio, including its locally managed liquidity portfolios, into primary and secondary liquid assets.

The size of the liquidity portfolios are determined by referencing NWH Group's liquidity risk appetite. NWH Group retains a prudent approach to setting the composition of the liquidity portfolios, which is subject to internal policies applicable to all entities and limits over quality of counterparty, maturity mix and currency mix.

The liquidity value of the portfolio is determined by taking current market prices and applying a discount or haircut, to give a liquidity value that represents the amount of cash that can be generated by the asset.

Funding risk management

NWH Group 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 - NWH Group

CET1 ratio

12.4%

(2024 – 12.6%)

The CET1 ratio decreased by 20 basis points to 12.4% due to an £8.7 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 of £3.2 billion (net of ordinary interim dividend paid) and other movements on reserves and regulatory adjustments of £0.6 billion partially offset by a foreseeable ordinary dividend accrual of £3.0 billion.

RWAs

£160.9bn

(2024 – £152.2bn)

Total RWAs increased by £8.7 billion to £160.9 billion mainly due to an increase in credit risk RWAs of £5.2 billion, primarily reflecting franchise lending growth, including unsecured balances acquired from Sainsbury's Bank, offset by the benefits of RWA management actions. An increase in CRD IV model updates is partially offset by movements in risk metrics and foreign exchange. A further increase of £3.5 billion in operational risk RWAs following the annual recalculation, including an acceleration of £1.3 billion from Q1 2026 to align with market practice.

UK leverage ratio

4.8%

(2024 – 5.0%)

The leverage ratio decreased by 20 basis points to 4.8% due to a £36.1 billion increase in leverage exposure partially offset by a £0.5 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.

Liquidity portfolio

£189.0bn

(2024 – £175.1bn)

The liquidity portfolio increased by £13.9 billion to £189.0 billion during the year. Primary liquidity decreased by £5.5 billion to £108.4 billion, driven by strong lending growth, TFSME tranche repayment partially offset by deposit growth and new issuances. Secondary liquidity increased by £19.4 billion due to increased pre-positioned collateral at the Bank of England.

LCR average

136%

(2024 – 143%)

The average Liquidity Coverage Ratio (LCR) decreased by 7% to 136%, during 2025, driven by increased lending partially offset by deposit growth.

NSFR average

133%

(2024 – 136%)

The average Net Stable Funding Ratio (NSFR) decreased by 3% to 133% during 2025 driven by increased lending, partially offset by deposit growth.

Key points - UK DoLSub

Liquidity portfolio

£188.4bn

(2024 – £174.3bn)

The liquidity portfolio increased by £14.1 billion to £188.4 billion during the year. Primary liquidity decreased by £5.4 billion to £107.7 billion, driven by strong lending growth, TFSME tranche repayment partially offset by deposit growth and new issuances. Secondary liquidity increased by £19.4 billion due to increased pre-positioned collateral at the Bank of England.

LCR average

135%

(2024 – 142%)

The average Liquidity Coverage Ratio (LCR) decreased by 7% to 135%, during 2025, driven by increased lending partially offset by deposit growth.

NSFR average

129%

(2024 – 130%)

The average Net Stable Funding Ratio (NSFR) decreased by 1% to 129% during 2025 driven by increased lending, partially offset by deposit growth.

Capital, liquidity and funding risk continued

Minimum requirements

Capital adequacy ratios

NWH Group is subject to minimum capital requirements relative to RWAs. The table below summarises the minimum ratios of capital to RWAs that the consolidated Group is expected to meet. Different minimum capital requirements may apply to individual legal entities or sub-groups.

Type	CET1	Total Tier 1	Total capital
Pillar 1 requirement	4.5%	6.0%	8.0%
Pillar 2A requirement (1)	1.3%	1.8%	2.4%
Minimum capital requirement	5.8%	7.8%	10.4%
Capital conservation buffer	2.5%	2.5%	2.5%
Countercyclical buffer (2)	1.9%	1.9%	1.9%
O-SII buffer	1.5%	1.5%	1.5%
Total (excluding PRA buffer) (3)	11.7%	13.7%	16.3%

- (1) Additional capital requirements under Pillar 2A are set as a variable amount with the exception of some fixed add-ons.
- (2) 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 exposures may be subject to different CCyB rates depending on the rate set in those jurisdictions.
- (3) NWH Group may be subject to a non-disclosable PRA buffer requirement as set by the PRA. The PRA buffer consists of three components:
 - (a) A risk management and governance buffer that is set as a scalar of the Pillar 1 and Pillar 2A requirements. The scalar could extend up to 40% of the CET1 minimum capital requirement.
 - (b) A buffer to cover stress risks informed by the results of the BoE concurrent stress testing results.
 - (c) Any buffer applicable on an entity established outside the UK that exceeds that entity's share of the buffer applicable at the consolidated group level to cover the same risk.

Leverage ratios

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

Type	CET1	Total Tier 1
Minimum capital requirements	2.44%	3.25%
Countercyclical leverage ratio buffer (1)	0.6%	0.6%
O-SII Additional leverage ratio buffer (2)	0.53%	0.53%
Total	3.57%	4.38%

- (1) The countercyclical leverage ratio buffer is set at 35% of NWH Group's CCyB.
- (2) The PRA minimum leverage ratio requirement is supplemented with an O-SII additional leverage ratio buffer of 0.525%. This is set at 35% of the NWH Group's O-SII buffer rate.

Liquidity and funding ratios

The table below summarises the minimum requirements for key liquidity and funding metrics under the PRA framework.

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

Capital, liquidity and funding risk continued

Measurement

Capital, RWAs and leverage

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

	2025 £m	2024 £m
Capital (1)		
CET1	20,006	19,227
Tier 1	23,687	23,152
Total	28,589	27,656
RWAs		
Credit risk	137,045	131,839
Counterparty credit risk	637	676
Market risk	184	239
Operational risk	22,997	19,445
Total RWAs	160,863	152,199
Capital adequacy ratios	%	%
CET1	12.4	12.6
Tier 1	14.7	15.2
Total	17.8	18.2
Leverage		
Tier 1 capital (£m)	23,687	23,152
Leverage exposure (£m) (2)	498,201	462,127
Leverage ratio (%) (1)	4.8	5.0

(1) The IFRS 9 transitional capital rules in respect of ECL provisions no longer apply as of 1 January 2025. (The impact of the IFRS 9 transitional adjustments at 31 December 2024 was £38 million. Excluding this adjustment at 31 December 2024, the CET1 ratio was 12.6% and the leverage ratio was 5.0%).
 (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.

Liquidity key metrics

The table below sets out the NWH Group key liquidity and related metrics on an average basis.

	2025		2024	
	NWH Group	UK DoLSub	NWH Group	UK DoLSub
Liquidity Coverage Ratio (1)	136%	135%	143%	142%
Net Stable Funding Ratio (2)	133%	129%	136%	130%
Stressed Outflow Coverage (3)	148%	143%	147%	143%

(1) The LCR Average is calculated as the average of the preceding 12 months.
 (2) The NSFR Average is calculated as the average of the preceding four quarters.
 (3) NWH Group's Stressed Outflow Coverage (SOC) is an internal measure calculated by reference to liquid assets as a percentage of net stressed contractual and behavioural outflows over three months. The most severe outcome is selected from a range of scenarios comprising of market-wide, idiosyncratic and a combination of both. This assessment is performed in accordance with PRA guidance. The SOC Average is calculated as the average of the preceding 12 months.

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.

	2025 £m	2024 £m
Leverage		
Cash and balances at central banks	56,187	62,501
Derivatives	420	1,369
Financial assets	437,665	411,255
Other assets	13,614	13,883
Total assets	507,886	489,008
Derivatives		
- netting and variation margin	(1,723)	(2,484)
- potential future exposures	836	963
Securities financing transactions gross up	167	1,179
Other off balance sheet items	53,153	43,247
Regulatory deductions and other adjustments	(8,316)	(8,546)
Exclusion of core UK-group exposures		
Claims on central banks	(52,630)	(58,818)
Exclusion of bounce back loans	(1,172)	(2,422)
Leverage exposure	498,201	462,127

Liquidity portfolio

The table below shows the composition of the liquidity portfolio with primary liquidity aligned to high-quality liquid assets on a regulatory LCR basis. Secondary liquidity comprises of assets which are eligible as collateral for local central bank liquidity facilities and do not form part of the LCR eligible high-quality liquid assets. High-quality liquid assets cover both Pillar 1 and Pillar 2 risks.

	Liquidity value			
	31 December 2025		31 December 2024	
	NWH Group (1)	UK DoLSub	NWH Group	UK DoLSub
	£m	£m	£m	£m
Cash and balances at central banks	52,307	51,640	58,313	57,523
High quality government/MDB/PSE and GSE bonds (2)	42,214	42,214	43,275	43,275
Extremely high quality covered bonds	4,414	4,414	4,340	4,340
LCR Level 1 eligible assets	98,935	98,268	105,928	105,138
LCR Level 2 eligible assets (3)	9,466	9,466	7,957	7,957
Primary liquidity (HQLA) (4)	108,401	107,734	113,885	113,095
Secondary liquidity	80,647	80,647	61,200	61,200
Total liquidity value	189,048	188,381	175,085	174,295

(1) NWH Group comprises UK DoLSub and NatWest Bank Europe GmbH who hold managed portfolios that comply with local regulations that may differ from PRA rules.

(2) Multilateral development bank abbreviated to MDB, public sector entities abbreviated to PSE and government sponsored entities abbreviated to GSE.

(3) Includes Level 2A and Level 2B.

(4) High-quality liquid assets abbreviated to HQLA.

Capital, liquidity and funding risk continued

Funding sources (audited)

	2025			2024		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	less than	more than		1 year	1 year	
	1 year	1 year	£m	1 year	1 year	£m
Bank deposits						
Repos	21,759	-	21,759	9,479	-	9,479
Other bank deposits	3,864	8,258	12,122	7,955	8,267	16,222
	25,623	8,258	33,881	17,434	8,267	25,701
Customer deposits						
Repos	603	-	603	842	-	842
Personal	224,517	7,737	232,254	223,163	2,432	225,595
Corporate	137,267	24	137,291	138,428	43	138,471
Non-bank financial institutions	33,316	4	33,320	31,448	4	31,452
	395,703	7,765	403,468	393,881	2,479	396,360
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	4,486	4,486	3,154	-	3,154	
MREL	1,280	12,844	14,124	1,410	11,882	13,292
Subordinated liabilities	1,055	3,908	4,963	547	3,916	4,463
	6,821	16,752	23,573	5,111	15,798	20,909
Total funding	430,885	35,307	466,192	419,596	28,293	447,889
Of which: available in resolution (3)			19,086			17,755

(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 £91 million (2024 – £66 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 NWH 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										MFVTPL and HFT £m	Total £m
	Less than 1 month £m	1-3 months £m	3-6 months £m	6 months - 1 year £m	Subtotal £m	1-3 years £m	3-5 years £m	More than 5 years £m	Total £m			
	2025									2025		
Cash and balances at central banks	56,187	-	-	-	56,187	-	-	-	56,187	-	56,187	
Derivatives	3	113	69	11	196	16	(3)	1	210	210	420	
Loans to banks - amortised cost	3,190	748	322	41	4,301	505	-	140	4,946	-	4,946	
Loans to customers - amortised cost (1)	41,275	15,368	13,325	16,772	86,740	55,136	43,342	197,786	383,004	-	383,004	
Personal	7,365	2,209	3,304	6,432	19,310	24,300	21,322	166,909	231,841	-	231,841	
Corporate	20,475	3,990	3,811	7,459	35,735	29,208	21,064	29,901	115,908	-	115,908	
Non-bank financial institutions	13,435	9,169	6,210	2,881	31,695	1,628	956	976	35,255	-	35,255	
Other financial assets	807	2,599	2,827	1,984	8,217	16,926	6,676	20,667	52,486	424	52,910	
Total financial assets	101,462	18,828	16,543	18,808	155,641	72,583	50,015	218,594	496,833	634	497,467	
2024												
Total financial assets	108,698	19,220	13,855	21,429	163,202	64,437	49,527	198,426	475,592	2,139	477,731	
2025												
Bank deposits excluding repos	3,864	-	-	-	3,864	5,200	-	3,058	12,122	-	12,122	
Bank repos	20,878	881	-	-	21,759	-	-	-	21,759	-	21,759	
Customer repos	587	16	-	-	603	-	-	-	603	-	603	
Customer deposits excluding repos	352,556	13,993	15,113	13,438	395,100	7,752	13	-	402,865	-	402,865	
Personal	199,735	4,683	8,430	11,669	224,517	7,730	7	-	232,254	-	232,254	
Corporate	120,831	8,403	6,372	1,661	137,267	18	6	-	137,291	-	137,291	
Non-bank financial institutions	31,990	907	311	108	33,316	4	-	-	33,320	-	33,320	
Derivatives	3	63	(4)	(14)	48	30	-	25	103	162	265	
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	3,164	-	-	-	3,164	-	-	-	3,164	-	3,164	
Lease liabilities	3	17	19	34	73	139	49	213	474	-	474	
Total financial liabilities	381,835	15,831	16,208	13,485	427,359	13,124	811	5,076	446,370	337	446,707	
2024												
Total financial liabilities	367,108	15,269	15,005	20,630	418,012	10,953	898	1,402	431,265	623	431,888	

(1) Loans to customers is gross and excludes £3,430 million (2024 – £3,252 million) of impairment provision.

Capital, liquidity and funding risk continued

Encumbrance (audited)

NWH 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.

NWH 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 requirement, where NWH 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, NWH 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					Total third party (4)
	Covered bonds	SFT, derivatives & other	Total (1)	Pre-positioned & encumbered assets held at central banks	Collateral ring-fenced to meet regulatory requirement	Readily available	Other available	Cannot be used	Total		
				£bn	£bn	£bn	£bn	£bn	£bn		
2025											
Cash and balances at central banks	-	3.5	3.5	-	-	52.7	-	-	52.7	56.2	
Derivatives	-	-	-	-	-	0.4	0.4	0.4	0.4	0.4	
Loans to banks - amortised cost	-	-	-	-	-	1.2	0.5	3.2	4.9	4.9	
Loans to customers - amortised cost (5)	8.8	-	8.8	115.5	-	93.7	111.4	50.2	255.3	379.6	
Other financial assets (6)	-	15.8	15.8	-	0.5	36.6	-	-	36.6	52.9	
Intangible assets	-	-	-	-	-	6.9	6.9	6.9	6.9	6.9	
Other assets	-	-	-	-	-	-	2.3	4.4	6.7	6.7	
Total assets	8.8	19.3	28.1	115.5	0.5	184.2	114.2	65.1	363.5	507.6	
Amounts due from holding company and fellow subsidiaries										0.3	
										507.9	
2024											
Total assets	8.3	14.7	23.0	94.5	1.8	192.7	105.6	70.8	369.1	488.4	
Amounts due from holding company and fellow subsidiaries										0.6	
										489.0	

- (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:
 - Derivatives, reverse repurchase agreements and trading related settlement balances.
 - Non-financial assets such as intangibles, prepayments and deferred tax.
 - 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.
 - Non-recourse invoice financing balances and certain shipping loans whose terms and structure prohibit their use as collateral.
- (4) In accordance with market practice, NWH 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 £115.5 billion includes the encumbered residential mortgages of £16.1 billion. £75.6 billion of residential UK mortgages are included in £93.7 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 principal 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 and 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.

Climate and nature risk continued

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. 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 non-traded market risk are: interest rate risk; credit spread risk; foreign exchange risk; and accounting volatility risk. Equity risk at NWH Group level is not material.

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 NWH Group's estimates of future customer completions to pipeline hedging activity.

Measurement

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

The following table shows one-day internal banking book value-at-risk (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 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. For further information on non-traded market risk VaR metrics, refer to the non-traded market risk section of the NatWest Group Annual Report and Accounts.

	2025				2024			
	Average £m	Maximum £m	Minimum £m	Period-end £m	Average £m	Maximum £m	Minimum £m	Period-end £m
Interest rate	5.5	7.9	2.3	6.5	15.3	26.8	2.9	2.9
Credit spread	42.0	46.3	28.8	28.8	43.9	47.9	39.9	43.2
Structural foreign exchange rate	12.7	14.7	10.6	12.1	17.3	21.7	12.4	12.4
Equity	0.2	0.6	0.1	0.1	2.6	4.3	0.2	1.0
Pipeline risk	3.5	5.9	0.6	3.6	8.5	17.3	3.4	6.1
Diversification (1)	(21.5)			(16.7)	(34.3)			(20.6)
Total	42.4	50.1	34.4	34.4	53.3	68.5	44.1	45.0

(1) NWH 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 three primary risk types: gap risk, basis risk and option risk. For further information on the types and sources of non-traded interest rate risk as well as on the purpose and methodology of the structural hedging carried out, refer to the non-traded market risk section of the NatWest Group Annual Report and Accounts.

To manage exposures within its risk appetite, NWH Group aggregates 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.

Non-traded interest rate risk can be measured from either an economic value-based or earnings-based perspective, or a combination of the two. NWH Group uses VaR as its value-based approach and sensitivity of net interest earnings as its earnings-based approach. Further detail on these measurement approaches can also be found in the non-traded market risk section of the NatWest Group Annual Report and Accounts.

Structural hedging

NWH Group has a significant pool of stable, non and low interest-bearing liabilities, principally comprising current accounts and savings. A proportion of these balances are hedged, either by offsetting the positions against fixed-rate assets (such as fixed-rate mortgages or 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, NWH Group's structural hedge had a notional of £187 billion (2024 - £182 billion) with an average life of 2.5 to 3 years (2024 - 2.5 to 3 years).

Approximately 95% of the £4.7 billion income allocated to structural hedges at NatWest Group level was allocated to NWH Group.

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.

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			
	+25	-25	+100	-100	+25	-25	+100	-100
	basis points							
Shifts in yield curve	147	(171)	504	(681)	135	(161)	532	(673)

- The sensitivity of net interest 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

NWH 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 main driver of NWH Group's cash flow hedge reserve sensitivity is the interest rate swaps that form part of the structural hedge.

Non-traded market risk continued

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			
	+25 basis points	-25 basis points	+100 basis points	-100 basis points	+25 basis points	-25 basis points	+100 basis points	-100 basis points
	£m	£m	£m	£m	£m	£m	£m	£m
FVOCI reserves	(20)	20	(80)	78	(6)	6	(26)	20
Cash flow hedge reserves	(58)	59	(223)	246	(148)	151	(571)	628
Total	(78)	79	(304)	324	(154)	157	(597)	648

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.

Credit spread VaR is presented in the non-traded market risk VaR table above. For further information on the nature of this risk and how it is managed, refer to the NatWest Group Annual Report and Accounts.

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 – NWH Group hedges forward some forecast foreign currency expenses.

For further information on the nature of these risks and how they are managed, refer to the NatWest Group Annual Report and Accounts.

Foreign exchange risk

The table below shows structural foreign currency exposures.

	2025			2024		
	Net investments	Net	Structural	Net investments	Net	Structural
	in foreign	investment	foreign currency	in foreign	investment	foreign currency
	operations	hedges	exposures	operations	hedges	exposures
	£m	£m	£m	£m	£m	£m
Euro	1,604	(856)	748	1,521	(748)	773
Other non-sterling	443	(242)	201	380	(139)	241
Total	2,047	(1,098)	949	1,901	(887)	1,014

(1) Economic hedges of US dollar net investments in foreign operations represent US dollar equity securities that do not qualify as net investment hedges for accounting purposes. They provide an offset to structural foreign exchange exposures to the extent that there are net assets in overseas operations available.

- 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 £0.05 billion in equity respectively.

Accounting volatility risk

Accounting volatility risk arises when an exposure is accounted for at amortised cost but economically hedged by a derivative that is accounted for at fair value. Although this is not an economic risk, the difference in accounting between the exposure and the hedge creates volatility in the income statement. For further information on how this risk is managed, refer to the NatWest Group 2025 Annual Report and Accounts.

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

NWH 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 (a subsidiary of NWH Group) is the principal employer to the Main section. Refer to Note 5 to the consolidated financial statements, for further details on NWH 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 NWH 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. NWH 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, NWH 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. NWH Group maintains an independent view of the risk inherent in its pension funds. NWH Group has a pension risk appetite statement that 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. 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 NWH Group's balance sheet, income statement and capital position are incorporated into NWH Group's and the overall NatWest Group stress test results. NatWest Bank Plc (a subsidiary of NWH 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, NWH 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 NWH 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 as set out in the Risk management framework section.

Aligned to this, a strong operational risk management oversight function is vital to support NWH 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 is 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 prioritised using a risk-based approach considering risk appetite.

Operational resilience and cybersecurity

NWH 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 our 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 NWH 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 early Q1 2025, NatWest Group and NWH Group confirmed they had materially met the requirements of the EU Digital Operational Resilience Act. Furthermore, by the end of March 2025, Natwest Holdings, through the NWH 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, NWH 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 NWH 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. NatWest Holdings 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 NWH 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.

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

Operational risk continued

Event and loss data management

The operational risk event and loss data management process ensures NWH 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. NWH 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 NWH 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 NWH 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 NWH 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 24 to the consolidated 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 our 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, signaling 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 NWH 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 NWH Group.

Financial crime risk

Definition

Financial crime risk is the risk that NWH 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 NWH Group's customers, employees or third parties undertake or facilitate financial crime, or if NWH 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 as 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 Committees). 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 NWH 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

NWH 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 NWH 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.

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

Model risk continued

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 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 NWH 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 NWH 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; NWH Group's actions materially conflicting with stakeholder expectations; and contagion (when NWH Group's reputation is damaged by failures in key sectors including NWH 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 NWH Group. Reputational risk registers are used to manage reputational risks identified within relevant business areas. These are reported to the relevant business executive risk committee.

Material reputational risks to NWH 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 Committee 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. NWH 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.

NWH Group seeks to identify, measure and manage risk aligned to stakeholder trust. However, reputational risk is inherent in NWH 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 NWH 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 NatWest 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:

	Page/Note
Stakeholder engagement and s.172(1) statement	2
Board of directors and secretary	3
Financial review	4
Segmental analysis	Note 4
Share capital and reserves	Note 20
Post balance sheet events	Note 33

NWH Group structure

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

Details of NWH Ltd's principal subsidiary undertakings and their activities are shown in Note 7 of the parent company financial statements and notes. A full list of related undertakings of NWH Ltd is shown in Note 11 of the parent company financial statements and notes.

The financial statements of NWH Ltd can be obtained from Corporate Governance, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies, or natwestgroup.com.

Activities

NWH 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 NWH Group for the year ended 31 December 2025 was £5,015 million compared with a profit of £4,298 million for the year ended 31 December 2024, as set out in the consolidated income statement on page 91.

No ordinary shares were issued during 2025 or 2024.

In 2025, NWH Ltd paid an ordinary dividend of £3.8 billion to NatWest Group plc (2024 – £3.1 billion).

Employees

At 31 December 2025, NWH Group employed 55,200 people (excluding temporary staff). Details of related costs are included in Note 3 to the consolidated financial statements.

NWB Plc employs the majority of NWH Group's 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 NWH Ltd 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 NWH Ltd 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 NWH Ltd 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 NWH Ltd 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 NWH Ltd'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 NWH Ltd. Gill Whitehead also joined as a non-executive director in January and Mark Seligman and Ian Cormack stepped down from the Board of NWH Ltd 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 NWH Ltd.

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:

- NWH Ltd 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, NWH Ltd 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 pages 74 to 75.

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 Board Outlook 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 NWH Ltd. The Board is collectively responsible for the long-term success of NWH Ltd and the delivery of sustainable value to its shareholders. The Board's role is to provide leadership of NWH Ltd 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 NWH Ltd 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 NWH Ltd.

It considers any material risks and approves, as appropriate, recommended actions escalated by the NatWest Holdings Board Risk Committee. It approves NWH Ltd's key financial objectives and keeps the capital and liquidity positions of NWH Ltd 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 DLNEDs. 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 NWH Ltd'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 NWH Ltd.

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 NWH Ltd'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 NWH Ltd's expense.

4. Opportunity and risk

The role of the Board is to promote the long-term sustainable success of NWH Ltd.

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 NWH Ltd's principal risks in accordance with the NatWest Group risk appetite framework, monitors performance against risk appetite for NWH Ltd, and considers any material risks and approves, as appropriate, recommended actions escalated by the Board Risk Committee.

NWH Ltd'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.

NWH Ltd 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 NWH Ltd 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 NWH Ltd risk governance, can be found in the risk and capital management section of this report on pages 7 to 15.

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 NWH Ltd 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 NWH Ltd.

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 Directors' 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 page 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 NWH Ltd 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 NWH Ltd 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 NWH Ltd'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

NWH 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 51 to 59. 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 NWH Ltd'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 NWH Ltd'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
NatWest Holdings Limited
is registered in England No.10142224

Statement of directors' responsibilities

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on pages 80 to 90.

The directors are responsible for the preparation of the Annual Report and Accounts. The directors are required by the Companies Act 2006 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 NWH Group and NWH Ltd. 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 NWH 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 NWH Ltd and NWH 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 NWH Ltd 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 NWH Ltd 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

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Independent auditors' report to the members of NatWest Holdings Limited

Opinion

In our opinion:

- the financial statements of NatWest Holdings Limited (the 'Parent Company') and its subsidiaries (together, the 'Group') give a true and fair view of the state of the Group's and of the Parent Company'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 Parent Company 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 Parent Company for the year ended 31 December 2025 which comprise:

Group	Parent Company
<ul style="list-style-type: none">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 33 to the financial statements; andRisk and capital management section of the Strategic report identified as 'audited'.	<ul style="list-style-type: none">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; andRelated Notes 1 to 11 to the financial statements including critical accounting policies.

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 Parent Company 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 are independent of the Group and Parent Company 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Parent Company'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; 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 Parent Company'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 Parent Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of two components and specified audit procedures 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	<ul style="list-style-type: none"> Expected credit loss provisions Pension valuation and net pension balance IT access management Valuation of investments in group undertakings in the Parent Company's accounts 	(Consistent with prior year) (Consistent with prior year) (Consistent with prior year) (Consistent with prior year)
Materiality	<ul style="list-style-type: none"> Overall Group materiality of £357 million (2024 - £298 million) which represents 5% of the profit before tax of the Group of £7,231 million (2024 - £5,909 million) adjusted for non-recurring items. Parent Company materiality of £357 million (2024 - £298 million), which is 0.8% (2024 - 0.7%) of equity of the Parent Company. 	

An overview of the scope of the Parent Company 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
National Westminster Bank Plc ('NWB')	Full	United Kingdom
The Royal Bank of Scotland plc ('RBS plc')	Full	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 two 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 selected two components of the group to include in our audit scope to address these risks.

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⁾
Total assets	100%
Total equity	100%
Total income	97%

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

Involve ment 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 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, 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 Parent Company's accounts. 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
<p>Expected credit loss (ECL) provisions</p> <p>At 31 December 2025 the Group reported total gross loans – amortised cost and fair value through other comprehensive income (FVOCI) of £388.4 billion (2024 - £374.5 billion) and £3.5 billion of expected credit losses (ECL) (2024 - £3.3 billion).</p> <p>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:</p> <ul style="list-style-type: none"> 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 8% 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. 	<p>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:</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Risk	Our response to the risk
<p>Expected credit loss (ECL) provisions continued</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>How we scoped our audit to respond to the risk and involvement with component teams</p>	
<p>We performed centralised procedures and full scope audit procedures over this risk, which covered 100% of the ECL balance.</p>	
<p>Key observations communicated to the NatWest Holdings (NWH) Group Audit Committee⁽¹⁾</p>	
<p>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:</p>	
<ul style="list-style-type: none"> 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. 	
<p>Relevant references in the Annual Report and Accounts</p>	
<p>Credit Risk section of the Risk and capital management section identified as 'audited'</p>	
<p>Accounting policies</p>	
<p>Note 12 to the financial statements</p>	

(1) The NWH Group Audit Committee covers the ring-fenced bank legal entities of NatWest Group plc, including NatWest Holdings Limited.

Risk	Our response to the risk
<p>Pension valuation and net pension balance</p> <p>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 £47 million (2024 - £42 million) and a net pension liability from schemes in deficit of £50 million (2024 - £41 million). The fair value of plan assets of £30.6 billion (2024 - £31.5 billion) and present value of defined benefit obligation of £25.6 billion (2024 - £26.2 billion) are sensitive to changes in the key judgements and assumptions, alongside the effects of the uncertain geopolitical and economic outlook, which include:</p> <ul style="list-style-type: none"> 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. 	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>IT access management</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>Valuation of investments in group undertakings in the Parent Company's accounts.</p> <p>At 31 December 2025 the Parent Company reported investments in group undertakings of £42.3 billion (2024 - £42.4 billion).</p>	<p>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.</p>
<p>Management assessed investments in subsidiaries of the Parent Company, 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 Parent Company's accounts the carrying amount investments in group undertakings is recoverable.</p> <p>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:</p> <ul style="list-style-type: none"> • Profitability estimates • Macroeconomic assumptions; • Capital forecasts; and • Modelling assumptions and inputs (including discount rate and long-term growth rate). 	<p>Assumption and model testing:</p> <ul style="list-style-type: none"> • 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. <p>Disclosure - We challenged and verified the adequacy of the information disclosed in the Parent Company's annual accounts in accordance with applicable standards and regulations.</p>
<p>How we scoped our audit to respond to the risk and involvement with component teams</p>	
<p>All audit work performed to address to this risk was undertaken by the Group audit team.</p>	
<p>Key observations communicated to the NWH Group Audit Committee</p>	
<p>We are satisfied that the carrying value of investments in group undertakings in the Parent Company'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:</p>	
<ul style="list-style-type: none"> • 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. 	
<p>Relevant references in the Annual Report and Accounts</p>	
<p>Accounting policies</p>	
<p>Note 7 to the Parent Company financial statements</p>	

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 £357 million (2024 - £298 million), which is 5% (2024 - 5%) of the profit before tax of the Group of £7,231 million (2024 - £5,909 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 regulated entities.

We determined materiality for the Parent Company to be £357 million (2024 - £298 million), which is 0.8% (2024 - 0.7%) of equity of the Parent Company. We believe this reflects the most useful measure for users of the financial statements as the Parent Company'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 £268 million (2024 - £224 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 £52 million to £236 million (2024 - £44 million to £198 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 £18 million (2024 - £15 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, and Statement of directors' responsibilities, 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 the 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 Parent Company 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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company 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 Parent Company'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 Parent Company 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 25 April 2019 to audit the financial statements of the Group for the year ending 31 December 2019 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 non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- 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		21,533	20,608
Interest payable		(9,815)	(10,358)
Net interest income	1	11,718	10,250
Fees and commissions receivable		2,819	2,683
Fees and commissions payable		(646)	(581)
Other operating income		1,421	1,181
Non-interest income	2	3,594	3,283
Total income		15,312	13,533
Staff costs		(3,472)	(3,413)
Premises and equipment		(1,186)	(1,107)
Other administrative expenses		(1,658)	(1,716)
Depreciation and amortisation		(1,089)	(1,015)
Operating expenses	3	(7,405)	(7,251)
Profit before impairment losses		7,907	6,282
Impairment losses	12	(676)	(373)
Operating profit before tax		7,231	5,909
Tax charge	7	(1,936)	(1,457)
Profit from continuing operations		5,295	4,452
Profit from discontinued operations, net of tax		-	81
Profit for the year		5,295	4,533
Attributable to:			
Ordinary shareholders		5,015	4,298
Paid-in equity holders		280	241
Non-controlling interests		-	(6)
		5,295	4,533

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	2025 £m	2024 £m
Profit for the year	5,295	4,533
Items that do not qualify for reclassification		
Remeasurement of retirement benefit schemes	8	(139)
Tax	(2)	38
	6	(101)
Items that do qualify for reclassification		
FVOCI financial assets	114	(24)
Cash flow hedges (1)	737	553
Currency translation	32	(36)
Tax	(239)	(150)
	644	343
Other comprehensive income after tax	650	242
Total comprehensive income for the year	5,945	4,775
Attributable to:		
Ordinary shareholders	5,665	4,539
Paid-in equity holders	280	241
Non-controlling interests	-	(5)
	5,945	4,775

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

Consolidated balance sheet

as at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Cash and balances at central banks	8	56,187	62,501
Derivatives	11	420	1,369
Loans to banks - amortised cost	8	4,946	3,923
Loans to customers - amortised cost	8	379,574	366,865
Amounts due from holding company and fellow subsidiaries	8	235	646
Securities subject to repurchase agreements		15,004	8,984
Other financial assets excluding securities subject to repurchase agreements		37,906	30,837
Other financial assets	13	52,910	39,821
Intangible assets	14	6,935	7,024
Other assets	15	6,679	6,859
Total assets		507,886	489,008
Liabilities			
Bank deposits	8	33,881	25,701
Customer deposits	8	403,468	396,360
Amounts due to holding company and fellow subsidiaries	8	23,664	20,975
Derivatives	11	265	830
Other financial liabilities	17	5,333	4,999
Subordinated liabilities	18	122	122
Notes in circulation		3,164	3,316
Other liabilities	19	3,495	4,011
Total liabilities		473,392	456,314
Owners' equity	20	34,486	32,669
Non-controlling interests		8	25
Total equity		34,494	32,694
Total liabilities and equity		507,886	489,008

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

NatWest Holdings Limited
Registration No. 10142224

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Called-up share capital - at 1 January and 31 December	20	3,263	3,263
Paid-in equity - at 1 January		3,925	3,682
Redeemed		(1,985)	(556)
Issued		1,741	799
At 31 December	20	3,681	3,925
Merger reserve - at 1 January		(11,220)	(11,132)
Amortisation		(82)	(88)
At 31 December		(11,302)	(11,220)
FVOCI reserve - at 1 January		(59)	(41)
Unrealised gains/(losses)		107	(44)
Realised losses		7	20
Tax		(33)	6
At 31 December		22	(59)
Cash flow hedging reserve - at 1 January		(1,125)	(1,523)
Amounts recognised in equity (1)		142	(533)
Reclassification of OCI to P&L (2)		595	1,086
Tax		(206)	(155)
At 31 December		(594)	(1,125)
Foreign exchange reserve - at 1 January		(200)	(162)
Retranslation of net assets		79	(97)
Foreign currency (losses)/gains on hedges of net assets		(43)	52
Tax		-	(1)
Recycled to profit or loss on disposal of businesses		(4)	8
At 31 December		(168)	(200)
Capital redemption reserve - at 1 January and 31 December		24	24
Retained earnings - at 1 January		38,061	36,878
Profit attributable to ordinary shareholders and other equity owners			
- continuing		5,295	4,458
- discontinued		-	81
Ordinary dividends paid		(3,759)	(3,137)
Paid-in equity dividends paid		(280)	(241)
Redemption of paid-in equity		74	(3)
Remeasurement of the retirement benefit schemes			
- gross		8	(139)
- tax		(2)	38
Employee share schemes			
- gross		19	16
- tax		-	6
Share-based remuneration			
- gross		4	(5)
- tax		19	21
Sharing in success		49	-
Amortisation of merger reserve		82	88
Purchase of non-controlling interest		(10)	-
At 31 December		39,560	38,061

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

	2025 £m	2024 £m
Owners' equity at 31 December	34,486	32,669
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	34,494	32,694
Attributable to:		
Ordinary shareholders	30,805	28,744
Paid-in equity holders	3,681	3,925
Non-controlling interests	8	25
	34,494	32,694

(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 receive 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 11.

Consolidated cash flow statement

for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Operating profit before tax - continuing operations		7,231	5,909
Operating profit before tax - discontinued operations		-	81
Adjustments for:			
Non-cash and other items	26	1,878	3,266
Changes in operating assets and liabilities	26	3,170	(6,893)
Income taxes paid		(1,768)	(1,487)
Net cash flows from operating activities (1,2)		10,511	876
Cash flows from investing activities			
Sale and maturity of other financial assets		32,655	34,959
Purchase of other financial assets		(45,399)	(42,561)
Income received on other financial assets		1,436	795
Net movement in business interests and intangible assets	25	(352)	(1,888)
Sale of property, plant and equipment		57	190
Purchase of property, plant and equipment		(660)	(457)
Net cash flows from investing activities		(12,263)	(8,962)
Cash flows from financing activities			
Issue of paid-in equity		1,741	799
Redemption of paid in equity		(1,911)	(559)
Issue of subordinated liabilities		830	1,146
Redemption of subordinated liabilities		(500)	(1,374)
Interest paid on subordinated liabilities		(212)	(234)
Issue of MRELS		2,149	3,377
Maturity and redemption of MRELS		(1,239)	(1,587)
Interest paid on MRELS		(1,080)	(423)
Dividends paid		(4,045)	(3,383)
Purchase of minority interest		(21)	-
Net cash flows from financing activities		(4,288)	(2,238)
Effects of exchange rate changes on cash and cash equivalents		166	(283)
Net decrease in cash and cash equivalents		(5,874)	(10,607)
Cash and cash equivalents at 1 January		65,417	76,024
Cash and cash equivalents at 31 December (3)	28	59,543	65,417

(1) Includes interest received of £21,233 million (2024 - £20,481 million) and interest paid of £9,995 million (2024 - £10,250 million).

(2) The total cash outflow for leases is £85 million (2024 - £90 million) including payment of principal amount of £69 million (2024 - £74 million) which 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.

Accounting policies

1 Presentation of financial statements

NatWest Holdings Limited (NWH Ltd) 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 150 and the audited sections of the Risk and capital management section on pages 7 to 70 which together form 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 a 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 issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 Income taxes in respect of Pillar 2 income taxes. 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 NWH Ltd 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, significant exchange of managerial personnel or technology amongst others.

Investments in associates and joint ventures are recorded upon initial recognition at cost, increased or decreased each period by the share of the subsequent levels of profit or loss, and 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, 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.

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 of this document, including the ECL estimate in the Risk and capital management section.

Information used for significant estimate

Policy	Judgement	Estimate	Further information
Deferred tax	Determination of whether sufficient sustainable taxable profits will be generated in future years to recover the deferred tax asset.	Our estimates are based on the five-year revenue and cost forecasts (which include inherent uncertainties).	Note 7
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 12

Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.

2.1. 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 on 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.

2.2. 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.

2.3. 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 are 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 are 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 on 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.

2 Critical accounting policies continued

- **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.

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 policies 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.

3. Material accounting policies

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. Discontinued operations, held for sale and disposal groups

The results of discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit/(loss) from discontinued operations, net of tax in the income statement. Comparatives are represented for the income statement, cash flow statement, statement of changes in equity and related notes.

An asset or disposal group (assets and liabilities) is classified as held for sale if we will recover its carrying amount principally through a sale transaction rather than through continuing use. These are measured at the lower of its carrying amount or fair value less cost to sell unless the existing measurement provisions of IFRS apply. These are presented as single amounts, comparatives are not represented.

3.3. 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, cancellation 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.

3 Material accounting policies continued

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 determined 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.

3.4. 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 when such transactions occur.

3.5. 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 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.

3.6. 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 policies 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.

3.7. 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.

3.8. 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.

3.9. 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 policies 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.

3.10. 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.

3.11. 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.

3.12. 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 hedged 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 policies continued

3.13. Provisions

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.

3.14. 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.

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 an impact on presentation and disclosure.

Notes to the consolidated financial statements

1 Net interest income

	2025 £m	2024 £m
Continuing operations		
Balances at central banks and loans to banks - amortised cost	2,283	2,523
Loans to customers - amortised cost	17,300	16,413
Other financial assets	1,950	1,672
Interest receivable	21,533	20,608
Bank deposits	1,423	1,261
Customer deposits	6,813	7,183
Amounts due to holding company and fellow subsidiaries	1,181	1,367
Other financial liabilities	387	536
Subordinated liabilities	11	11
Interest payable	9,815	10,358
Net interest income	11,718	10,250

Interest income on financial instruments measured at amortised cost and debt instruments classified as FVOCI is 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. 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
Continuing operations		
Net fees and commissions (1)	2,173	2,102
Other operating income		
Rental income on operating leases and investment property	222	232
Changes in fair value of other financial assets at FVTPL (2)	26	65
Hedge ineffectiveness	(25)	(2)
Profit on disposal of amortised cost assets and liabilities	7	4
Loss on disposal of fair value through other comprehensive income assets	(7)	(18)
Profit on sale of property, plant and equipment	7	31
Net income from economic hedging (3)	368	181
Service charges (4)	847	702
Other income	(24)	(14)
Non-interest income	1,421	1,181
	3,594	3,283

(1) Refer to Note 4 for further analysis.

(2) Includes instruments that have failed solely for 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 NWH Group and recharged to other NatWest Group subsidiaries.

For accounting policy information refer to Accounting policies 3.1, 3.7, 3.9 and 3.12.

3 Operating expenses

	2025 £m	2024 £m
Continuing operations		
Wages, salaries and other staff costs	2,683	2,678
Temporary and contract costs	125	127
Social security costs	354	314
Pension costs	310	294
- defined benefit schemes (Note 5)	99	100
- defined contribution schemes	211	194
Staff costs	3,472	3,413
Premises and equipment	1,186	1,107
Depreciation and amortisation (1)	1,089	1,015
Other administrative expenses (2)	1,658	1,716
Administrative expenses	3,933	3,838
	7,405	7,251

(1) Include depreciation of right of use assets of £81 million (2024 - £93 million).

(2) Includes redress and other litigation costs. Further details are provided in Note 19.

For accounting policy information refer to Accounting policies 3.3, 3.4, 3.5 and 3.6.

The average number of persons employed during the year, excluding temporary staff and rounded to the nearest hundred, was 55,500 (2024: 56,900). The number of persons employed at 31 December 2025, excluding temporary staff and rounded to the nearest hundred, was as follows:

	2025	2024
Continuing operations		
Retail Banking	12,200	13,000
Private Banking & Wealth Management	2,100	2,200
Commercial & Institutional	8,900	9,000
Central items & other	32,000	31,600
Total	55,200	55,800
UK	36,000	36,900
India	18,800	17,600
Poland	100	800
Republic of Ireland	-	100
Rest of the World	300	400
Total	55,200	55,800

Bonus awards

	2025 £m	2024 £m	Change %
Deferred cash awards (1)	330	286	15%
Deferred share awards	30	30	-
Total bonus awards (2)	360	316	14%

Reconciliation of bonus awards to income statement charge

	2025 £m	2024 £m
Bonus awarded	360	316
Less: deferral of charge for amounts awarded for current year	(107)	(94)
Income statement charge for amounts awarded in current year	253	222
Add: current year charge for amounts deferred from prior years	88	71
Less: forfeiture of amounts deferred from prior years	(3)	(2)
Income statement charge for amounts deferred from prior years	85	69
Income statement charge for bonus award (2)	338	291

(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

NWH Group 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, NWH Ltd's largest subsidiary undertaking, 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	Private Banking				
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other	Total
	£m	£m	£m	£m	£m
Continuing operations					
Net interest income	6,051	713	4,716	238	11,718
Net fees and commissions	431	339	1,398	5	2,173
Other operating income	8	35	277	1,101	1,421
Total income	6,490	1,087	6,391	1,344	15,312
Depreciation and amortisation	(1)	(1)	(106)	(981)	(1,089)
Other operating expenses	(2,817)	(726)	(2,815)	42	(6,316)
Impairment (losses)/releases	(437)	(10)	(230)	1	(676)
Operating profit	3,235	350	3,240	406	7,231
2024					
Continuing operations					
Net interest income	5,367	649	4,129	105	10,250
Net fees and commissions	409	290	1,401	2	2,102
Other operating income	31	34	359	757	1,181
Total income	5,807	973	5,889	864	13,533
Depreciation and amortisation	(1)	(1)	(117)	(896)	(1,015)
Other operating expenses	(2,845)	(698)	(2,669)	(24)	(6,236)
Impairment (losses)/releases	(282)	11	(113)	11	(373)
Operating profit/(loss)	2,679	285	2,990	(45)	5,909
Total revenue (1)					
2025	Private Banking				
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other	Total
	£m	£m	£m	£m	£m
Continuing operations					
External	10,154	1,270	8,098	6,251	25,773
Inter-segmental (2)	170	1,552	(1,638)	(84)	-
Total	10,324	2,822	6,460	6,167	25,773
2024					
Continuing operations					
External	9,064	1,261	8,498	5,649	24,472
Inter-segmental (2)	56	1,557	(1,708)	95	-
Total	9,120	2,818	6,790	5,744	24,472

For the notes to this table refer to page 108.

4 Segmental analysis continued

Total income

2025	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
External	6,389	137	5,321	3,465	15,312	
Inter-segmental (2)	101	950	1,070	(2,121)	-	
Total	6,490	1,087	6,391	1,344	15,312	

2024	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
External	4,855	11	5,510	3,157	13,533	
Inter-segmental (2)	952	962	379	(2,293)	-	
Total	5,807	973	5,889	864	13,533	

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

Analysis of net fees and commissions

2025	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
Fees and commissions receivable						
- Payment services	351	38	698	-	1,087	
- Credit and debit card fees	424	30	260	-	714	
- Lending and financing	17	9	590	-	616	
- Brokerage	34	10	-	-	44	
- Investment management, trustee and fiduciary services	3	265	1	-	269	
- Underwriting fees	-	-	2	-	2	
- Other	5	7	65	10	87	
Total	834	359	1,616	10	2,819	
Fees and commissions payable	(403)	(20)	(218)	(5)	(646)	
Net fees and commissions	431	339	1,398	5	2,173	

2024	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
Fees and commissions receivable						
- Payment services	322	37	667	-	1,026	
- Credit and debit card fees	401	13	253	5	672	
- Lending and financing	18	5	600	-	623	
- Brokerage	35	9	-	-	44	
- Investment management, trustee and fiduciary services	2	235	1	-	238	
- Underwriting fees	-	-	-	-	-	
- Other	7	11	58	4	80	
Total	785	310	1,579	9	2,683	
Fees and commissions payable	(376)	(20)	(178)	(7)	(581)	
Net fees and commissions	409	290	1,401	2	2,102	

2025	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
Assets	225,588	19,497	123,510	139,291	507,886	
Liabilities	206,420	42,906	163,538	60,528	473,392	

2024	Private Banking					Total £m
	Retail Banking	& Wealth Management	Commercial & Institutional	Central items & other		
	£m	£m	£m	£m		
Continuing operations						
Assets	218,098	18,813	116,817	135,280	489,008	
Liabilities	198,796	42,614	163,637	51,267	456,314	

4 Segmental analysis continued

Segmental analysis of goodwill

The total carrying value of goodwill at 31 December 2025 was £5,219 million (2024 - £5,219 million), comprising: Retail Banking £2,607 million (2024 - £2,607 million); Private Banking & Wealth Management £9 million (2024 - £9 million) and Commercial & Institutional £2,604 million (2024 - £2,604 million). Refer to Note 14 for more details.

Geographical segments

The geographical analysis in the tables below has been compiled on the basis of location of office where the transactions are recorded.

	UK £m	RoW £m	Total £m
2025			
Continuing operations			
Total revenue (1)	24,754	1,019	25,773
Interest receivable	21,411	122	21,533
Interest payable	(9,748)	(67)	(9,815)
Net fees and commissions	2,171	2	2,173
Other operating income	535	886	1,421
Total income	14,369	943	15,312
Operating profit before tax	6,973	258	7,231
Total assets	498,164	9,722	507,886
Total liabilities	471,727	1,665	473,392
Contingent liabilities and commitments (3)	120,409	618	121,027
Cost to acquire property, plant and equipment and intangible assets	997	427	1,424
2024			
Continuing operations			
Total revenue (1)	23,885	587	24,472
Interest receivable	20,469	139	20,608
Interest payable	(10,279)	(79)	(10,358)
Net fees and commissions	2,097	5	2,102
Other operating income	745	436	1,181
Total income	13,032	501	13,533
Operating profit/(loss) before tax	6,228	(319)	5,909
Total assets	478,186	10,822	489,008
Total liabilities	453,436	2,878	456,314
Contingent liabilities and commitments (3)	113,482	1,472	114,954
Cost to acquire property, plant and equipment and intangible assets	1,023	127	1,150

(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 24 Memorandum items – Contingent liabilities and commitments.

5 Pensions

Defined contribution schemes

NWH Group sponsors a number of defined contribution pension schemes in different territories, which new employees are offered the opportunity to join.

Defined benefit schemes

NWH 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 the 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 NWH 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 NWH Group's other pension schemes.

For accounting policy information refer to Accounting policy 3.3.

Major classes of plan assets as a percentage of total plan assets of the Main section	2025			2024		
	Quoted %	Unquoted %	Total %	Quoted %	Unquoted %	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

Investment strategy

The assets of the Main section represent 94% of all plan assets at 31 December 2025 (2024 - 94%) and are invested as shown below. The profile of 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-derivative 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 an upfront 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 outset. However, the asset loss is offset by a corresponding movement in the asset ceiling adjustment, meaning the net balance sheet impact 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

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 NWH Group but can have exposure to NWH Group through indirect holdings. The trustees of the respective UK schemes are responsible for ensuring that indirect investments in NWH Group do not exceed the regulatory limit of 5% of plan assets.

	Fair value of plan assets	Present value of defined benefit obligation (1)	Asset ceiling/minimum funding (2)	Net pension asset/(liability)	
				£m	£m
Changes in value of net pension asset/(liability)					
At 1 January 2024	35,725	(28,387)	(7,330)		8
Currency translation and other adjustments	(5)	8	(4)		(1)
Income statement - operating expenses	1,671	(1,420)	(351)		(100)
Recognised in other comprehensive income	(4,711)	2,181	2,391		(139)
Contributions by employer	233	-	-		233
Contributions by plan participants and other scheme members	12	(12)	-		-
Assets and liabilities extinguished upon settlement	(42)	42	-		-
Benefits paid	(1,397)	1,397	-		-
At 1 January 2025	31,486	(26,191)	(5,294)		1
Currency translation and other adjustments	32	(12)	(13)		7
Income statement - operating expenses					
Net interest expense	1,685	(1,394)	(290)		1
Current service cost	-	(80)	-		(80)
Past service cost	-	(15)	-		(15)
Loss on curtailments and settlements	-	(5)	-		(5)
	1,685	(1,494)	(290)		(99)
Other comprehensive income					
Return on plan assets excluding recognised interest income (3)	(1,290)	-	-		(1,290)
Experience gains and losses	-	(175)	-		(175)
Effect of changes in actuarial financial assumptions	-	959	-		959
Effect of changes in actuarial demographic assumptions	-	(94)	-		(94)
Asset ceiling/minimum funding adjustments (3)	-	-	608		608
	(1,290)	690	608		8
Contributions by employer (4)	79	-	-		79
Contributions by plan participants and other scheme members	10	(10)	-		-
Benefits paid	(1,389)	1,390	-		1
Assets and liabilities extinguished upon settlement	(55)	55	-		-
At 31 December 2025	30,558	(25,572)	(4,989)		(3)

(1) Defined benefit obligations are subject to annual valuation by independent actuaries.

(2) NWH 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 NWH 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 may have rights over the use of the surplus. Other NWH 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) NWH Group expects to make contributions to the Main section of £40 million in 2026.

5 Pensions continued

Amounts recognised on the balance sheet

	2025 £m	2024 £m
Fund assets at fair value	30,558	31,486
Present value of fund liabilities	(25,572)	(26,191)
Funded status	4,986	5,295
Assets ceiling/minimum funding	(4,989)	(5,294)
Retirement benefit asset	(3)	1

Net pension asset comprises

	2025 £m	2024 £m
Net assets of schemes in surplus (included in Other assets, Note 15)	47	42
Net liabilities of schemes in deficit (included in Other liabilities, Note 19)	(50)	(41)
	(3)	1

Funding and contributions by NWH 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 NWH Group sponsors defined benefit pension schemes.

A full triennial funding valuation of the Main section, effective 31 December 2023, was completed during the 2024 financial year.

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 NWH Group's defined benefit pension schemes' liabilities requires NWH 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 are somewhat correlated and do not move completely in isolation.

	(Decrease)/ increase in value of assets £m	(Decrease)/ increase in value of liabilities £m	Increase in net pension (obligations)/ assets £m
2025 (1)			
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	n/a	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	n/a	199

(1) The asset sensitivities shown for 2025 are derived using benchmark information, so will be more approximate than those in 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				
	- 2 years £bn	- 1 year £bn	No change £bn	+ 1 year £bn	+ 2 years £bn
2025					
Change in credit spreads	+50 bps	(2.9)	(2.2)	(1.4)	(0.7)
	No change	(1.6)	(0.8)	-	0.8
	-50 bps	(0.1)	0.7	1.6	2.4
					3.2
2024					
Change in credit spreads	+50 bps	(3.1)	(2.3)	(1.5)	(0.7)
	No change	(1.7)	(0.9)	-	0.8
	-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 NWH Group schemes is shown below:

Experience history of defined benefit schemes	2025	2024	2023	2022
	£m	£m	£m	£m
Fair value of plan assets	30,558	31,486	35,725	36,144
Present value of plan obligations	(25,572)	(26,191)	(28,387)	(26,440)
Net surplus	4,986	5,295	7,338	9,704
Experience (losses)/gains on plan liabilities	(175)	13	(1,567)	(2,051)
Experience losses on plan assets	(1,290)	(4,711)	(1,081)	(19,262)
Actual return on plan assets	395	(3,040)	689	(18,267)
Actual return on plan assets	1.3%	(8.5%)	1.9%	(33.1%)

6 Auditor's remuneration

Amounts payable to NWH Group's auditor for statutory audit and other services are set out below:

	2025 £m	2024 £m
Fees payable for:		
- the audit of NWH Group's annual accounts	2.1	2.0
- the audit of NWH Ltd's subsidiaries	18.9	17.4
- audit-related assurance services	1.5	1.4
Total audit and audit-related service fees	22.5	20.8
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
Continuing operations		
Current tax		
Charge for the year	(1,508)	(1,331)
Over/(under) provision in respect of prior years	62	(118)
	(1,446)	(1,449)
Deferred tax		
Charge for the year	(511)	(401)
Net increase in the carrying value of deferred tax assets in respect of losses	61	378
(Under)/over provision in respect of prior years	(40)	15
	(1,936)	(1,457)

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
Continuing operations		
Expected tax charge		
Losses and temporary differences in year where no deferred tax asset recognised	(1,808)	(1,477)
Foreign profits and losses taxed at other rates	(5)	(15)
Items not allowed for tax:	(27)	(31)
- losses on disposals and write-downs	-	(4)
- UK bank levy	(23)	(24)
- regulatory and legal actions	3	(22)
- other disallowable items	(17)	(52)
Non-taxable items	12	3
Taxable foreign exchange movements	1	-
Unrecognised losses brought forward and utilised	1	15
Increase in the carrying value of deferred tax assets in respect of:		
- UK losses	59	378
- Overseas losses	2	-
Banking surcharge	(202)	(172)
Redemption of AT1 (paid-in equity) capital notes	(23)	-
Tax on AT1 (paid-in equity) dividends	69	47
Adjustment in respect of prior years (1)	22	(103)
	(1,936)	(1,457)

(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

NWH 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. NWH 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 2.1 and 3.8.

Deferred tax

		2025 £m	2024 £m
Deferred tax liability		(84)	(94)
Deferred tax asset		1,066	1,679
Net deferred tax asset		982	1,585

Net deferred tax asset comprised:

	Pension £m	Accelerated capital allowances £m	Expense provisions £m	Financial instruments (1) £m	Tax losses carried forward £m	Other £m	Total £m
1 January 2024	32	135	53	492	964	40	1,716
Credit/(charge) to income statement:							
- continuing operations	4	26	18	(71)	59	(44)	(8)
(Charge)/credit to other comprehensive income	(31)	-	-	(105)	-	13	(123)
Currency translation and other adjustments	1	-	-	-	-	(1)	-
31 December 2024	6	161	71	316	1,023	8	1,585
Charge to income statement:							
- continuing operations	(4)	(31)	(20)	(94)	(341)	-	(490)
(Charge)/credit to other comprehensive income	(1)	-	-	(121)	-	12	(110)
Currency translation and other adjustments	-	(3)	-	-	-	-	(3)
31 December 2025	1	127	51	101	682	20	982

(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 £m	2024 £m
UK tax losses carried forward		
- NWB Plc	55	333
- RBS plc	622	685
Overseas tax losses carried forward		
- Ulydien DAC	5	5
	682	1,023

7 Tax continued

Critical accounting policy: Deferred tax

The deferred tax asset of £1,066 million as at 31 December 2025 (2024 - £1,679 million) principally comprises losses which arose in the UK, and temporary differences. These deferred tax assets are recognised to the extent that it is probable that there will be future taxable profits to recover them.

Judgement - NWH Group has considered the carrying value of deferred tax assets and concluded that, based on management's estimates, sufficient sustainable taxable profits will be generated in future years to recover recognised deferred tax assets.

Estimate - These estimates are partly based on forecast performance beyond the horizon for management's detailed plans. They have regard to inherent uncertainties. The deferred tax asset in Ulydien DAC is supported by way of future reversing taxable temporary differences on which deferred tax liabilities are recognised at 31 December 2025.

UK tax losses

Under UK tax rules, tax losses can be carried forward indefinitely. As the recognised tax losses in the NWH 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.

NWB 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.

RBS plc - A deferred tax asset of £622 million (2024 - £685 million) has been recognised in respect of losses of £2,489 million carried forward at 31 December 2025. The losses were transferred from NatWest Markets Plc as a consequence of the ring fencing regulations. RBS plc expects the deferred tax asset to be utilised against future taxable profits by the end of 2032.

Overseas tax losses

Ulydien DAC - A deferred tax asset of £5 million (2024 - £5 million) has been recognised in respect of losses of £40 million, and is now entirely supported by way of future reversing taxable temporary differences on which deferred tax liabilities are recognised at 31 December 2025. The ability to set off unutilised RoI losses of £10,262 million against future taxable profits will cease following the Group's full exit of business operations in RoI.

Unrecognised deferred tax

Deferred tax assets of £1,580 million (2024 - £1,504 million) have not been recognised in respect of tax losses and other deductible temporary differences carried forward of £11,413 million (2024 - £10,868 million) in jurisdictions where doubt exists over the availability of future taxable profits. These losses and other deductible temporary differences carried forward have no expiry date.

Deferred tax liabilities of £106 million (2024 - £117 million) on aggregate underlying temporary differences of £480 million (2024 - £676 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.

8 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 solely payments of principal and interest, 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 3.9, 3.10 and 3.12.

The following tables analyse NWH Group's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

	MFVTPL £m	FVOCI £m	Amortised cost £m	Other assets £m	Total £m
Assets					
Cash and balances at central banks			56,187		56,187
Derivatives (1)	420				420
Loans to banks - amortised cost (2)			4,946		4,946
Loans to customers - amortised cost (3)			379,574		379,574
Amounts due from holding company and fellow subsidiaries	73	-	40	122	235
Other financial assets	424	30,167	22,319		52,910
Intangible assets				6,935	6,935
Other assets				6,679	6,679
31 December 2025	917	30,167	463,066	13,736	507,886
 Cash and balances at central banks					
Derivatives (1)	1,369		62,501		62,501
Loans to banks - amortised cost (2)			3,923		3,923
Loans to customers - amortised cost (3)			366,865		366,865
Amounts due from holding company and fellow subsidiaries	340	-	67	239	646
Other financial assets	783	29,337	9,701		39,821
Intangible assets				7,024	7,024
Other assets				6,859	6,859
31 December 2024	2,492	29,337	443,057	14,122	489,008

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

8 Financial instruments – classification continued

Judgement: classification of financial assets

	Held-for-trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Liabilities					
Bank deposits (4)			33,881		33,881
Customer deposits			403,468		403,468
Amounts due to holding company and fellow subsidiaries	28	-	23,545	91	23,664
Derivatives (1)	265				265
Other financial liabilities	175	-	5,158		5,333
Subordinated liabilities			122		122
Notes in circulation			3,164		3,164
Other liabilities (5)			527	2,968	3,495
31 December 2025	468	-	469,865	3,059	473,392
Bank deposits (4)			25,701		25,701
Customer deposits			396,360		396,360
Amounts due to holding company and fellow subsidiaries	27	-	20,882	66	20,975
Derivatives (1)	830				830
Other financial liabilities	202	250	4,547		4,999
Subordinated liabilities			122		122
Notes in circulation			3,316		3,316
Other liabilities (5)			610	3,401	4,011
31 December 2024	1,059	250	451,538	3,467	456,314

(1) Includes net hedging derivative assets of £210 million (2024 - £14 million) and net hedging derivative liabilities of £103 million (2024 - £409 million).

(2) Includes items in the course of collection from other third party banks of £57 million (2024 - £14 million).

(3) Includes finance lease receivables of £8,937 million (2024 - £8,939 million).

(4) Includes items in the course of transmission to other third party banks of £9 million (2024 - £34 million).

(5) Includes lease liabilities of £474 million (2024 - £560 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.

	2025 £m	2024 £m
Amounts receivable under finance leases		
Within 1 year	3,663	3,490
1 to 2 years	2,406	2,491
2 to 3 years	1,472	1,604
3 to 4 years	945	834
4 to 5 years	455	457
After 5 years	837	1,005
Total lease payments	9,778	9,881
Unguaranteed residual values	151	150
Future drawdowns	(12)	(12)
Unearned income	(894)	(988)
Present value of lease payments	9,023	9,031
Impairments	(86)	(92)
Net investment in finance leases	8,937	8,939

8 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.

	Instruments which can be offset			Potential for offset not recognised by IFRS				Net amount after effect of netting agreements and related collateral	Instruments outside netting agreements	Balance sheet total
	Gross £m	IFRS offset £m	Balance sheet £m	Effect of master netting and similar agreements						
				Cash collateral £m	Securities collateral £m					
2025										
Derivative assets	14,888	(14,470)	418	(92)	(198)	(113)	15	2	420	
Derivative liabilities	15,668	(15,414)	254	(92)	(112)	-	50	11	265	
Net position (1)	(780)	944	164	-	(86)	(113)	(35)	(9)	155	
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										
Derivatives assets	17,388	(16,019)	1,369	(452)	(217)	(676)	24	-	1,369	
Derivative liabilities	19,114	(18,300)	814	(452)	(346)	-	16	16	830	
Net position (1)	(1,726)	2,281	555	-	129	(676)	8	(16)	539	
Non trading reverse repos	40,846	(7,466)	33,380	-	-	(33,380)	-	-	33,380	
Non trading repos	18,037	(7,466)	10,571	-	-	(10,571)	-	-	10,571	
Net position	22,809	-	22,809	-	-	(22,809)	-	-	22,809	

(1) The net IFRS offset balance of £944 million (2024 - £2,281 million) relates to variation margin netting reflected on other balance sheet lines.

9 Financial instruments – valuation

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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.

NatWest Holdings 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 2.2, 3.9 and 3.12.

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

NatWest Holdings 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.

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 guaranteed swaps).

For modelled products, the fair value is derived using the model and the appropriate model inputs or parameters, as opposed to a cash price equivalent. Model inputs are taken either directly or indirectly from available data, where some inputs are also modelled.

9 Financial instruments – valuation continued

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 the more complex products remain classified as level 2 due to the low 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 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 or the value of the underlying collateral.

Valuation control

NatWest Holdings 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.

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.

9 Financial instruments – valuation continued

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 historically traded by NatWest Holdings 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 NatWest Holdings 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 hence carrying the most significant price uncertainty.

	2025				2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Derivatives								
Interest rate	-	173	3	176	-	1,021	8	1,029
Foreign exchange	-	244	-	244	-	340	-	340
Amounts due from holding company and fellow subsidiaries	-	73	-	73	-	340	-	340
Other financial assets								
Loans	-	100	385	485	-	323	473	796
Securities	17,426	12,676	4	30,106	18,012	11,309	3	29,324
Total financial assets held at fair value	17,426	13,266	392	31,084	18,012	13,333	484	31,829
As % of total fair value assets	56%	43%	1%		57%	41%	2%	
Liabilities								
Derivatives								
Interest rate	-	187	4	191	-	693	3	696
Foreign exchange	-	71	-	71	-	124	-	124
Other	-	3	-	3	-	10	-	10
Amounts due from holding company and fellow subsidiaries	-	28	-	28	-	27	-	27
Other financial liabilities								
Deposits	-	175	-	175	-	452	-	452
Total financial liabilities held at fair value	-	464	4	468	-	1,306	3	1,309
As % of total fair value liabilities	-	99%	1%		-	100%	0%	

(1) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instrument was transferred.

9 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	18	26
Product and deal specific	-	1
Total	19	154

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. 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 NatWest Holdings 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 levels, 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 reserving approach is based on current market bid-offer 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 NatWest Holdings 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 and input range.

Financial instrument	Valuation technique	Unobservable inputs	Units	2025		2024	
				Low	High	Low	High
Other financial assets							
Loans	Price-based	Price	%	89	100	88	100
Derivative assets and liabilities							
Interest rate & FX derivatives	Discount cash flow	Conditional prepayment risk	%	7	9	4	5

(1) NWH Group does not have any material liabilities measured at fair value that are issued with an inseparable third party credit enhancement.

9 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 the observability of 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 £m	Favourable £m	Unfavourable £m	Level 3 £m	Favourable £m	Unfavourable £m
Assets						
Derivatives						
Interest rate	3	-	-	8	-	-
Other financial assets						
Loans	385	-	(10)	473	-	(10)
Securities	4	-	-	3	-	-
Total	392	-	(10)	484	-	(10)
Liabilities						
Derivatives						
Interest rate	4	-	-	3	-	-
Total	4	-	-	3	-	-

9 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.

	Derivatives assets	Other trading assets (2)	Other financial assets (3)	Total assets	Derivatives liabilities	Other trading liabilities (2)	Other financial liabilities	Total liabilities
2025								
At 1 January	8	-	476	484	3	-	-	3
Amounts recorded in the income statement (1)	-	-	8	8	1	-	-	1
Amount recorded in the statement of comprehensive income	-	-	(3)	(3)	-	-	-	-
Level 3 transfers out	-	-	(14)	(14)	-	-	-	-
Purchases/originations	-	-	52	52	-	-	-	-
Settlements/other decreases	(5)	-	-	(5)	-	-	-	-
Sales	-	-	(130)	(130)	-	-	-	-
At 31 December	3	-	389	392	4	-	-	4
Amounts recorded in the income statement in respect of balances held at period end								
- unrealised	(4)	-	8	4	1	-	-	1
2024								
At 1 January	6	-	550	556	7	-	-	7
Amounts recorded in the income statement (1)	9	-	12	21	(4)	-	-	(4)
Level 3 transfers in	-	-	56	56	-	-	-	-
Level 3 transfers out	-	-	(240)	(240)	-	-	-	-
Purchases/originations	-	-	108	108	-	-	-	-
Settlements/other decreases	(7)	-	-	(7)	-	-	-	-
Foreign exchange and other adjustments	-	-	(10)	(10)	-	-	-	-
At 31 December	8	-	476	484	3	-	-	3
Amounts recorded in the income statement in respect of balances held at period end								
- unrealised	4	-	12	16	(4)	-	-	(4)

(1) Net loss on trading assets and liabilities of £1 million (2024 - £13 million net gains) were recorded in income from trading activities. Net gains on other instruments of £8 million (2024 - £12 million net losses) were recorded in other operating income and interest income as appropriate.

(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.

9 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.

2025	Carrying value £bn	Fair value £bn	Fair value hierarchy level			Items where fair value approximates carrying value £bn
			Level 1 £bn	Level 2 £bn	Level 3 £bn	
Financial assets						
Cash and balances at central banks	56.2	56.2	-	-	-	56.2
Loans to banks	4.9	4.9	-	3.3	0.5	1.1
Loans to customers	379.6	375.3	-	29.5	345.8	-
Amounts due from holding company and fellow subsidiaries	-	-	-	-	-	-
Other financial assets						
Securities	22.3	22.4	14.0	8.0	0.4	-
2024						
Financial assets						
Cash and balances at central banks	62.5	62.5	-	-	-	62.5
Loans to banks	3.9	3.9	-	1.4	0.5	2.0
Loans to customers	366.9	362.1	-	31.8	330.3	-
Amounts due from holding company and fellow subsidiaries	0.1	0.1	-	-	0.1	-
Other financial assets						
Securities	9.7	9.7	2.7	6.7	0.3	-
2025						
Financial liabilities						
Bank deposits	33.9	33.9	-	30.1	-	3.8
Customer deposits	403.5	384.9	-	29.2	11.0	344.7
Amounts due to holding company and fellow subsidiaries	23.5	24.0	-	23.8	-	0.2
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	3.2	3.2	-	-	-	3.2
2024						
Financial liabilities						
Bank deposits	25.7	25.5	-	21.5	-	4.0
Customer deposits	396.4	396.6	-	24.2	31.3	341.1
Amounts due to holding company and fellow subsidiaries	20.9	21.2	-	20.9	-	0.3
Other financial liabilities						
Debt securities in issue	4.5	4.5	-	0.8	3.7	-
Subordinated liabilities	0.1	0.2	-	0.2	-	-
Notes in circulation	3.3	3.3	-	-	-	3.3

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, including but not limited to; cash and balances at central banks, settlement balances, loans with short-term maturities, notes in circulation and customer demand deposits, 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, NWH 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 that 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.

(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. The remaining population is valued using discounted cashflows at current offer rates.

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.

10 Financial instruments - maturity analysis

Remaining maturity

The following table shows the residual maturity of financial instruments, based on contractual date of maturity.

	2025			2024		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
	£m	£m	£m	£m	£m	£m
Assets						
Cash and balances at central banks	56,187	-	56,187	62,501	-	62,501
Derivatives	332	88	420	447	922	1,369
Loans to banks - amortised cost	4,301	645	4,946	3,272	651	3,923
Loans to customers - amortised cost	83,313	296,261	379,574	82,562	284,303	366,865
Amounts due from holding company and fellow subsidiaries (1)	114	-	114	407	-	407
Other financial assets	8,283	44,627	52,910	10,859	28,962	39,821
Liabilities						
Bank deposits	25,623	8,258	33,881	17,434	8,267	25,701
Customer deposits	395,703	7,765	403,468	393,881	2,479	396,360
Amounts due to holding company and fellow subsidiaries (2)	6,821	16,752	23,573	5,111	15,798	20,909
Derivatives	58	207	265	87	743	830
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	3,164	-	3,164	3,316	-	3,316
Lease liabilities	73	401	474	81	479	560

(1) Amounts due from holding companies and fellow subsidiaries relating to non-financial instruments of £121 million (2024 - £239 million) have been excluded from the table.

(2) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of £91 million (2024 - £66 million) have been excluded from the table.

10 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 the conditions could be fulfilled without considering the probability of the conditions being met. For example, if a structured note automatically prepays when 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 the year end.

The settlement date of debt securities issued by certain securitisation vehicles consolidated by the Group depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of the 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 NWH Group's liquidity position.

Held-for-trading liabilities amounting to £0.4 billion (2024 - £0.7 billion) have been excluded from the tables.

2025	Financial Liabilities					
	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	25,732	232	5,473	225	3,094	-
Customer deposits	367,235	29,117	8,161	14	-	-
Amounts due to holding company and fellow subsidiaries (1)	965	6,420	8,098	6,522	4,948	-
Derivatives held for hedging	71	(5)	95	31	47	1
Other financial liabilities	1,669	1,133	66	758	755	904
Subordinated liabilities	-	10	21	21	52	104
Other liabilities- notes in circulation	3,164	-	-	-	-	-
Lease liabilities	22	61	137	67	159	21
	398,858	36,968	22,051	7,638	9,055	1,030
Guarantees and commitments notional amount (2)						
Guarantees (3)	1,782	-	-	-	-	-
Commitments (4)	113,683	-	-	-	-	-
	115,465	-	-	-	-	-
2024						
Liabilities by contractual maturity up to 20 years						
Bank deposits	13,783	4,198	8,686	-	79	-
Customer deposits	363,767	30,342	2,467	15	-	-
Amounts due to holding company and fellow subsidiaries (1)	2,337	3,301	5,814	8,617	4,577	-
Derivatives held for hedging	121	115	207	173	110	2
Other financial liabilities	1,651	1,594	84	798	202	670
Subordinated liabilities	-	10	21	21	56	104
Other liabilities- notes in circulation	3,316	-	-	-	-	-
Lease liabilities	21	59	163	82	150	94
	384,996	39,619	17,442	9,706	5,174	870
Guarantees and commitments notional amount (2)						
Guarantees (3)	2,097	-	-	-	-	-
Commitments (4)	109,999	-	-	-	-	-
	112,096	-	-	-	-	-

(1) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

(2) Refer to Note 24 Memorandum items – Contingent liabilities and commitments.

(3) NWH Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. NWH Group expects most guarantees it provides to expire unused.

(4) NWH 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. The NWH Group does not expect all facilities to be drawn, and some may lapse before drawdown.

11 Derivatives

NWH Group uses derivatives to manage its own risk such as interest rate, foreign exchange, or credit risk in certain customer transactions.

	2025			2024		
	Notional	Assets	Liabilities	National	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	21.9	244	71	28.3	340	124
Interest rate contracts	586.9	176	191	606.3	1,029	696
Credit derivatives	0.1	-	3	0.4	-	10
Equity and commodity contracts	1.5	-	-	1.5	-	-
Total	610.4	420	265	636.5	1,369	830

Hedge accounting using derivatives

For accounting policy information refer to Accounting policies 3.9 and 3.12.

Refer to Note 31 for amounts due from/to fellow NatWest Group subsidiaries.

NWH 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.

NWH Group's interest rate hedging relates to the management of NWH Group's non-trading structural interest rate risk, caused by the mismatch between fixed interest rates and floating interest rates on its financial instruments. NWH 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 NWH 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 NWH Group and encompass the majority of the hedged item's fair value risk.

NWH Group hedges the exchange rate risk of its net investment in foreign currency denominated operations with currency borrowings and forward foreign exchange contracts.

NWH 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 NWH 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, NWH 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.

NWH 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.

11 Derivatives continued

Derivatives in hedge accounting relationships

Included in the table below are derivatives held for hedging purposes as follows.

	2025				2024				Changes in fair value used for hedge	
	Notional	Changes in fair value used for hedge			Notional	Changes in fair value used for hedge				
		Assets	Liabilities	ineffectiveness (1)		Assets	Liabilities	ineffectiveness (1)		
Fair value hedging										
Interest rate contracts (2)	54.1	552	736	280	52.9	762	1,037	567		
Cash flow hedging										
Interest rate contracts	139.9	787	1,238	468	153.0	1,354	2,675	486		
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		
	201.5	1,528	1,992	732	208.1	2,119	3,714	1,062		
IFRS netting and clearing house settlements		(1,318)	(1,889)				(2,105)	(3,305)		
		210	103				14	409		

(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, £856 million notional (2024 - £748 million) of non-derivative hedging instruments with a carrying value of £850 million (2024 - £748 million) were used in net investment hedges. The non-derivative instruments are other financial liabilities, specifically debt securities in issue.

Hedge ineffectiveness

Hedge ineffectiveness recognised in other operating income comprised.

	2025	2024
	£m	£m
Fair value hedging		
Loss on hedged items attributable to the hedged risk	(290)	(566)
Gain on the hedging instruments	280	567
Fair value hedging ineffectiveness	(10)	1
Cash flow hedging		
Interest rate risk	(15)	(3)
Cash flow hedging ineffectiveness	(15)	(3)
Total	(25)	(2)

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; (fair value hedge);
- Differences in the repricing basis between the hedging instrument and hedged cash flows (cash flow hedge); and
- Upfront present values on the hedging derivatives where hedge accounting relationships have been designated after the trade date (cash flow hedge and fair value hedge).

11 Derivatives continued

Maturity of notional hedging contracts

The following table shows the period in which the notional of hedging contract ends.

2025	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	Over 10 years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Fair value hedging							
Interest rate risk (1)							
Hedging assets	0.9	3.6	15.3	6.3	7.1	2.4	35.6
Hedging liabilities	-	2.1	6.3	5.8	4.3	-	18.5
2024							
Fair value hedging							
Interest rate risk (1)							
Hedging assets	4.0	4.9	9.4	8.5	5.7	2.9	35.4
Hedging liabilities	1.2	0.5	4.0	7.8	4.0	-	17.5
2025							
Cash flow hedging							
Interest rate risk							
Hedging assets	3.7	6.3	15.7	27.6	1.5	-	54.8
Hedging liabilities	10.5	17.6	51.2	4.6	0.8	0.4	85.1
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	10.2	6.7	18.1	28.2	8.6	-	71.8
Hedging liabilities	2.5	17.1	49.7	10.0	1.5	0.4	81.2
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.

Average fixed interest rates

Average fixed rate for cash flow hedges, interest rate risk.

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							
Hedging assets	0.96	2.56	3.47	3.35	2.46	3.12	3.11
Hedging liabilities	4.37	3.76	3.62	3.67	3.71	4.18	3.75
2024							
Average fixed interest rate							
Hedging assets							
Hedging assets	3.97	0.74	2.63	3.48	2.74	3.12	2.99
Hedging liabilities	4.34	4.76	3.96	3.08	3.64	4.18	4.03

Average foreign exchange rate

For cash flow hedging of exchange rate risk, the average foreign exchange rates applicable across the relationships 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	-

11 Derivatives continued

Analysis of hedged items and related hedging instruments

The table below analyses assets and liabilities, including intercompany, subject to hedging derivatives.

	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
2025			
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost (5)	5,030	(369)	77
Other financial assets - securities	30,961	8	(62)
Total (3)	35,991	(361)	15
Other financial liabilities - debt securities in issue	13,638	(261)	(222)
Subordinated liabilities	4,963	(14)	(83)
Total	18,601	(275)	(305)
2024			
Fair value hedging - interest rate (2)			
Loans to banks and customers - amortised cost (5)	4,771	(468)	(169)
Other financial assets - securities	30,476	103	(257)
Total (3)	35,247	(365)	(426)
Other financial liabilities - debt securities in issue	12,890	(496)	(77)
Subordinated liabilities	4,463	(96)	(63)
Total	17,353	(592)	(140)
2025			
Cash flow hedging - interest rate			
Loans to banks and customer - amortised cost (4)	54,301		(1,226)
Other financial assets - securities	515		(11)
Total	54,816		(1,237)
Bank and customer deposits	85,080		754
Total	85,080		754
Cash flow hedging - exchange rate			
Loans to banks and customer - amortised cost (4)	4,455		-
Other financial assets - securities	2,586		-
Total	7,041		-
Other	210		5
Total	210		5
2024			
Cash flow hedging - interest rate			
Loans to banks and customer - amortised cost (4)	70,669		(99)
Other financial assets - securities	1,112		(2)
Total	71,781		(101)
Bank and customer deposits	81,267		(388)
Total	81,267		(388)
Cash flow hedging - exchange rate			
Loans to banks and customer - amortised cost (4)	223		-
Other financial assets - securities	1,598		-
Total	1,821		-
Other	195		-
Total	195		-

(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) Carrying values include £71 million (2024 - £95 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.

11 Derivatives continued

Analysis of cash flow and foreign exchange hedge reserve

The following table shows an analysis of the pre-tax cash flow hedge reserve and foreign exchange hedge reserve.

	2025		2024		Foreign exchange hedge reserve £m
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	
		Foreign exchange hedge reserve £m		Foreign exchange hedge reserve £m	
Continuing					
Interest rate risk	(388)	-	(1,135)	-	
Foreign exchange risk	(4)	(14)	(1)	10	
De-designated					
Interest rate risk	(432)	-	(423)	-	
Foreign exchange risk	-	9	-	28	
Total	(824)	(5)	(1,559)	38	
	2025		2024		Foreign exchange hedge reserve £m
	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	Cash flow hedge reserve £m	Foreign exchange hedge reserve £m	
		Foreign exchange hedge reserve £m		Foreign exchange hedge reserve £m	
Amount recognised in equity					
Interest rate risk	41	-	(634)	-	
Foreign exchange risk	101	(43)	101	52	
Total	142	(43)	(533)	52	
Amount transferred from equity to earnings					
Interest rate risk to net interest income	687	-	1,188	-	
Interest rate risk to non interest income	12	-	-	-	
Foreign exchange risk to net interest income	(112)	-	(107)	-	
Foreign exchange risk to operating expenses	8	-	5	-	
Total	595		1,086		

12 Loan impairment provisions

Loan exposure and impairment metrics

The table below summarises loans and related credit impairment measures within the scope of ECL framework.

	2025 £m	2024 £m
Loans - amortised cost		
Stage 1	345,562	328,885
Stage 2	38,198	39,821
Stage 3	4,586	5,737
Inter-group (1)	39	66
Total	388,385	374,509
ECL provisions (2)		
Stage 1	578	562
Stage 2	785	776
Stage 3	2,126	1,980
Inter-group (1)	-	-
Total	3,489	3,318
ECL provision coverage (3)		
Stage 1 (%)	0.17	0.17
Stage 2 (%)	2.06	1.95
Stage 3 (%)	46.36	34.51
Inter-group (%) (1)	-	-
Total	0.90	0.89
Continuing operations		
Impairment (releases)/losses		
ECL (release)/charge (4)		
Third party	676	374
Inter-group	-	(1)
Total	676	373
Amounts written off	570	649

(1) NWH Group's intercompany assets were classified in Stage 1.

(2) Includes £3 million (2024 – £4 million) related to assets at FVOCI.

(3) ECL provisions coverage is calculated as total ECL provisions divided by third party loans – amortised cost and FVOCI.

(4) Includes a £7 million charge (2024 – £10 million charge) related to other financial assets, of which £1 million charge (2024 – £4 million charge) related to assets at FVOCI, and a £3 million charge (2024 – £4 million release) related to contingent liabilities.

(5) The table above 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 £55.2 billion and debt securities of £52.4 billion (2024 – £61.4 billion and £39.1 billion respectively).

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 2.3 sets out how the expected loss approach is applied. At 31 December 2025, impairment provisions amounted to £3,489 million (2024 – £3,318 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 models

Refer to Credit risk – IFRS 9 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.

13 Other financial assets

2025	Debt securities									Total £m	
	Central and local government			Other debt £m	Total £m	Equity shares £m	Loans £m	Settlement balances £m			
	UK £m	US £m	Other £m								
Mandatory fair value through profit or loss	-	-	-	-	-	-	425	-	-	425	
Fair value through other comprehensive income	10,525	1,497	5,404	12,677	30,103	4	60	-	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	4	485	2	52,910		
2024											
Mandatory fair value through profit or loss	-	-	-	-	-	2	781	-	783		
Fair value through other comprehensive income	10,711	1,942	5,357	11,308	29,318	4	15	-	29,337		
Amortised cost	2,587	-	68	7,004	9,659	-	-	42	9,701		
Total	13,298	1,942	5,425	18,312	38,977	6	796	42	39,821		

For accounting policy information refer to Accounting policy 3.9.

14 Intangible assets

	2025			2024		
	Goodwill £m	Other (1) £m	Total £m	Goodwill £m	Other (1) £m	Total £m
Cost						
At 1 January	9,677	4,634	14,311	9,677	4,330	14,007
Currency translation and other adjustments	-	44	44	-	(71)	(71)
Additions	-	596	596	-	588	588
Disposals and write-off of fully amortised assets	-	(7)	(7)	-	(213)	(213)
At 31 December	9,677	5,267	14,944	9,677	4,634	14,311
Accumulated amortisation and impairment						
At 1 January	4,458	2,829	7,287	4,457	2,490	6,947
Currency translation and other adjustments	-	54	54	-	(30)	(30)
Disposals and write-off of fully amortised assets	-	(5)	(5)	-	(201)	(201)
Amortisation charge for the year	-	669	669	-	550	550
Impairment of intangible assets	-	4	4	1	20	21
At 31 December	4,458	3,551	8,009	4,458	2,829	7,287
Net book value at 31 December	5,219	1,716	6,935	5,219	1,805	7,024

(1) Principally consists of internally generated software.

Intangible assets and goodwill are reviewed for indicators of impairment. Intangible assets were impaired by £4 million in 2025 (2024 - £21 million).

NatWest Holdings Group's goodwill acquired in business combinations is reviewed for impairment annually at 31 December by cash-generating unit (CGU): Retail Banking £2,607 million (2024 - £2,607 million), Ring-fenced bank Commercial & Institutional £2,604 million (2024 - £2,604 million); Other £9 million (2024 - £9 million). Analysis by reportable segment is in Note 4 Segmental analysis.

Impairment testing involves the comparison of the carrying value of each CGU with its recoverable amount. The carrying values of the segments reflect the equity allocations made by management, which are consistent with the Group's capital targets.

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% for Retail, 16.9% for C&I RFB and Private, 2024 - 16% for all CGUs.

For accounting policy information refer to Accounting policies 3.4 and 3.5.

15 Other assets

	2025	2024
	£m	£m
Property, plant and equipment (Note 16)	3,982	3,643
Pension schemes in net surplus (Note 5)	47	42
Tax recoverable	36	7
Deferred tax (Note 7)	1,066	1,679
Assets of disposal groups	60	64
Other assets	1,488	1,424
	6,679	6,859

16 Property, plant and equipment

2025	Investment properties	Property, plant and equipment	Operating leases	Total
	£m	£m	£m	£m
Cost or valuation				
At 1 January	938	6,560	935	8,433
Transfers to disposal groups	-	(117)	-	(117)
Transfers from/(to) fellow subsidiaries	-	-	-	-
Currency translation and other adjustments (1)	51	5	-	56
Additions	400	318	110	828
Disposals and write-off of fully depreciated assets	(16)	(373)	(162)	(551)
At 31 December	1,373	6,393	883	8,649
Accumulated impairment, depreciation and amortisation				
At 1 January	-	4,299	491	4,790
Transfers to disposal groups	-	(88)	-	(88)
Currency translation and other adjustments (2)	-	16	-	16
Disposals and write-off of fully depreciated assets	-	(344)	(124)	(468)
Charge for the year	-	264	94	358
Impairment of property, plant and equipment	-	59	-	59
At 31 December	-	4,206	461	4,667
Net book value at 31 December	1,373	2,187	422	3,982
 2024				
Cost or valuation				
At 1 January	971	6,680	1,074	8,725
Transfers to disposal groups	-	(216)	-	(216)
Transfers from/(to) fellow subsidiaries	-	3	-	3
Currency translation and other adjustments (1)	(90)	(73)	-	(163)
Additions	69	376	118	563
Disposals and write-off of fully depreciated assets	(12)	(210)	(257)	(479)
At 31 December	938	6,560	935	8,433
Accumulated impairment, depreciation and amortisation				
At 1 January	-	4,281	575	4,856
Transfers to disposal groups	-	(108)	-	(108)
Currency translation and other adjustments (2)	-	(31)	-	(31)
Disposals and write-off of fully depreciated assets	-	(185)	(189)	(374)
Charge for the year	-	269	105	374
Impairment of property, plant and equipment	-	73	-	73
At 31 December	-	4,299	491	4,790
Net book value at 31 December	938	2,261	444	3,643

(1) Currency translation and other adjustments includes fair value adjustment in investment properties of £5 million (2024 - £5 million).

(2) Other adjustments include the effect of the purchase of freeholds for properties where NWH Group was the primary leaseholder.

16 Property, plant and equipment continued

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 purpose of year end valuations.

For accounting policy information refer to Accounting policies 3.5 and 3.6.

17 Other financial liabilities

	2025 £m	2024 £m
Debt securities in issue		
- covered bonds	749	749
- commercial paper and certificates of deposit	2,736	2,623
- securitisation	1,663	1,175
Customer deposits including repos	68	284
Bank deposits	107	168
Settlement balances	10	-
Total	5,333	4,999

For accounting policy information refer to Accounting policies 3.9 and 3.11.

18 Subordinated liabilities

	2025 £m	2024 £m
Undated loan capital	3	3
Preference shares (2)	119	119
Total	122	122

(1) The table above excludes amounts due to holding company and fellow subsidiaries of £4,965 million (2024 - £4,542 million). Refer to Note 6 to Parent company financial statements and notes for further details.

(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.

	Capital treatment	2025 £m	2024 £m
Undated loan capital			
Other subsidiaries	Other notes	Tier 2	3
		3	3
Preference shares			
NatWest Bank Plc			
£140 million	Non-cumulative preference shares of £1	Not applicable	119
		119	119
		122	122

For accounting policy information refer to Accounting policies 3.9 and 3.11.

19 Other liabilities

	2025 £m	2024 £m
Lease liabilities	474	560
Provisions for liabilities and charges	522	700
Retirement benefit liabilities (Note 5)	50	41
Accruals	1,146	1,126
Deferred income	317	313
Current tax	154	332
Deferred tax (Note 7)	84	94
Acceptances	361	385
Other liabilities	387	460
Total	3,495	4,011

Provisions for liabilities and charges	Redress and other litigation (2) £m		Financial commitments and guarantees £m		Other (1) £m	Total £m
	Property £m	Redress and other litigation (2) £m	Financial commitments and guarantees £m	Other (1) £m		
At 1 January 2025	431	77	50	142	700	
Expected credit losses impairment release	-	-	2	-	-	2
Currency translation and other movements	2	-	-	1	-	3
Charge to income statement	80	26	-	202	-	308
Release to income statement	(41)	(20)	-	(41)	(102)	
Provisions utilised	(177)	(19)	-	(193)	(389)	
At 31 December 2025	295	64	52	111	522	

(1) Other materially comprises provisions relating to restructuring costs and provision for Bank of England Levy.

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 3.13.

Background information on all material provisions is given in Note 24.

20 Share capital and reserves

	2025 £m	2024 £m	Number of shares	
			2025 000s	2024 000s
Allotted, called up and fully paid				
Ordinary shares of £1	3,263	3,263	3,263,386	3,263,386

Ordinary shares

No ordinary shares were issued during 2025 or 2024.

In 2025, NWH Ltd paid ordinary dividends of £3.8 billion to NatWest Group plc (2024 – £3.1 billion).

Paid-in equity

Comprises equity instruments issued by NWH Ltd other than those legally constituted as shares.

Additional Tier 1 instruments issued by NWH Ltd having the legal form of debt are classified as equity under IFRS. The coupons on these instruments are non-cumulative and payable at NWH Ltd's discretion.

Reserves

NWH Ltd optimises capital efficiency by maintaining reserves in subsidiaries, including regulated entities. Certain preference shares and paid-in equity instruments are also included within regulatory capital. The remittance of reserves to NatWest Group plc 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 3.11.

	2025 £m	2024 £m
Additional Tier 1 instruments		
US\$2,000 million 5.4697% instruments callable February 2024	-	1,186
£1,000 million 6.8543% instruments callable May 2027	1,000	1,000
£400 million 3.9438% instruments callable March 2028	400	400
US\$750 million 4.3517% instruments callable June 2031	541	541
£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	-	798
£500 million 7.625% instruments callable September 2035	500	-
	3,681	3,925

Capital recognised for regulatory purposes cannot be redeemed without Prudential Regulation Authority consent. This includes ordinary shares and Additional Tier 1 instruments.

21 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.

NWH 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, NWH Group undertakes own-asset securitisations to transfer the credit risk on portfolios of financial assets. In 2025 NWH Group transacted an own-asset RMBS via a sponsored unconsolidated SE, resulting in £2.1bn of residential mortgage assets being derecognised from the NWH Group balance sheet.

Other credit risk transfers securitisations

NWH Group transfers credit risk on originated loans and mortgages without the transfer of the assets to a SE. As part of this, NWH 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 £43 million (2024 - £43 million) as a result of financial guarantee contracts with consolidated SEs.

Covered bond programme

Certain loans to banks and customers have been assigned to bankruptcy remote limited liability partnerships to provide security for issues of debt securities by NWH Group. NWH Group retains all of the risks and rewards of these loans. The partnerships are consolidated by NWH Group, the loans retained on NWH Group's balance sheet and the related covered bonds included within debt securities in issue of the NWH Group. At 31 December 2025, £7,083 million (2024 - £8,323 million) of loans to customers have been assigned to bankruptcy remote limited liability partnership to provide security for issue of debt securities by NWH Group of £749 million (2024 - £749 million).

The nature and extent of NWH Group's interests in unconsolidated structured entities is summarised below.

	2025			2024		
	Asset-backed securitisation vehicles £m	Investment funds and other £m	Total £m	Asset-backed securitisation vehicles £m	Investment funds and other £m	Total £m
Assets						
Loans to customers	992	569	1,561	445	474	919
Other financial assets	5,695	-	5,695	3,601	-	3,601
Total	6,687	569	7,256	4,046	474	4,520
Off balance sheet						
Liquidity facilities/loan commitments	247	142	389	145	83	228
Guarantees	-	-	-	-	11	11
Total	247	142	389	145	94	239
Maximum exposure	6,934	711	7,645	4,191	568	4,759

Lending of own issued securities

Where the NWH Group issues and retains debt securities it does not recognise them. From time to time the NWH 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. NWH 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 NWH Group, and which are established either by NWH 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 NWH 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 NWH Group, provision of lending and loan commitments, financial guarantees and investment management agreements. NWH 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. NWH 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 NWH 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.

22 Asset transfers and collateral received

Transfers that do not qualify for derecognition

NWH 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 the NWH 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.

	2025 £m	2024 £m
The following assets have failed derecognition (1)		
Loans to bank - amortised cost	29	70
Loans to customers - amortised cost	110	45
Other financial assets	15,004	8,984
Total	15,143	9,099

(1) Associated liabilities were £14,920 million (2024 - £8,103 million).

Assets pledged as collateral

NWH 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 NWH Group retains exposure to the significant risks and rewards of the transferred collateral it is not derecognised from the NWH Group balance sheet and continues to be disclosed within either Trading Assets, Loans to Customers or Other Financial Assets.

	2025 £m	2024 £m
Assets pledged against liabilities		
Loans to customers - amortised cost	16,052	19,030
Other financial assets (1)	842	534
Total	16,894	19,564

(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.

As part of the covered bond programme £7,083 million of loans to customers (2024 - £8,323 million) have been transferred to a bankruptcy remote limited liability partnership within NWH Group to provide collateral for issues of debt securities by the NWH Group of £749 million (2024 - £749 million). Refer to Note 21.

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 NWH 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).

NWH 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.

23 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 £m	2024 £m
Shareholders' equity (excluding non-controlling interests)		
Shareholders' equity	34,486	32,669
Other equity instruments	(3,681)	(3,925)
	30,805	28,744
Regulatory adjustments and deductions		
Defined benefit pension fund adjustment	(46)	(36)
Cash flow hedging reserve	292	793
Deferred tax assets	(671)	(1,001)
Prudential valuation adjustments	(20)	(28)
Goodwill and other intangible assets	(6,879)	(6,980)
Foreseeable dividends	(3,031)	(1,938)
Adjustment for trust assets (1)	(365)	(365)
Adjustment under IFRS 9 transition arrangements	-	38
Excess of expected losses over impairment provisions	(79)	-
	(10,799)	(9,517)
CET1 capital	20,006	19,227
Additional Tier 1 (AT1) capital		
Qualifying instruments and related share premium	3,681	3,925
AT1 Capital	3,681	3,925
Tier 1 capital	23,687	23,152
Qualifying Tier 2 capital		
Qualifying instruments and related share premium	4,902	4,504
Tier 2 Capital	4,902	4,504
Total regulatory capital	28,589	27,656

(1) Prudent deduction in respect of agreement with the pension fund to establish legal structure to remove dividend linked contribution. Refer to Notes 5 and 32 in the NatWest Group 2025 Annual Report and Accounts.

In the management of capital resources, NWH Ltd 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%.

NWH Ltd has complied with the PRA's capital requirements throughout the year.

A number of subsidiaries and sub-groups within NWH 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.

24 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 NWH 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 NWH Group's expectation of future losses.

	2025 £m	2024 £m
Contingent liabilities and commitments		
Guarantees	1,782	2,097
Other contingent liabilities	1,513	1,457
Standby facilities, credit lines and other commitments	117,732	111,400
Total	121,027	114,954

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. NWH 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 NWH Group's normal credit approval processes.

Guarantees - NWH Group gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Group will meet a customer's specified obligations to a third party if the customer fails to do so. The maximum amount that NWH Group could be required to pay under a guarantee is its principal amount as disclosed in the table above. The 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 NWH 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 NWH 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.

Capital Support Deed

NWH Group, together with certain other subsidiaries of NatWest Holdings Limited, is party to a Capital Support Deed (CSD). Under the terms of the CSD, NWH Group 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 NWH Group's capital resources in excess of the capital and financial resources needed to meet its regulatory requirements. NWH Group 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 NWH Group from other parties to the CSD becomes immediately repayable, such repayment being limited to NWH Group'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.

	2025 £m	2024 £m
Capital expenditure on other property, plant and equipment	10	13
Contracts to purchase goods or services (1)	1,188	1,160
	1,198	1,173

(1) Of which due within 1 year: £477 million (2024 - £356 million).

24 Memorandum items continued

Trustee and other fiduciary activities

In its capacity as trustee or other fiduciary role, the NWH 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 the NWH Group's financial statements. The NWH Group earned fee income of £266 million (2024 - £236 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

NatWest Holdings Limited and its subsidiary and associated undertakings ('NWH 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.

NWH 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 NWH 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. NWH 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 NWH 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 NWH 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 NWH 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. NWH Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWH Group will be necessary, in amounts that are expected to be substantial in some instances. Refer to Note 19 for information on material provisions.

Matters which are, or could be, material, either individually or in aggregate, having regard to NWH Group, considered as a whole, in which NWH 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.

Litigation

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.

Regulatory matters

NWH 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. NWH 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

24 Memorandum items continued

applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes. NWH 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 NWH Group, remediation of systems and controls, public or private censure, restriction of NWH 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 NWH 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.

NWH 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.

Review and investigation of treatment of tracker mortgage customers in Ulster Bank Ireland DAC

In December 2015, correspondence was received from the Central Bank of Ireland setting out an industry examination framework in respect of the sale of tracker mortgages from approximately 2001 until the end of 2015.

The redress and compensation process has now largely concluded, although a small number of cases remain outstanding relating to uncontactable customers.

Ulydien (formerly UBIDAC) customers have lodged tracker mortgage complaints with the Financial Services and Pensions Ombudsman (FSPO). UBIDAC challenged three FSPO adjudications in the Irish High Court. In June 2023, the High Court found in favour of the FSPO in all matters. UBIDAC appealed that decision to the Court of Appeal.

In September 2024, the Court of Appeal allowed UBIDAC's appeal and set aside certain findings of the FSPO. The Court of Appeal directed one aspect of the FSPO decisions to be remitted to the FSPO for its consideration following an oral hearing.

Decisions are awaited from the FSPO in respect of these cases.

Other customer remediation in Ulster Bank Ireland DAC

Ulydien identified other legacy issues leading to the establishment of remediation requirements, and progress is ongoing to conclude activities.

25 Analysis of the net investment in business interests and intangible assets

	2025 £m	2024 £m
Cash received/(paid) for the assets and liabilities purchased	244	(2,296)
Net inflow/(outflow) of cash in respect of purchases	244	(2,296)
Disposal of net assets and liabilities	-	1,003
Loss on disposal of net assets and liabilities	-	(8)
Net inflow of cash in respect of disposals	-	995
Dividend received from associate	-	1
Net cash expenditure on intangible assets	(596)	(588)
Net (outflow) of cash	(352)	(1,888)

26 Non-cash and other items

This note shows non-cash items adjusted for in the cash flow statement and movement in operating assets and liabilities.

	2025 £m	2024 £m
Impairment losses	676	373
Depreciation and amortisation	1,089	1,015
Change in fair value taken to profit or loss on other financial assets	58	274
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	891	154
Elimination of foreign exchange differences	(591)	569
Other non-cash items	659	1,113
Income receivable on other financial assets	(1,958)	(1,339)
Loss on sale of other financial assets	7	20
Gain on sale of other assets and net assets and liabilities	(7)	(23)
Interest payable on MRELs and subordinated liabilities	750	704
Gain on redemption of own debt	-	(2)
Charges and releases of provisions	206	308
Defined benefit pension schemes	99	100
Share of profit of associates	(1)	-
Non-cash and other items	1,878	3,266
Change in operating assets and liabilities		
Change in derivative assets	1,091	(763)
Change in loans to banks	(550)	296
Change in loans to customers	(11,005)	(11,129)
Change in amounts due from holding company and fellow subsidiaries	398	(397)
Change in other financial assets	369	(80)
Change in other assets	(56)	46
Change in assets of disposal groups	-	106
Change in bank deposits	8,180	6,622
Change in customer deposits	4,448	4,906
Change in amounts due to holding company and fellow subsidiaries	1,358	(1,267)
Change in derivative liabilities	(565)	(424)
Change in other financial liabilities	334	(4,013)
Change in notes in circulation	(152)	79
Change in other liabilities	(680)	(875)
Change in operating assets and liabilities	3,170	(6,893)

27 Analysis of changes in financing during the year

	Called-up share capital and paid-in equity		Subordinated liabilities (1)		MREL instruments (2)	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
At 1 January	7,188	6,945	4,585	4,843	13,291	11,399
Issued	1,741	799	830	1,146	2,149	3,377
Redeemed	(1,985)	(559)	(500)	(1,374)	(1,239)	(1,587)
Interest paid	-	-	(212)	(234)	(1,080)	(423)
Net cash flows from financing activities	(244)	240	118	(462)	(170)	1,367
Effects of foreign exchange			68	(79)	(324)	(48)
Changes in fair value			83	45	808	109
Interest payable			231	240	519	464
Loss on redemption of own debt			-	(2)	-	-
Other	-	3	-	-	-	-
At 31 December	6,944	7,188	5,085	4,585	14,124	13,291

(1) Subordinated liabilities include intercompany subordinated liabilities.

(2) MREL balances are included in amounts due to holding company and fellow subsidiaries.

28 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.

	2025 £m	2024 £m
Cash and balances at central banks	56,187	62,501
Other financial assets (1)	18	2
Loans to banks including intragroup balances	3,338	2,914
Cash and cash equivalents	59,543	65,417

(1) Includes cash collateral posted with bank counterparties in respect of derivative liabilities of £18 million (2024 - £2 million).

29 Directors' and key management remuneration

The executive and non-executive directors of NWH Ltd are aligned with its sub-group's boards (NWB Plc, RBS plc and UBL). The directors were remunerated for their services to NWH Group as a whole and NWH Ltd did not remunerate them, nor could their remuneration be apportioned, in respect of their services to these subsidiaries.

	2025 £000	2024 £000
Directors' remuneration		
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 NatWest Group's long-term incentive plans, executive share option and sharesave schemes. Where directors of NWH Ltd 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 £000	2024 £000
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.

30 Transactions with directors and key management

For the purposes of IAS 24 Related Party Disclosures, key management comprises directors of NWH Ltd and members of the NWH Ltd 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 ultimate holding company.

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 £000	2024 £000
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 NWH Group, as defined in UK legislation, were £2,594,679 in respect of loans to seven persons who were directors of NWH Ltd at any time during the financial period (2024 - £2,581,500).

31 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%.

NWH 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 levy; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

Bank of England facilities

NWH 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.

NWH Group provides guarantees for certain subsidiaries liabilities to the Bank of England.

Other related parties

- (a) In accordance with IAS 24, transactions or balances between NWH 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, NWH 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, NWH 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.

	Associates and joint ventures	Equity shares (1)	Total
	£m	£m	£m
31 December 2025			
Investments	2	-	2
Loans to customers - amortised cost	-	4	4
Customer deposits	1	-	1
Other operating income	1	-	1
31 December 2024			
Investments	1	-	1
Loans to customers - amortised cost	-	4	4
Customer deposits	1	1	2
Other operating income	(2)	-	(2)

(1) Investments in entities where ownership is more than 10%.

Post employment benefits

NatWest Group recharges NatWest Group Pension Fund with the cost of pension management services incurred by it.

31 Related parties continued

Holding company and fellow subsidiaries

Transactions NWH Group enters with its holding company and fellow subsidiaries also meet the definition of related party transactions. The table below discloses transactions between NWH Group and subsidiaries of NatWest Group.

	2025			2024		
	Holding company	Fellow subsidiaries	Total	Holding company	Fellow subsidiaries	Total
	£m	£m	£m	£m	£m	£m
Interest receivable	8	3	11	11	10	21
Interest payable	(875)	(305)	(1,180)	(584)	(783)	(1,367)
Fees and commissions receivable	-	63	63	-	59	59
Fees and commissions payable	-	(49)	(49)	-	(46)	(46)
Other operating income (1)	34	812	846	37	665	702
Other administration expenses (2)	-	(189)	(189)	-	(146)	(146)
Impairment releases	-	-	-	-	1	1
	(833)	335	(498)	(536)	(240)	(776)

(1) Includes internal service recharges of £846 million (2024 - £702 million).

(2) Other administration expense relates to profit share arrangement with fellow NatWest Group subsidiaries that commenced in 2023. The profit share arrangement was introduced to reward NWH 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/to the holding company and fellow subsidiaries.

	2025			2024		
	Holding company	Fellow subsidiaries	Total	Holding company	Fellow subsidiaries	Total
	£m	£m	£m	£m	£m	£m
Assets						
Loans to banks - amortised cost	-	32	32	-	55	55
Loans to customers - amortised cost	-	8	8	4	8	12
Other financial assets	66	8	74	338	2	340
Other assets	26	95	121	123	116	239
Amounts due from holding companies and fellow subsidiaries	92	143	235	465	181	646
Derivatives (1)	48	33	81	72	67	139
Liabilities						
Bank deposits	-	320	320	-	384	384
Customer deposits	4,089	49	4,138	2,707	37	2,744
Other financial liabilities	28	-	28	-	27	27
Subordinated liabilities	4,963	-	4,963	4,463	-	4,463
MREL instruments issued to NatWest Group plc	14,124	-	14,124	13,291	-	13,291
Other liabilities	24	67	91	1	65	66
Amounts due to holding company and fellow subsidiaries	23,228	436	23,664	20,462	513	20,975
Derivatives (1)	85	40	125	401	46	447

(1) Intercompany derivatives are included within derivative classification on the balance sheet.

32 Holding company

NWH Group's holding company is NatWest Group plc which is incorporated in the United Kingdom and registered in Scotland.

As at 31 December 2025, NatWest Group plc heads the largest group in which NWH 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.

33 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.

Parent company financial statements and notes

Balance sheet as at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Derivatives		68	269
Loans to banks - amortised cost		1	-
Amounts due from holding company and fellow subsidiaries	3	20,073	18,523
Investment in group undertakings	7	42,320	42,366
Other assets		-	13
Total assets		62,462	61,171
Liabilities			
Amounts due to holding company and fellow subsidiaries	3	19,344	18,052
Derivatives		179	485
Other liabilities		24	5
Total liabilities		19,547	18,542
Owners' equity		42,915	42,629
Total liabilities and equity		62,462	61,171

Owners' equity of NWH Ltd as at 31 December 2025 includes the profit for the year of £4,495 million (2024 - £6,665 million).

As permitted by section 408(3) of the Companies Act 2006, the primary financial statements of the parent company do not include an income statement or a statement of comprehensive income.

The accompanying notes on pages 154 to 162 form an integral part of these financial statements.

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

NatWest Holdings Limited
Registered No. 10142224

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

	2025	2024
	£m	£m
Called-up share capital - at 1 January and 31 December	3,263	3,263
Paid-in equity - at 1 January	3,925	3,682
Redeemed	(1,985)	(556)
Issued	1,741	799
At 31 December	3,681	3,925
Retained earnings - at 1 January	35,441	32,157
Profit attributable to ordinary shareholders and other equity owners	4,495	6,665
Paid-in equity dividends paid	(280)	(241)
Ordinary dividends paid	(3,759)	(3,137)
Redemption of paid-in equity	74	(3)
At 31 December	35,971	35,441
Owners' equity at 31 December	42,915	42,629
Total equity at 31 December	42,915	42,629
Attributable to:		
Ordinary shareholders	39,234	38,704
Paid-in equity holders	3,681	3,925
	42,915	42,629

Cash flow statement for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Operating profit before tax		4,518	6,652
Adjustments for:			
Non-cash and other items	8	(3,799)	(6,300)
Change in operating assets and liabilities	8	(363)	(2,688)
Income taxes received		9	37
Net cash flows from operating activities (1)		365	(2,299)
Cash flows from investing activities			
Additional investments in Group undertakings		(1,895)	(799)
Disposals of investments in Group undertakings		1,877	-
Dividends received from subsidiaries		4,598	4,187
Net cash flows from investing activities		4,580	3,388
Cash flows from financing activities			
Issue of paid-in equity		1,741	799
Redemption of paid-in equity		(1,911)	(559)
Issue of subordinated liabilities		830	1,146
Redemption of subordinated liabilities		(500)	(1,376)
Interest paid on subordinated liabilities		(201)	(222)
Issue of MRELS		604	2,071
Redemption of MRELS assets		-	2,100
Redemption of MRELS liabilities		(1,239)	(1,587)
Interest paid on MRELS		(194)	(101)
Dividends paid		(4,039)	(3,378)
Net cash flows from financing activities		(4,909)	(1,107)
Effects of exchange rate changes on cash and cash equivalents		(3)	(2)
Net increase/(decrease) in cash and cash equivalents		33	(20)
Cash and cash equivalents at 1 January		244	264
Cash and cash equivalents at 31 December (2)		277	244

(1) Includes interest received of £408 million (2024 - £418 million) and interest paid of £433 million (2024 - £496 million).

(2) 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.

1 Presentation of financial statements

The accounting policies applied to the parent company financial statements are the same as those applied in the consolidated financial statements except investment in group undertaking (subsidiaries) are stated at cost less impairment and that it has no policy regarding consolidation.

The directors have prepared the financial statements on a going concern basis based on the directors' assessment that the parent company will continue in operational existence for a period of twelve months from the date the financial statements are approved (refer to the Report of the directors).

2 Critical accounting policies and sources of estimation uncertainty

The reported results of the parent company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The judgements and assumptions involved in the parent company's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are those involved in assessing the impairment, if any, in its investment in group undertakings, refer to Note 7.

3 Financial instruments - classification

The following tables analyse NWH Ltd's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9. Instruments held at fair value are held within level 2 of the fair value hierarchy for both periods. Refer to Note 9 to the consolidated financial statements for information on the valuation of fair value instruments.

Assets	MFVTPL £m	Amortised cost £m		Other assets £m	Total £m
		68	1		
Derivatives (1)	68	1	-	-	68
Loans to banks - amortised cost		1	-	-	1
Amounts due from holding company and fellow subsidiaries	9,525	10,548	-	-	20,073
Investment in group undertakings			42,320	42,320	
Other assets			-	-	-
31 December 2025	9,593	10,549	42,320	42,320	62,462

Derivatives (1)	269			269
Loans to banks - amortised cost		-		-
Amounts due from holding company and fellow subsidiaries	8,233	10,290	-	18,523
Investment in group undertakings			42,366	42,366
Other assets			13	13
31 December 2024	8,502	10,290	42,379	61,171

Liabilities	Held-for-trading £m	Amortised cost £m		Other liabilities £m	Total £m
		DFV £m	9,459		
Amounts due to holding company and fellow subsidiaries	-	9,459	9,880	5	19,344
Derivatives (1)	179				179
Other liabilities	-			24	24
31 December 2025	179	9,459	9,880	29	19,547
Amounts due to holding company and fellow subsidiaries	-	7,971	10,077	4	18,052
Derivatives (1)	485				485
Other liabilities	-			5	5
31 December 2024	485	7,971	10,077	9	18,542

(1) Includes net hedging derivatives assets of £13 million (2024 - £28 million) and net hedging derivative liabilities of £120 million (2024 - £209 million).

For accounting policy information refer to Accounting policies 3.9, 3.10 and 3.11.

3 Financial instruments – classification continued

The following table shows amounts due to/from fellow group companies.

	2025				2024			
	Holding companies	Fellow subsidiaries	Subsidiaries	Total	Holding companies	Fellow subsidiaries	Subsidiaries	Total
Assets	£m	£m	£m	£m	£m	£m	£m	£m
Loans to banks - amortised cost	-	-	10,548	10,548	-	-	10,290	10,290
Loans to customers - amortised cost	-	-	-	-	-	-	-	-
Other financial assets	66	-	9,459	9,525	260	2	7,971	8,233
Other assets	-	-	-	-	-	-	-	-
Amounts due from holding company and fellow subsidiaries	66	-	20,007	20,073	260	2	18,261	18,523
Derivatives (1)	19	-	49	68	65	3	201	269
Liabilities								
Other financial liabilities - subordinated liabilities	4,965	-	-	4,965	4,542	-	-	4,542
MREL instruments issued to NatWest Group plc	14,375	-	-	14,375	13,506	-	-	13,506
Other liabilities	-	-	4	4	-	-	4	4
Amounts due to holding company and fellow subsidiaries	19,340	-	4	19,344	18,048	-	4	18,052
Derivatives (1)	84	-	95	179	319	5	161	485

(1) Intercompany derivatives are included within derivative classification on the balance sheet.

4 Financial instruments - fair value of financial instruments measured at amortised cost

The following table shows the carrying value and fair value of financial instruments measured at amortised cost on the balance sheet.

	Carrying value £bn	Fair value £bn	Fair value hierarchy level			
			Level 2 £bn	Level 3 £bn		
2025						
Financial assets						
Amounts due from holding company and fellow subsidiaries	10.5	10.6	10.6	-		
Financial liabilities						
Amounts due to holding company and fellow subsidiaries	9.9	10.1	10.1	-		
2024						
Financial assets						
Amounts due from holding company and fellow subsidiaries	10.3	10.3	4.3	6.0		
Financial liabilities						
Amounts due to holding company and fellow subsidiaries	10.1	10.1	10.1	-		

5 Financial instruments - maturity analysis

Remaining maturity

The following table shows the residual maturity of financial instruments, based on contractual date of maturity.

	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						
Derivatives	4	64	68	-	269	269
Loans to banks - amortised cost	1	-	1	-	-	-
Amounts due from holding company and fellow subsidiaries	5,868	14,205	20,073	6,382	12,141	18,523
Liabilities						
Amounts due to holding company and fellow subsidiaries	2,359	16,981	19,340	1,965	16,083	18,048
Derivatives	-	179	179	5	480	485

(1) Amounts due to holding companies and fellow subsidiaries relating to non-financial instruments of £4 million (2024 - £4 million) have been excluded from the table.

Assets and liabilities by contractual cash flow maturity

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
Assets by contractual maturity						
Derivatives held for hedging	(4)	6	1	10	-	-
Amounts due from holding company and fellow subsidiaries (1)	401	5,498	428	428	5,637	-
	397	5,504	429	438	5,637	-
Liabilities by contractual maturity						
Amounts due to holding company and fellow subsidiaries (2)	213	2,647	8,098	6,522	4,948	-
Derivatives held for hedging	51	(14)	52	11	27	-
	264	2,633	8,150	6,533	4,975	-
2024						
Assets by contractual maturity						
Derivatives held for hedging	(15)	16	12	6	14	-
Amounts due from holding company and fellow subsidiaries (1)	360	5,928	391	391	4,474	585
	345	5,944	403	397	4,488	585
Liabilities by contractual maturity						
Amounts due to holding company and fellow subsidiaries (2)	1,470	986	5,814	8,617	4,577	-
Derivatives held for hedging	55	7	82	43	39	-
	1,525	993	5,896	8,660	4,616	-

For further information on the timing of cash flows to settle financial liabilities, refer to Note 11 to the consolidated financial statements.

(1) Amounts due from holding company and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

(2) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

6 Subordinated liabilities

Amounts due to the holding company and fellow subsidiaries include £4,965 million (2024 - £4,542 million) of subordinated liabilities.

The following tables analyse these intercompany subordinated liabilities:

For accounting policy information refer to Accounting policies 3.9 and 3.11.

Dated loan capital	First call date	Maturity date	Capital treatment	2025	2024
				£m	£m
£1,000 million	2.105% notes	Aug-2026	Nov-2031	Tier 2	1,002
€1,000 million	3.723% notes	Feb-2030	Feb-2035	Tier 2	901
€750 million	1.043% notes	Jun-2027	Sep-2032	Tier 2	645
€700 million	5.763% notes	Nov-2028	Feb-2034	Tier 2	641
\$690 million	6.258% notes	Aug-2030	Nov-2035	Tier 2	516
£650 million	7.536% notes	Jun-2028	Jun-2033	Tier 2	653
£600 million	5.642% notes	Oct-2029	Oct-2034	Tier 2	607
£500 million	3.622% notes	May-2025	Aug-2030	Tier 2	-
					4,965
					4,542

7 Investments in Group undertakings

Critical accounting policy: Investments in Group undertakings

At each reporting date, NatWest Holdings Limited assesses whether there is any indication that its investment in its Group undertakings is impaired. If any such indication exists, NatWest Holdings Limited 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 3.5.

Investments in Group undertakings are carried at cost less impairment losses. Movements during the year were as follows:

	2025 £m	2024 £m
At 1 January	42,366	39,051
Currency translation and other adjustments	10	(19)
Additional investments in Group undertakings	1,895	799
Disposals of investments in Group undertakings	(1,877)	-
Net (impairment)/reversal of impairment of investments	(74)	2,535
As at 31 December	42,320	42,366

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 in Group undertakings included the issuance of £1,741 million of contingent convertible AT1 notes to its subsidiary NatWest Bank Plc and £154 million investment in Ulydien DAC acquired from fellow subsidiary, NatWest Bank Europe GmbH. The disposal of investments in 2025 was the redemption of £1,877 million of contingent convertible AT1 notes previously issued to NatWest Bank Plc. Additions in 2024 were for previous AT1 issuance to NatWest Bank Plc.

In 2025, net impairment of investments included a £74 million impairment of NatWest Holdings Limited's investment in NatWest Bank Europe GmbH due to changes in its net asset value. Net reversal of impairments in 2024 was mainly related to the reversal of impairment of NatWest Bank Plc.

The impact of reasonably possible changes to the more significant variables in the value in use calculations for NatWest Bank Plc are presented below. This reflects the sensitivity of the value in use to each variable on its own. The carrying value of NatWest Holdings Limited's investment in NatWest Bank Plc remains recoverable in all cases. It is possible that more than one change may occur at the same time.

	Assumptions			Impact of adverse movement		
	Carrying value £bn	Pre-tax discount rate %	Terminal growth rate %	Recoverable amount exceeded carrying value £bn	1% increase in discount rate £bn	1% decrease in terminal growth rate £bn
				£bn	£bn	£bn
31 December 2025						
NatWest Bank Plc	37.0	16.0	1.4	12.0	(4.7)	(2.2)
31 December 2024						
NatWest Bank Plc	37.1	16.0	1.4	5.7	(3.9)	(1.8)
(1) 5% income sensitivity has been applied to each year in the value in use calculation. The impact on the value in use shown above is however nonlinear as the majority of the value in use is derived in the terminal year.						

The principal subsidiary undertakings of NatWest Holdings Limited are shown below. All of these subsidiaries are included in NatWest Holdings Limited's consolidated financial statements and have an accounting reference date of 31 December. Their capital consists of ordinary shares, preference shares and Additional Tier 1 notes which are unlisted with the exception of certain preference shares issued by NatWest Bank Plc.

Name of subsidiary	Nature of business	Country of incorporation and principal area of operation	Company's interest %
National Westminster Bank Plc (1)	Banking	Great	100%
The Royal Bank of Scotland plc (1)	Banking	Great	100%
Coutts & Company (2,3)	Private Banking & Wealth Management	Great	100%
Lombard North Central PLC (2)	Leasing	Great	100%

(1) Directly owned by NatWest Holdings Limited.
(2) Owned by NatWest Holdings Limited through NatWest Bank Plc.
(3) Coutts & Company is incorporated with unlimited liability.

8. Non-cash and other items

This note shows non-cash items adjusted for in the cash flow statement and movement in operating assets and liabilities.

	2025 £m	2024 £m
Impairment losses	2	1
Net impairment/(reversal) of impairment of investments in group undertakings	74	(2,535)
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	278	196
Elimination of foreign exchange differences	47	(143)
Dividends receivable from subsidiaries	(4,598)	(4,187)
Interest payable on MRELs and subordinated liabilities	398	368
Non-cash and other items	(3,799)	(6,300)
Change in operating assets and liabilities		
Change in derivative assets	201	40
Change in amounts due from holding company and fellow subsidiaries	(258)	(2,596)
Change in other assets	-	1
Change in amounts due to holding company and fellow subsidiaries	-	(52)
Change in derivative liabilities	(306)	(80)
Change in other liabilities	-	(1)
Change in operating assets and liabilities	(363)	(2,688)

9. Analysis of changes in financing during the year

	Called-up share capital and paid-in equity		Subordinated liabilities (1)		MREL instruments (2)	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
At 1 January	7,188	6,945	4,542	4,836	5,392	2,668
Issued	1,741	799	830	1,146	604	2,071
Redeemed	(1,985)	(559)	(500)	(1,376)	(1,239)	513
Interest paid	-	-	(201)	(222)	(194)	(101)
Net cash flows from financing activities	(244)	240	129	(452)	(829)	2,483
Effects of foreign exchange			68	(79)	(14)	(86)
Changes in fair value			6	10	272	186
Interest payable			220	227	178	141
Other	-	3	-	-	-	-
At 31 December	6,944	7,188	4,965	4,542	4,999	5,392

(1) Subordinated liabilities include intercompany subordinated liabilities.

(2) MREL balances are shown net of the effect of downstream funding to subsidiary companies. During 2024, MREL assets redeemed were £2,100 million and MREL liabilities redeemed were £1,587 million leading to net inflow on redemption of MRELs.

10. Directors' and key management remuneration

Directors' remuneration is disclosed in Note 29 to the consolidated accounts. The directors had no other reportable related party transactions or balances with the company.

11 Related undertakings

Legal entities and activities at 31 December 2025

In accordance with the Companies Act 2006, NWH Ltd's related undertakings and the accounting treatment for each are listed below. All undertakings are wholly-owned by NWH Ltd or subsidiaries of NWH Ltd and are consolidated by reason of contractual control (Section 1162(2) CA 2006), unless otherwise indicated. NWH 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 NWH Group and fully consolidated for accounting purposes

Entity name	Activity	Regulatory treatment	Notes
Caledonian Sleepers Rail Leasing Ltd	BF	FC	6
Coutts & Company	CI	FC	10
Coutts Finance Company	BF	FC	10
FreeAgent Central Ltd	SC	FC	29
FreeAgent Holdings Ltd	SC	FC	29
Gatehouse Way Developments Ltd	INV	DE	6
ITB1 Ltd	BF	FC	31
KUC Properties Ltd	BF	DE	31
Land Options (West) Ltd	INV	DE	31
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 Bank Plc	CI	FC	6

Entity name	Activity	Regulatory treatment	Notes
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	10
RBS Collective Investment Funds Ltd	BF	FC	13
RBS Invoice Finance Ltd	BF	FC	6
RBSG Collective Investments Holdings Ltd	BF	FC	13
RBSSAF (2) Ltd	BF	FC	6
RBSSAF (25) Ltd	BF	FC	6
Royal Bank Leasing Ltd	BF	FC	31
Royal Bank of Scotland (Industrial Leasing) Ltd	BF	FC	31
Royal Scot Leasing Ltd	BF	FC	31
RoyScot Trust Plc	BF	FC	6
Silvermere Holdings Ltd	BF	FC	31
The One Account Ltd	BF	FC	6
The Royal Bank of Scotland Group Independent Financial Services Ltd	BF	FC	31
The Royal Bank of Scotland plc	CI	FC	8
Ulster Bank Ltd	CI	FC	2
Ulster Bank Pension Trustees Ltd	TR	DE	26
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 NWH Group and fully consolidated for accounting purposes

Entity name	Activity	Regulatory treatment	Notes
Airside Properties AB	BF	FC	23
Apitare Oy	OTH	FC	19
Arenarena AS	BF	FC	21
Arkivborgen KB	BF	FC	23
Artul Koy	BF	FC	19
BD Lagerhus AS	BF	FC	17
Bilfastighet i Akalla AB	BF	FC	23
Bilfastighet i Avesta AB	BF	FC	23
Bilfastighet i Bollnäs AB	BF	FC	23
Bilfastighet i Hemlingby AB	BF	FC	23
Bilfastighet i Hudiksvall AB	BF	FC	23
Bilfastighet i Ludvika AB	BF	FC	23
Bilfastighet i Marsta AB	BF	FC	20
Bilfastighet i Mora AB	BF	FC	23
Bilfastighet i Uppsala KB	BF	FC	20
Bilfastighet Kista AB	BF	FC	20
Borgholm Gl!ntan AB	BF	FC	20

Entity name	Activity	Regulatory treatment	Notes
Brodmagasinet KB	BF	FC	23
D5 INVEST AS	BF	FC	18
Eiendomsselskapet Apteno La AS	BF	FC	17
Espeland Naering AS	BF	FC	17
Eurohill 4 KB	BF	FC	23
Fab Ekenäs Formanshagen 4	BF	FC	19
Fastighets AB Flojten i Norrkoping	BF	FC	23
Fastighets Aktiebolaget Sambiblioteket	BF	FC	23
Fastighetsbolaget Elmotorgatan AB	BF	FC	23
Fastighets AB Stockmakaren	BF	FC	20
First Active Ltd	BF	FC	24
Forskningshöjden KB	BF	FC	23
Forvaltningsbolaget Dalkyrkan KB	BF	FC	23
Forvaltningsbolaget Kloverbacken Skola KB	BF	FC	23
Fyrs!te Fastighets AB	BF	FC	23
Grinnhagen KB	BF	FC	23
Hatros 1 AS	BF	FC	17

11 Related undertakings continued

Entity name	Activity	Regulatory treatment	Notes
Horrsta 4:38 KB	BF	FC	23
IR Fastighets AB	BF	FC	23
IR IndustriRenting AB	BF	FC	23
Kallebäck Institutfastigheter AB	BF	FC	23
KB Eurohill	BF	FC	23
KB Lagermannen	BF	FC	23
KB Likriktaren	BF	FC	23
Kiinteist Oy Tipotie 4	BF	FC	19
Koy Harkokuja 2	BF	FC	22
Kiinteisto Oy Lohjan Ojamonharjuntie 61	BF	FC	22
Koy Pennalan Johtotie 2	BF	FC	19
Koy Turun Mustionkatu 6	BF	FC	22
Kiinteisto Oy Vantaan Rasti IV	BF	FC	22
Kiinteistöosakeyhtiö Jyväskylän Kukkula I	BF	FC	19
Koy Kuopion Volttikatu 1	OTH	FC	19
Kobbervikdalen 2 Utvikling AS	OTH	FC	16
Koy Helsingin Mechelininkatu 1	BF	FC	19
Koy Helsingin Osmontie 34	BF	FC	19
Koy Helsingin Panuntie 11	BF	FC	19
Koy Helsingin Panuntie 6	BF	FC	19
Koy Iisalmen Kihlavirta	BF	FC	19
Koy Jamsan Keskushovi	BF	FC	19
Koy Jasperintie 6	BF	FC	22
Koy Kokkolan Kaarlenportti Fab	BF	FC	19
Koy Kouvolan Oikeus ja Poliisitalo	BF	FC	19
Koy Millennium	BF	FC	19
Koy Nummelan Portti	BF	FC	19
Koy Peltolantie 27	BF	FC	22
Koy Porkkanakatu 2	BF	FC	22
Koy Puotikuja 2 Vaasa	BF	FC	19
Koy Raison Kihlakulma	BF	FC	19
Koy Vapaalan Service-Center	BF	FC	19
Kvam Eiendom AS	BF	FC	17
Lakten 1 KB	BF	FC	23
Leiv Sand Eiendom AS	BF	FC	17
LerumsKrysset KB	BF	FC	23
Limstagården KB	BF	FC	23
Lundbyfilen 5 AB	BF	FC	20

Entity name	Activity	Regulatory treatment	Notes
Narmvegen 455 AS	BF	FC	17
National Westminster International Holdings B.V.	BF	FC	31
NatWest Bank Europe GmbH	BF	FC	32
NatWest Digital Services India Private Limited	SC	FC	14
NatWest Services (Switzerland) Ltd	SC	FC	27
Nordisk Renting AB	BF	FC	23
Nordisk Renting AS	BF	FC	17
Nordisk Renting OY	BF	FC	19
Nordisk Renting Facilities Management AB	BF	FC	20
Nordisk Specialinvest AB	BF	FC	23
Nordiska Strategifastigheter Holding AB	BF	FC	23
Nybergflata 5 AS	BF	FC	17
OFH Eiendom AS	BF	FC	17
Optimus KB	BF	FC	23
RBS Deutschland Holdings GmbH	BF	FC	32
Rigedalen 44 Eiendom AS	BF	FC	17
Ringdalskogen Utvikling AS	OTH	FC	17
Ringdalveien 20 AS	BF	FC	17
Sandmoen Næringsbygg AS	BF	FC	17
SBB Klangsågen Mark AB	BF	FC	20
SFK Kommunfastigheter AB	BF	FC	23
Sjölockan KB	BF	FC	23
Skinnarängen KB	BF	FC	23
Sletta Eiendom II AS	BF	FC	17
Smista Park AB	OTH	FC	20
Snipetjernveien 1 AS	BF	FC	17
Solbanken KB	BF	FC	23
Solnorvika AS	BF	FC	17
Strand European Holdings AB	BF	FC	20
Svenskt Fastighetskapital AB	BF	FC	23
Svenskt Energikapital AB	BF	FC	23
Svenskt Fastighetskapital Holding AB	BF	FC	23
Triport Borås AB	BF	FC	20
Triport Karlshamn AB	BF	FC	20
Triport Vaggeryd AB	BF	FC	20
Tygverkstaden 1 KB	BF	FC	23
UDTC Unlimited Company	TR	FC	24
Ulster Bank Pension Trustees (RI) Ltd	TR	DE	24
Ulydien Designated Activity Company	BF	FC	24
Ulydien Holdings (ROI) Limited	BF	FC	24
Ulydien Trust Company Limited	TR	FC	24
Vävskeden Värdbostad Flen AB	BF	FC	20
Vandenbergh 9 AB	BF	FC	20
Villa Strå Fastighets AB	BF	FC	20

11 Related undertakings continued

Active related undertakings which are 100% owned by NWH Group but are not consolidated for accounting purposes

Entity name	Activity	Regulatory treatment	Group %	Notes
Bioenergie Dargun Immobilien GmbH	OTH	DE	36	
Bioenergie Jessen Immobilien GmbH	OTH	DE	36	
Bioenergie Wiesenburg GmbH & Co. KG	INV	DE	36	
Bioenergie Wiesenburg Verwaltungs GmbH	OTH	DE	36	
Bioenergie Zittau GmbH	OTH	DE	36	
Bioenergie Zittau Immobilien GmbH	OTH	DE	36	
Capulet Homes Florida LLC	OTH	DE	7	
DBV Deutsche Bioenergie Verbinder GmbH	OTH	DE	36	
East Grove Holding Limited	INV	DE	15	
German Biogas Holdco Limited	INV	DE	1	
Montague Homes Florida LLC	OTH	DE	7	
Reppinichen Dritte Biogas Betriebs GmbH	OTH	DE	36	
Reppinichen Erste Biogas Betriebs GmbH	OTH	DE	36	
Reppinichen Zweite Biogas Betriebs GmbH	OTH	DE	36	
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	Group %	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	36	
Wiesenburg Erste Biogas Betriebs GmbH	OTH	DE	36	
Wiesenburg Zweite Biogas Betriebs GmbH	OTH	DE	36	
Wiesenburger Marktfrucht GmbH	OTH	DE	36	

Active related undertakings incorporated in the UK where NWH Group ownership is less than 100%

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Falcon Wharf Ltd	OTH	EAJV	PC	50	25
GWNW City Developments Ltd	BF	EAJV	DE	50	25
JCB Finance Ltd	BF	FC	FC	75	34
London Rail Leasing Ltd	BF	EAJV	PC	50	4

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Natwest Covered Bonds (LM) Ltd	BF	IA	PC	20	11
Natwest Covered Bonds LLP	BF	FC	FC	60	6
Oaxaca Ltd	OTH	IA	DE	23	12
Pollinate Networks Limited	OTH	AHC	DE	24	3

Active related undertakings incorporated outside the UK where NWH Group ownership is less than 100%

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Nightingale 2024-1 Ltd	BF	FC	DE	0	9
Nightingale 2024-2 Ltd	BF	FC	DE	0	9
Nightingale 2024-3 Ltd	BF	FC	DE	0	9
NIGHTINGALE 2025-1 LIMITED	BF	FC	DE	0	9
NIGHTINGALE 2025-2 LIMITED	BF	FC	DE	0	9

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Nightingale 2025-3 LIMITED	BF	FC	DE	0	9
Nightingale 2025-4 LIMITED	BF	FC	DE	0	9
Nightingale 2025-5	BF	FC	DE	0	9
Nightingale LF 2021-1 Ltd	BF	FC	DE	0	9
Nightingale Project Finance 2019 1 Ltd	BF	FC	DE	0	9
Nightingale Project Finance 1i 2023-1 Limited	BF	FC	DE	0	9
Nightingale Securities 2017-1 Limited	BF	FC	DE	0	9
Pharos Estates Ltd	OTH	AHC	DE	49	5

Related undertakings that are not active (actively being dissolved)

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Belfast Bankers' Clearing Company Ltd	NC	PC	25	33	
Jaguar Cars Finance Ltd	FC	FC	50	6	
Lombard Ireland Group Holdings Unlimited	FC	FC	100	35	

Entity name	Activity	Accounting treatment	Regulatory treatment	Group %	Notes
Lombard Ireland Ltd		FC	FC	100	35
RBS Asset Management (Dublin) Ltd		FC	FC	100	28
UB SIG (ROI) Ltd		FC	FC	100	30

11 Related undertakings continued

Related undertakings that are dormant

Entity name	Accounting treatment	Regulatory treatment	Group %	Notes
Coutts Scotland Nominees Limited	FC	FC	100	13
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	31
Natwest Pension Trustee Ltd	NC	DE	100	6
Natwest Pep Nominees Ltd	FC	FC	100	6
Nordisk Renting A/S	FC	FC	100	17
Nordisk Renting HB	FC	FC	100	23

Entity name	Accounting treatment	Regulatory treatment	Group %	Notes
NW C Shelf Limited	FC	FC	100	6
R.B. Leasing (March) Ltd	FC	FC	100	6
RBS Investment Executive Ltd	NC	DE	100	31
RBSG Collective Investments Nominees Ltd	FC	FC	100	13
Strand Nominees Ltd	FC	FC	100	10
Syndicate Nominees Ltd	FC	FC	100	6
The Royal Bank Of Scotland Group Ltd	FC	FC	100	6

Overseas regulated branches of the Group

Subsidiary	Geographic location
National Westminster Bank Plc	Germany

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	36 St Andrew Square, Edinburgh, EH2 2YB, Scotland	UK
9	44 Esplanade, St Helier, JE4 9WG	Jersey
10	440 Strand, London, WC2R 0QS	UK
11	5 Churchill Place, 10 Floor, London, E14 5HU, United Kingdom	UK
12	5 Little Portland Street, London, W1W 7JD, England	UK
13	6-8 George Street, Edinburgh, EH2 2PF, Scotland	UK
14	6th Floor, Building 2, Tower A, GIL IT/ITES SEZ, Candor TechSpace, Sector 21, Dundahera, Gurugram, Haryana, 122016, India	India
15	8 Sackville Street, London, W1S 3DG, England	UK
16	Advikatfirman Wiersholm AS, Postboks 1400.0115, OSLO, Norway	Norway
17	c/o Advokatfirmaet Wiersholm AS, Postboks 1400, 0115 Oslo, Norway	Norway
18	c/o Advokatfirmaet Wiersholm AS, Dokkeveien 1, 0250 OSLO, Norway	Norway
19	c/o Epicenter, Mikonkatu 9, 6th Floor, Helsinki, 00100, Finland	Finland
20	C/O Nordisk Renting AB, Box 14044, SE-104 40 Sweden, Stockholm, Sweden	Sweden
21	c/o Nordisk Renting AS, Postboks 1400, Oslo, 0115	Norway
22	c/o Nordisk Renting Oy, Mikonkatu 9, 00100 Helsinki, Finland	Finland
23	Care of Nordisk Renting AB, Jakobsbergsgatan 13, 8th Floor, Box 14044, Stockholm, SE-111 44, Sweden	Sweden
24	First Floor, Riverside Two, 43 - 49 Sir John Rogerson's Quay, Dublin 2, D02 KV60, Ireland	ROI
25	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR, United Kingdom	UK
26	Group Secretariat Department, 11-16 Donegall Square East, Belfast, BT1 5UB, Northern Ireland, United Kingdom	UK
27	Lerchenstrasse 16, Zurich, CH 8022, Switzerland	Switzerland
28	One Dockland Central, Guild Street, IFSC, Dublin, Dublin 1, Ireland	ROI
29	One Edinburgh Quay, 133 Fountainbridge, Edinburgh, EH3 9QG, Scotland	UK
30	One Spencer Dock, Spencer Dock, Dublin, D01 X9R7, Ireland	ROI
31	RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ, Scotland	UK
32	Roßmarkt 10, Frankfurt am Main, 60311, Germany	Germany
33	Scottish Provident Building, 7 Donegall Square West, Belfast, BT1 6JH	UK
34	The Mill, High Street, Rocester, Staffordshire, ST14 5JW, England	UK
35	Ulster Bank Group Centre, George's Quay, Dublin, Dublin 2, Ireland	ROI
36	Walther-Nernst-Straße 1, Berlin, 12489, Germany	Germany